



## **Request for proposals: Improving access to finance across the fertilizer value chain in SSA**

IFDC, on behalf of Sustain Africa, is seeking a reputable research organization or consultant to undertake a research project in support of Sustain Africa's learning agenda.

Specifically, the research organization / consultant will analyze financing options available to participants in the fertilizer supply chain including traders, wholesale agro dealers, retail agrodealers and logistics providers (including warehouse providers), across Sub-Saharan Africa (SSA) from a continental perspective with deep-dives in 6 focus countries. Based on this analysis, the research organization / consultant will make specific, pragmatic, recommendations on interventions to overcome identified pain points in the financing options available to participants and potential participants in the fertilizer supply chain.

### **Context**

COVID, followed by the International fertilizer price spike in 2022, made fertilizer unavailable and unaffordable for many farmers in SSA. As International fertilizer prices began, in 2023, to return to pre-crisis levels, retail fertilizer prices in national currency in many countries have been slow to follow. In some cases, prices have continued to increase for certain products. High prices at national level therefore no longer reflect high International prices but rather nationally-specific factors such as worsening public finances and depreciating currencies that lead to higher local currency prices of imported fertilizers.

Actors along the supply chain, from importers to hub- and retail- agrodealers, report difficulties in accessing affordable finance for fertilizer purchases and in some cases report no access to finance at all for this purpose. These issues ultimately lead to higher fertilizer prices and severely constrained finances for farmers, most of whom have almost no capital to fund their operations. Though there are a number of measures targeted at improving the availability / reducing the cost of finance throughout the agricultural value chain, with some focused specifically on farm inputs, there are significant financing constraints that still need to be overcome to ensure fertilizer is available to and affordable for farmers in SSA. This project seeks to provide an analysis of fertilizer financing and financial risk-mitigation instruments along the input supply chain in SSA in order to make specific recommendations on interventions to improve fertilizer financing.

### **Role of the research organization / consultant**

The research organization / consultant will:

- Analyze the current structure of fertilizer financing along the supply chain, identifying the issues and risks reported by lenders and borrowers at each node of the chain including: Government / importers; government / multilateral and sovereign lenders; importers and national input producers / multilateral and commercial lenders; hub- and retail-agrodealers / input suppliers, commercial lenders and concessional finance; farmers / input suppliers, commercial lenders, NGOs and concessional finance providers. The analysis will cover all types of lending products, risk coverage (e.g. insurance, third-party guarantees) and information products e.g. credit risk ratings. Risk categories considered will include, but not be limited to; credit risk, operational risk, sovereign/political risk, currency risk and various forms of market risk. The analysis will also examine financing options that were paired with the free and discounted fertilizers supplied by Sustain Africa and compare these with standard financing options to explore whether the Sustain Africa rebates unlocked different financing options for actors along the finance supply chain.



The analysis will comprise desk research as well as a robust primary research component comprising interviews with; the main borrower groups; commercial lenders; providers of concessional finance and; providers of risk coverage in the six focus countries and at continental level. Whilst introductions will be made by Sustain Africa and IFDC to relevant actors where contacts exist, the research organization / consultant is expected to conduct their own outreach as required to deliver the project deliverables.

- Report at continental and national level for the six focus countries, on the fertilizer financing supply chain, identifying: Fertilizer finance supply chain structure and finance flows with quantified values (aggregate volume of lending for inputs, principal sources of finance by volume at each node of the supply chain for the six focus countries etc.); key actors and products; main pain points and the efficiency of existing products in addressing these and; factors (e.g. market structure and concentration, public finances, others) that most impact re-payment risk assessment by lenders / suppliers.
- Make pragmatic recommendations for overcoming the pain points identified through the analysis. These recommendations should be specific in terms of which organisation or type of organisation would need to do what and with what anticipated outcome in order to de-risk or otherwise incentivize fertilizer financing in the six focus countries and, where applicable, at continental level. Recommendations shall cover both the better use of existing instruments and the development of solutions to address gaps in the available financing and risk mitigation options.
- Produce an interim report with analysis and recommendations at continental level and sections specific to the six focus countries.
- Participate in consultations (at least one per country and 2-3 at continental level) with relevant actors to share and discuss the recommendations. Report on the outcomes of the consultations.
- Produce a final report that includes the main outcomes of the consultations.
- Report on a monthly basis to a Steering Committee that will be established for the project.

