

Selection of Consultants

Technical Assistance Mission

**Deposit Taking License Strategy for
Juhudi Kilimo**

Kenya

March 2014

With the Support of



No. JUD/02/2014/KEN/AF

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Section 1. Letter of Invitation

Kigali, March 21, 2014

Dear Sir or Madam:

1. The Grameen Credit Agricole Foundation (hereinafter called ‘the client’) has received funding (hereinafter called “the funds”) from the French Development Agency (hereinafter called “the Agency”) toward the financing partly the cost of Technical Assistance mission in the framework of the African Facility and intends to apply a portion of the funds to eligible payments under the contract for which this Request for Proposals is issued.
2. The Foundation now invites proposals to provide the following consulting services: Strategic assessment of a Deposit Taking License for Juhudi Kilimo, Kenya. More details on the services are provided in the Terms of Reference.
3. A Request for Proposal (RFP) has been addressed to a short-listed Consultants not disclosed.
4. A firm will be selected under selection based on consideration of quality and cost (SBQC) and procedures described in this RFP.

Yours sincerely,

Kathrin Gerner, Senior Expert for Eastern and Southern Africa

Section 2. Terms of Reference

A. BACKGROUND AND RATIONALE

Agriculture and agro-related activities employ about 75% of Kenya's workforce many of whom are smallholder farmers. Yet these rural poor smallholder farmers are in dire need of financial services. Many of these farmers lack the collateral or business assets required for financing by the country's many Microfinance Institutions (MFIs), because they have limited rural reach and serve only 17.9% of the target Kenyan population.

Juhudi Kilimo Company Limited is a newly established for-profit enterprise that addresses this market gap by providing an innovative, agriculture-based, micro-asset financing loan product to assist the smallholder farmers in acquiring productive assets such as dairy cows, chickens and irrigation equipment. While similar in structure to the traditional microfinance and microcredit services, there are key differences. For example, micro-asset financing produces a greater positive social impact. This is because assets financed through Juhudi produce a cash flow (such as selling milk or eggs) and there is a reduced risk since the asset financed can also act as collateral in the event of default. Juhudi has a unique focus on the entire agribusiness value chain, from production of raw products to processing and delivery of finished goods.

Spun off in April 2009, Juhudi first established a five-year track record of success as an asset-financing program within K-Rep Development Agency (KDA), an antipoverty NGO that performs research and product development for the microfinance sector. Today, Juhudi supports close to 15,000 smallholder farmers across eight field offices countrywide. The company's mission is to provide market-driven, wealth-creating financial services throughout agribusiness value chains that produce a positive impact on the rural smallholder farmers.

B. OVERALL OBJECTIVE

Juhudi Kilimo is looking to evaluate the strategic option of obtaining a Deposit Taking Microfinance license to become a regulated entity to further expand its business.

C. SPECIFIC OBJECTIVES

1. Review current company strategy, policies and procedures
2. Assess readiness for transformation of Juhudi Kilimo including high level assessment of ability to perform transformation in these areas
3. Identify key costs and benefits associated with the transformation
4. Review regulatory options on company ownership and the options available
5. Evaluate licensing timelines required to achieve full transformation

D. DELIVERABLES

1. Gap analysis of current operations and future required changes or investments
2. Indicative Transformation Plan and Capacity Development Plan
3. Estimated budget for transformation

E. LOCATION

The Consultant shall initially be based in Nairobi for the duration of the contract with potential travel to the field offices.

F. TIMEFRAME

The Consulting services shall commence on April 21, 2014. Final deliverables shall be submitted to the client no later than May 23, 2014.