



**CONSULTANCY TO SUPPORT THE CAPACITY BUILDING OF SMALLHOLDER FARMERS UNDER LESOTHO  
SUPPLIER DEVELOPMENT PROGRAMME AND GREEN VALUE CHAINS PROJECT**

**TERMS OF REFERENCE**

**A. Background and Context**

The Lesotho Supplier Development and Green Value Chains Project (LSDP/GVC) is a project through which the United Nations Development Programme, UNDP seeks to contribute to the national recovery agenda, by promoting green economy through value chains. The project is intended to build capacity and resilience of the local agricultural sector to produce and supply the local market through sustainable production, processing, and marketing processes. The project is a collaborative effort of local partners in government, non-governmental organisations and the private sector, to implement activities towards private sector mobilization, capacity building of smallholder farmers to scale productivity and creation of linkages for market access for economic recovery, access to finance and creation of employment opportunities, especially for women and youth. The project partners include UNDP, Lesotho National Development Corporation, Standard Lesotho Bank and FinMark Trust and the Ministry of Agriculture, Marketing and Food Security.

In order to inform interventions and the design thereof, the LSDP/GVC commissioned diagnostic studies to determine feasible value chains in the Maseru's hoek district and in Lesotho, and opportunities for digitization in the agriculture sector. The studies entailed visits to individual farmers to profile participating smallholder farmers and capacity needs to participate in both local and international markets. These diagnostic reports have confirmed several challenges that the farming communities face in the country, but also pointed to opportunities in the agriculture that may be exploited to ensure transitioning from subsistence to commercial farming. The report points out that Lesotho relies heavily on traditional agriculture practices that are particularly vulnerable to environmental changes. So, building resilience to climate change remain a key component of any agricultural value chain development initiative. The report further indicates that the use and adoption of technologies for agro-purposes is very low. Only a few farmers reportedly used irrigation systems, practiced covered or protected agriculture (greenhouse / shade net). As business entities and suppliers in local markets, the production volumes were inconsistent, did not conform to agricultural practices and food safety standards, which affected the ability to supply formal markets.

In this context, the project is implementing multiple strategies for capacity building of the smallholder farmers, development of a conducive environment and mobilization of local private sector. These include adoption of the Global GAP standards, and assurance solutions, establishment of a mentorship support programme for the farmers, and development of market linkages. Through the project, a total of 30 experts have been fully certified to become Global G.A.P Farm Assurers to support the farmers to adopt and comply with production regulations and requirements of local, regional and international markets in the horticulture and livestock sectors. This will enable over 120 smallholder farmers registered in the programme to improve the quality of local products and potential to supply the domestic, regional and global markets.

Other identified capacity challenges among the smallholder farmers and MSMEs are limited business acumen including business management, techniques for tendering, proposal writing, marketing and pricing; and access to finance. Out of the 120 farmers who participated in the LSDP diagnostic study, only 7% of them reported to have obtained financial support from the local institutions and other formal mechanisms, while 97% of them had no prior access to formal financial services. Findings from the recent MAP (Making Access Possible) study highlight lack of formalization as one of the inhibiting factors for acquisition of financing services for business. All the studies recommend adoption of strategies to improve financial literacy, and business management skills, to enhance management capabilities, facilitate formalization and engender access to finance and support services for business development.<sup>1</sup>

In this regard, the project intends to collaborate with UNCDF to support the design and implementation of a programme for developing capacities for business management and optimizing access to finance. The training is aimed at improving the business acumen and management of the identified smallholder farmers, enhance financial literacy to facilitate awareness and demand for formal financial services to ensure growth, scalability, improved livelihoods, and inclusive economic growth. The training will also include a mentorship programme to support the farmers and MSMEs to develop and submit proposal for funding to participating financial service providers

UNDP is therefore looking for services of a management and business support services consulting firm or organization to design a programme that addresses the capacity training needs of farmers obtained from the rapid assessment and diagnostics studies in reference. The design of the programme will be premised on the profile of farmers that participated in the LSDP Diagnostic Study, findings from the value chains and digitization assessments, as well as the established capacity needs of the target farmers, to ensure relevance and applicability. The programme targets the 120 smallholder farmers enlisted in the project but will be delivered in cohorts of 40 beneficiaries per session based on their profiles and observed capacities. The selected service provider will also be required to facilitate access to finance from the menu of financing instruments available at participating financial services providers (FSP) or partners.

## **B. Scope of work**

The key activities should include:

1. Review the findings of the available literature as well as take into consideration the field data from the UNCDF MAP research findings on access to finance and capacities of MSMEs and smallholder farmers, to ascertain priorities and focus of the training programme
2. Engage the local financial services providers to determine available financing and investment instruments or opportunities suitable for the smallholder farmers and MSMEs in Lesotho that may be exploited by the project beneficiaries.
  - Review investment and credit products to establish minimum requirements to access credit and investment services and determine constraints for access among the smallholder farmers and MSMEs

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<sup>11</sup> MAP (Making Access Possible) assessment is a multi-country diagnostic and programmatic framework to support expanding access to financial services for individuals and micro and small businesses advanced by UNCDF. Lesotho report was published in 2021.

