



## Programme for Agro-Business Induced Growth in the Amhara National Regional State

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### Terms of Reference for a **Short-Term Consultancy Assignment**

## An Assessment of the Training and Capacity Building Needs of COSACUs and SACCOS

*(Follow Up to Loan Fund Study Consultancy)*

Final Draft, Discussed by SVB 17.02.2022 (subject to CA approval)

### 1. Background - AgroBIG Programme

The Programme for Agro-Business Induced Growth (AgroBIG) in Amhara regional state (AgroBIG) is a bilateral agribusiness development programme funded by the Ethiopian and Finnish governments. The Bureau of Finance (BOF) of Amhara region is the responsible Ethiopian government agency.

During its first phase, **AgroBIG I (2013–2017)** supported capacity building and enhanced access to finance and financial services to farmers, entrepreneurs and cooperatives in two woredas, Mecha and Fogera, to improve agricultural productivity and further value addition along four agricultural and horticulture value chains.

During the second phase, **AgroBIG II (2017–2022)** sustains earlier gains and further strengthens agri-business development in eight woredas in the Tana sub-basin: N/Achefer, S/Achefer, N/Mecha, S/Mecha, Bahir Dar Zuria, Dera, Fogera and Libokemkem. In total 89 kebeles are targeted with the aim to reach 300,000 direct beneficiaries in total. The Programme will close in December 2022.

- **Impact:** AgroBIG II is to contribute to development that enables agriculture to provide decent sustainable livelihood to people in rural Amhara regional state
- **Expected outcome:** Value is added at various levels of selected agricultural value chains to increase incomes and create jobs for farming households and other VC actors, with a particular emphasis on women and youth
  - **Output 1 objective:** Value chain actors' access to finance and financial services is improved and sustainability of their enterprises is strengthened
  - **Output 2 objective:** Capacities of value chain actors are strengthened to improve their enterprises' capability to seize market opportunities in a profitable and sustainable way
- **Cross-cutting objectives:** gender equality, reduction of inequalities, youth and climate sustainability.

The total support from the Finnish government to AgroBIG Phase II is EUR 10,089,550 of which EUR 5,399,920 is allocated for BOFEC channel as implementation budget. An additional EUR 193,000 serve as contingency. The technical assistance budget, from which this assignment will be financed, is EUR 4,496 630 EUR.

### 2. AgroBIG finance instruments

The current financial instruments of AgroBIG II are:

- (1) a **loan fund targeted to Women and Youth** (WYLF, Women and Youth Loan Fund), and
- (2) a **loan fund for cooperatives** to serve as their working capital (CLF, Cooperative Loan Fund).

The budget for WYLF and CLF is 41% of the AB II implementation budget. Individual borrowers and loanee cooperatives are also supported with trainings and other capacity building activities.

**The Loan funds are managed by three Cooperative Savings and Credit Unions** (Tana, Rib, Adera Densa COSACUs), through contractual agreements with the Amhara Region Bureau of Finance and Economic Cooperation and the Regional Cooperative Promotion Agency. The current contracts will come to an end by mid-June 2022.

The COSACUs provide two key services:

- WYLF loans are channeled onwards to individuals through kebele-based *Savings and Credit Cooperatives* (SACCO).
- CLF loans to *producer and marketing* cooperatives are provided directly by COSACUs.

By mid-2021, a total of 63 SACCOs handled AgroBIG II WYLF loan funds. According to the 2021 Annual Results Survey, their total membership was close to 25,000 of whom 41 % were women. The smallest SACCOs have 50-60 members, while the five biggest ones have up to 1,500 members and more. The SACCOs also provided inclusive financial services for 115 vulnerable groups / persons living with disabilities aimed at creating sustainable livelihoods.

**The Women and Youth Loan Fund** results are encouraging. By mid-2021, over 5,139 WYLF loans had been issued to 4,075 individuals, 77% of them women, who are engaged in the agricultural value chains that AgroBIG is addressing (maize, rice, sheep, goats, dairy, poultry, onion, tomato, potato).

Limited access to finance is among the key constraints of AgroBIG target groups. The maximum loan size is currently 100,000 ETB (approximately EUR 1,800). On average, the loans have been in the range of 12,000-19,000 ETB (EUR 220-350<sup>1</sup>) per person. The WYLF loan concept gives rural women and youth access to micro loans, but also provides a valuable learning opportunity for loanees who commonly lack previous experience of any formal financial institutions.