#### **Required competencies**

- Extensive and detailed knowledge of agricultural finance in SSA. An understanding of input supply chain financing would be helpful but not essential. Direct experience by the research organisation / consultant of working for a concessional or commercial lender focused on the agriculture sector in SSA (particularly in product development or risk assessment) would be advantageous.
- Deep understanding of financial products and instruments including blended finance, (partial) credit guarantees, risk sharing facilities.
- Deep understanding of risk factors and potential risk mitigants in agri- finance in SSA.
- Proven experience of delivering research projects that include primary research to time and budget.



## Deadlines

- The deadline for RFP submissions is February 16 2024.
- The final date for delivery of the approved report is June 30 2024.
- Interim deadlines:
  - Draft report with initial recommendations to Project Steering Committee by April 31 2024
  - Consultations with relevant actors to share and discuss the recommendations by May 31
  - Final report reflecting input from consultations to Project Steering Committee by June 14 2024
  - Final report reflecting input from Project Steering Committee by June 30 2024

## Data and IP

All data – anonymised where required by data privacy laws for primary data – will be made available to Sustain Africa member organisations (BMGF, USAID, Rabobank, IFDC, AFAP, AGRA). The report will be made available in the public domain. USAID visual branding guidelines will be followed.

## Budget

There is a budget ceiling of USD 200,000 (including travel assuming 6 trips within SSA and 2-3 in Europe / US or SSA) for this assignment. The project is funded by USAID through a grant to Sustain Africa via Sustain Africa Board member IFDC. IFDC is the contracting party for this assignment.

Please submit proposals to Frances Bell at [fbell@afap-partnership.org](mailto:fbell@afap-partnership.org)

## About Sustain Africa

Sustain Africa is a crisis response and resilience initiative to improve availability, affordability and effective and sustainable use of fertilizers while avoiding market distortion. Sustain Africa works as a coordination mechanism to enable private-sector input companies to provide rebated or donated fertilizer, that is blended and distributed by Sustain Africa partners, to farmers with relevant extension services – focused on agronomically-specific farming practices – market linkages for farmers and credit guarantees for working capital to agro-dealers and suppliers. Fertilizer, seeds and services are provided through appropriate government or private-sector distribution channels and are monitored and evaluated as part of the programme. A key remit in Sustain Africa's country selection and models of working with private-sector input suppliers is to alleviate potential market distortion.

In 2022, Sustain Africa coordinated the provision of affordable fertilizer to approximately 1.5 million farmers in Uganda, Ghana, Mozambique, Malawi and Madagascar. By the end of August 2024, Sustain Africa aims to provide 200.000 MT of rebated / donated fertilizer provided just over 2 million farmers, in 7-8 countries (Burkina Faso, Ghana, Nigeria, Madagascar, Malawi, Mozambique, Uganda, Burundi TBC) with advisory services in an additional Kenya and Nigeria and support for a soil health pilot project in Tanzania.



A key component of Sustain Africa's remit is a learning agenda. The focus is on identifying effective (and ineffective) measures to mitigate impact of input price hikes on food security and farmer profitability.

<https://sustainafrica-initiative.org>

#### **About IFDC**

IFDC is an independent non-profit organization that combines innovative research, market systems development, and strategic partnerships to spread sustainable agricultural solutions for improved soil health, food security, and livelihoods around the world.

Since 1974, IFDC has delivered technologies, practices, and capacity building to increase and sustain food security and agricultural productivity in over 100 developing countries.

IFDC plays a critical role in tackling these global problems through the development and transfer of affordable, effective fertilizer technologies. IFDC's solutions span a wide spectrum of research and development work, including production process research, applied research on soil systems, development of innovative fertilizer products and application technologies, market systems development to strengthen input and output value chains, and policy analysis to enable fertilizer importation, business development, and smallholder adoption of fertilizer and other soil fertility technologies.

<https://ifdc.org/>

#### **About USAID**

USAID is the world's premier international development agency and a catalytic actor driving development results. USAID's work advances U.S. national security and economic prosperity, demonstrates American generosity, and promotes a path to recipient self-reliance and resilience. The purpose of foreign aid should be ending the need for its existence, and we provide development assistance to help partner countries on their own development journey to self-reliance – looking at ways to help lift lives, build communities, and establish self-sufficiency.

USAID demonstrates America's good will around the world; increases global stability by addressing the root causes of violence; opens new markets and generates opportunity for trade; creates innovative solutions for once unsolvable development challenges; saves lives; and advances democracy, governance, and peace.

<https://www.usaid.gov/>