

Terms of Reference

1. Background on the PASS Trust:

The Private Agricultural Sector Support (PASS) Trust was established as the project in year 2000 in order to stimulate investments and growth in private sector commercial agriculture and related sector through access to finance in Tanzania. It was registered in 2007 as an autonomous non-profit organization under the Trustees' Incorporation Act of Tanzania, founded by Government of Denmark and Government of Tanzania. PASS is currently funded by Governments of Denmark and Sweden.

For many years access to finance for the agricultural sector has been challenging in Africa, and Tanzania in particular. Financial Service Providers (FSP), mainly Banks, have viewed it as too risky to finance due to, among other reasons, weak collateral, poor production skills, low technical skills and a general lack of bankable investment opportunities which would provide FSPs with a commercial incentive to finance. PASS Trust has a vision to unlock this challenge and aspiring to be an innovative agri-finance development institution that improves the quality of life for small-scale agribusiness entrepreneurs. Its mission is to facilitate access to financial and business development services for agribusiness entrepreneurs in Tanzania.

PASS trust offers range of business development services to the agribusiness entrepreneurs on a cost sharing and commercial basis. The services including feasibility studies of different projects, development of business planning and strategy development, marketing and sales, PASS link agribusiness entrepreneurs with the markets to ensure business growth, Training and capacity building, organization of farmers into groups which can be used as the focal point for contract farming with medium to large scale agribusiness/processors, input credit supply, produce price negotiation, and provision of advisory services. PASS has recently launched Agribusiness Innovation Centre (AIC) to incubate and mentor small growing agribusinesses.

2. Background on Agribusiness Innovation Centre:

Agribusiness Innovation Centre (AIC) of Tanzania is a department of PASS Trust, mandated to provide business development services to agro-enterprises that have potential to become local, national, or regional market leaders. It specifically focuses on supporting growth oriented value-adding enterprises giving special attention to youth and women entrepreneurs. The goal will be achieved by assisting pioneering, growth oriented entrepreneurs, access business knowledge, networks, technology, markets, and finance needed to grow their enterprises.

3. Objective of Technical Assistance:

Borrowing from banks can be difficult for small and medium-sized enterprises (SMEs), particularly if lacking collateral, inadequate equity contribution or not have long track records or credit history. These SMEs are unable to obtain loans from the formal financial system for purchasing equipment, raw materials, business premises, develop new products, etc. More importantly, when the SMEs need to grow they tend to require additional capital/funds for purpose of acquiring more assets and or working capital in order to unlock the growth potential.

The PASS Trust has established a special seed fund for Agribusiness Innovation Centre (AIC) to be invested in agro-enterprises to unlock growth potentials. At present, PASS management is exploring different modalities of investing the seed fund. The option that is being considered is a form of mezzanine financing but not loan or equity financing. Accordingly, it has decided to contract an expert consultant to advise on a most appropriate modality on how AIC can use the seed fund for the intended purpose.

The consultant will work under the close management of PASS in collaboration with AIC staff in Dar es salaam and Morogoro. The contact person for this activity is the Director of AIC. The consultant will be engaged by PASS in accordance with the procurement guidelines.

4. Objective of the consultancy:

The objectives of this consultancy are:

- a) To identify and develop the most appropriate mezzanine financing model to invest the seed fund as a sustainable revolving seed fund in agro-enterprises.
- b) To advise on legal issues on the establishment and management of the seed fund, that will not be conflicting with Bank of Tanzania requirements.
- c) To recommend the processes and procedures that will enable implementation of the model.
- d) To collect and compile information on other seed funds that are available in the country; and specifically, to inform on their strengths, weaknesses, level of competition, and delivery method, etc., and advise AIC accordingly in terms on how to establish and manage its seed fund.
- e) To develop operational manual showing the operational procedures which will be used in management of the seed fund. The manual to include guidelines/steps from client application, appraisal, approval, documentation, disbursement, monitoring to recovery.
- f) To advise AIC on the most appropriate way (best practice) to manage the seed fund.

5. Deliverables:

- a. A comprehensive consultancy report with recommendations to PASS Trust
- b. Operational Manual and Procedures for the seed fund.
- c. Presentation of report to PASS Trust.

6. Timeline

The work should be completed within 20 days from date of contract award.

7. Background & Skills

- a) Expertise in seed fund/capital investment (mezzanine financing) management.
- b) Knowledge on financial products available in the local markets including seed funds.
- c) Appropriate academic and professional qualifications and experience in finance, capital investment, venture capital, private equity placements, mezzanine financing and social enterprise.
- d) Knowledgeable of working with businesses, especially SMEs in developing countries.
- e) (Desirable) Knowledge/experience with Tanzania's financial and investment policies, laws, regulations, regulatory agencies and other statutory requirements.

8. How to Apply

Interested consultants should submit the following documents to info@aic.co.tz and pass@pass.ac.tz by 31st March 2018:

- a) Technical Proposal that includes the consultant's understanding of the TOR, a detailed methodology, schedule of activities, and the suitability of the consultant.
- b) Financial Proposal that includes the consultancy fee, other related expenses and appropriate taxes.
- c) A cover letter and up-to-date CV(s).

Applicants will be shortlisted based on ability to deliver the work and value for money. Only shortlisted applicants will be contacted for further discussions.