The SACCOs that have received funds for WYLF have quite successfully repaid their loans back to COSACUs on time. At the end of EFY 2013, there were four defaulters whose loans had matured around mid-2020 but full repayment (as partial loan is repaid) was expected towards the latter part of the calendar year. The respective COSACUs reported that part of the pending repayments were settled since, and the rest are in progress.

The WYLF performance is affected also by the capacity of the SACCOs. In some outlier kebeles, cooperative savings societies are weak and unable to address target clients. Further, it has been noticed that in kebeles, where donor projects are or have been operating with very generous terms, repayment is more difficult, as many loanees expect that all funds that originate from development projects are grants rather than loans.

WYLF fund have mainly been made available to rural women. In 2021, the Amhara Women Entrepreneur Association (AWEA) started a process to establish savings and cooperative societies also for urban-based female entrepreneurs in key towns in Amhara region, including project woreda centres. If successful, they could be considered for inclusion in a future revised Loan Fund arrangement.

**The cooperative loan fund (CLF)** benefits high numbers of farmer households at a time, through the capitalization of seasonal crop purchases. Marketing cooperatives borrow funds from COSACUs to finance their crop marketing. Effective use of this loan fund is somewhat contested because all farmer cooperatives demand working capital at the same time of the year, during the peak harvesting time. Loan periods are relatively short, as loans are repaid as soon as the harvest is sold. Cooperative Loan Funds have been disbursed to 34 farmer cooperatives. Loans have mostly been provided for output marketing of field crops, as horticulture products, due to their high perishability, short shelf-life and lack of reliable cold storage facilities, are considered too risky a business venture for the cooperative societies and unions. However, AgroBIG pilot attempts at linking cooperatives to existing steady supply chains through private sector engagement (e.g. avocado production and export), could in the future provide a new market for CLF loans.

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<sup>1</sup> Exchange rate December 2021, 1 EUR = 54.4363 ETB

The overall results from Phase II loan funds appear better than the Phase I experiences. The current two loan funds, WYLF and CLF, are reportedly benefitting the targeted population, especially women and youth through improved access to finance via their local SACCO. Preliminary findings from a Loan Fund Study commissioned by AgroBIG2 in EFY 2014 reconfirms the positive results. In addition, cooperation with the COSACUs has been good and constructive, and the shared interests and benefits are well recognized.

### 3. Capacity-building for the Sustainable Future Management of the Loan Funds

As AgroBIG is in its final year, the future of the Loan funds need determination:

- (1) The AgroBIG II Programme Document Exit Strategy<sup>2</sup> proposes that the funds provided to COSACUs for the purpose of WYLF and CLF, at the end of the Programme period, will remain with those Unions that have performed satisfactorily and met their targets.
- (2) The AgroBIG mid-term review report (AB MTR, 2019, R22) further recommended that AgroBIG would undertake a study and subsequently prepare a plan, on the future use and form of the loan capital. The report states that the resulting plan considers at least two options:
  - a. CoSaCUs as the owners and managers of the loan capital.
  - b. Use of the loan capital as a collateral fund managed by a bank or microfinance institution.
- (3) The AgroBIG2 18 month work plan and budget for the project extension period (July 2021- December 2022), emphasizes the role of training and capacity-building as key strategies for ensuring post-project sustainability of the AgroBIG2 intervention. The 18WPB proposes outsourcing “Consolidated training of cooperatives in business and marketing to strengthen their ability to function effectively as value chain actors post-Programme. This training programme will complement trainings provided by the Cooperative Promotion Agency and provide a foundation for a sound business approach to loan management” (18WPB, p. 46).

A Loan Fund Study, the short-term consultancy undertaken during Q2-Q3 2014 (October 2021 – March 2022) is currently reviewing the options, scope and recommend on the future use of the loan capital (Mykkänen et al). The tentative findings include a ‘hybrid’ model, with COSACUs and SACCOs playing an important role in the future arrangement. The draft model explores potential partnerships with rural finance players and capacity-building advisers to enhance cooperative competence and boost financial service competition.

As part of the the Loan Fund Study, Degu (2022) reviewed the performance of the existing funds, the WYLF and the CLF, and conducted an assessment of the key characteristics of both COSACUs and SACCOs. The assessment was done in three COSACUs and 11 of 65 SACCOS. A key finding is that their performance is quite encouraging, but that cooperatives still will need capacity building to take on the role as independent owners and managers of the loan capital.

This short-term assignment is intended support the cooperatives boost their technical and financial management skills. These Terms of Reference aims at

- conducting a training needs assessment for the the development of a training and capacity-building programme tailored to the needs of the three COSACUs and the approximately 35 SACCOs.

Based on the recommendations from this ST consultancy, AgroBIG2 will outsource training and capacity-building in accordance with the 18 month work plan and budget.

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<sup>2</sup> Programme Document, section 8.3. Sustainability and Exit Strategy

#### 4. Description of the assignment

The objective of the assignment is to support AgroBIG 2 competent authorities derive at an optimal decision regarding future sustainable ownership and management of the WYLF and CLF loan funds. In particular, the assignment will, drawing upon the performance assessment undertaken by the Loan Fund Study and conducting an independent training needs assessment, **prepare recommendations for the training and capacity-building** of the COSACUs and SACCOs, that complement the trainings provided by the Cooperative Promotion Agency during earlier years.

##### Specific tasks

- i. To undertake an assessment of capacity and training needs of the selected cooperatives and propose a thematic training programme for the remaining period of the AB2 programme.
- ii. To give due consideration to sustainability in the approach and method, e.g. consider a training-of-trainers approach in the training programme.
- iii. To recommend to AgroBIG2 on any issue relating to the successful implementation of the training strategy and plan.

#### 5. Expected deliverables

The following deliverables are expected from the contracted consultant (all documentation in English):

1. An Inception Report, which will include approach and methodology, as well as a detailed plan for undertaking the assignment (number of SACCOs to be visited).
2. An Outline of a Training Strategy and Plan with clear objectives, method (e.g. ToT) and topics to be used as a basis for the detailed outsourcing of trainings during the remaining life span of AgroBIG 2.
3. A Final Report summarizing the key findings and recommendations, in line with the objectives described in this ToR.

#### 6. Required qualifications and skills

The assignment will be undertaken by one national consultant for 24 days. The required qualifications are:

##### Training Expert - required qualifications and skills

- Master's degree in adult education; pedagogical sciences; training and communication; rural business development; cooperative/organizational development, or other relevant discipline;
- Five years or more work experience relevant to the described assignment; In case of Bachelor's degree, 10 years' relevant work experience;
- **Comprehensive understanding of the cooperative sector in Ethiopia is a must;**
- Experience in designing and provision of trainings and other capacity building activities for development projects and practitioners;
- Proven record of independently planning and designing training curricula and delivering training interventions that support rural organizational development;
- Demonstrated experience of expert assignments /preparation of strategies and practical interventions in training and capacity-building;
- Familiarity with AgroBIG cross-cutting issues (gender, social inclusion, youth, climate);
- Excellent communication and facilitation skills;
- Proficiency in English language (written, spoken);
- Proficiency in Amharic language (written, spoken);
- Familiarity with Amhara Region /woredas targeted by AgroBIG is an advantage.

## 7. Reporting and schedule

The tentative breakdown for the allocated workdays is shown in Table 1. Final workdays will be agreed upon when contracting and the task distribution and allocation confirmed during inception. The Training Expert is expected to conduct field visits to a sampled number of SACCOS.

**Table 1. Tentative Work Days and Sharing of Responsibilities**

Task	Training Expert # of days
Inception report	2
Doc review, mobilisation and consultation	2
Consulting stakeholders in Bahir Dar	2
Prepare TN assessment	2
TN assessment of COSACUs & SACCOS	6
Data analysis	5
Draft report	2
Validation Workshop	1
Final Report	2
Totals	24

The Consultant will report to the AgroBIG CTA/TA team leader and will work closely with the AgroBIG National Finance Adviser (NFA).

AgroBIG will provide workspace in its Bahir Dar Office, and transport with a driver for work carried out in Amhara, within and outside Bahir Dar.

The duration of the assignment is approximately six weeks, including travel from the place of residence to and from Bahir Dar.

## 10. Budget and cost sharing

AgroBIG will cover the following costs related to the assignment (via the TA budget channel):

- a. Fees for effective working days (preparation, field work, reporting);
- b. Transport cost to/from Bahir Dar (max 2 round trips)
- c. Transport within the region and targeted woredas;
- d. Per diem according to the MFA travel regulations (20.50 EUR/day);
- e. Accommodation in Amhara region and on transit (refund against receipts);
- f. Validation workshop costs;
- g. Stationery, photocopying of materials.

The Consultant is expected to cover the following costs:

- a. Use own computer;
- b. Insurance and tax obligations;
- c. Any other costs not covered by AgroBIG.

Upon signing the contract, the Consultant is expected to give a statement of availability indicating the desired timeframe for the assignment.