- Determine considerations for design and reach to maximize targeting and accessibility to enable or enhance access for the target group.
- 3. Assess the first cohort of 40 smallholder farmers and farmer's groups enlisted in its Green Value Chain and Lesotho Supplier Development Programme to determine appropriate financial instruments and financing readiness of the enterprises.
  - Validate and update the profiles of the smallholder farmers registered on the project and determine capacity needs.
  - Assess financial capability and determine the level of awareness and use of formal financial services per farmer
  - Determine the level of demand and readiness for use of identified financing instruments
- 4. Develop a report and recommendations on appropriate/relevant instruments based on the identified gaps and challenges.
  - Propose a criterion and categorize the famers according to their financial capabilities and financing readiness
  - Submit the list of farmers that may be considered for pilot financing programmes in the project
- 5. Design and deliver a tailored improvement workshops/training programme based on the identified capacity needs
  - Conduct a comprehensive training for the farmers and submit the training report.
  - Design and share easy to use tools to facilitate adoption and use
  - Training materials and tools need to be digital and available to input into a commercial application for increasing access to finance
- 6. Support the participating farmers to develop and submit financing proposals to participating FSPs.
  - Guide the participating farmers to develop their business plan and financing proposals in accordance with lending procedures, investment /grants terms and conditions outlined by the participating FSPs.
  - Review the business plans and financing proposals and ensure that they meet the FSP requirements.
  - Assist the farmers to address any concerns or queries that may be made on their submissions.
  - Follow up with FSPs to secure approvals and granting of credit, investments proposals.
  - Provide support and mentoring to the farmers upon successful securing of financing for an agreed period.

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### C. Expected Outputs

Working with the national partners, the consultancy company will be expected to deliver the following:

Deliverables/ Outputs	Estimated Duration	Target Due Dates	Review and Approvals Required
1. Inception report - Including work-plan and methodology	10 days	20 June 2022	UNDP and partners
2. Approved report on local financing instruments for the farmers	10 days	30 <sup>th</sup> July 2022	UNDP and partners
3. Approved report on the capacity assessment and categorization of farmers on financing readiness	20 days		UNDP and partners
4. Approved capacity building plan			
5. Approved report on a training conducted for the farmers	20 days	30 <sup>th</sup> August 2022	UNDP and partners a
6. Approved report of guidance provided to farmers to develop financing proposals	40 days	30 <sup>th</sup> October 2022	UNDP and partners
7. A report capturing the activities that were undertaken to allow replication to other farmers.	10days	30 <sup>th</sup> November 2022	UNDP
Total months	110 days		

### D. Institutional Arrangement

- a) The consultancy will be engaged by the UNDP and becomes directly responsible to the UNDP – Deputy Resident Representative. However, they will liaise with the Green Value Chains Project Officer for implementation of this assignment.
- b) UNDP, through the Project officer (Green Value Chains) will provide day to day supervision on the assignment, working in collaboration with FinMark Trust, Ministry of Agriculture and Food Security and Ministry of Finance for delivery of quality results and objectives as set out in these terms of reference.
- c) The consultancy will also engage Lesotho National Development Cooperation (LNDC), Standard Lesotho Bank, Ministry of Trade and Industry, and private sector networks when necessary.
- d) The consultancy will prepare reports as outlined in Section D above, for approval by the UNDP and her partners. A joint approval of the outputs will be provided by the partners prior to payment.
- e) A 5-day lead period must be allowed for feedback on submitted written outputs. The consultancy company will be expected to maintain a clear audit trail of all comments received and addressed in the submitted reports.

- f) The consultancy should have own computer and facilitate own access to internet, transport and organize own logistical arrangements as necessary.

#### **E. Duration of the Work and duty station**

- a) The assignment is expected to take 6 months to completion, with start date in June 2022, and planned to be completed by December 2022.
- b) All partners will have at least 5 days to review and feedback on written outputs.
- c) The assignment will be delivered both from home and on site. The consultancy company will submit to UNDP a schedule of activities and on-site visits as maybe relevant to the project.

#### **F. Qualifications of the Successful Contractor**

Successful contractors must be experts in private sector development comprising 3 members, including Team lead, Private sector specialist and Training/business development services practitioner, with the following qualification, experiences and competencies:

##### **1) Team leader (Private sector development and Business Development Practitioner)**

Qualification: A Master's degree in Economics, Business Management or any related field, with at least 10 – 15 years of relevant experience.

- The team lead must have at least 10 years in private sector development, trade and/or MSME development
- More than 5 years' experience facilitating capacity needs assessments and designing capacity building programmes and facilitating trainings,
- Demonstrate knowledge of the local development landscape and issues affecting private sector development in Lesotho
- Strong knowledge of trade and development issues in Lesotho – awareness of development opportunity
- Ability to engage stakeholders in different capacities
- Demonstrated experience in development of training curricula/courses for extension staff and farmers
- Experience in supporting public/private extension services
- Knowledge of Lesotho agricultural sector is essential.
- Strong knowledge of factors affecting agribusiness development in developing countries or countries severely affected by climate change
- Must have ability to engage stakeholders in different capacities
- Must have knowledge in value chain and supply chain management

##### **2) Enterprise Development Trainer**

- Qualification: University degree in economics, finance, business or related discipline. Advanced degree would be an advantage.
- At least 10 years of progressively responsible for SMME development
- Experience in providing advisory services;

- Experience in facilitating training and capacity development, especially for small businesses. Prior experience with training small holder farmers will be an advantage.
- Experience in project development, management, monitoring, and evaluation;
- Ability to use computers and information technology as a tool and resource;
- Adequate experience in working in multi-cultural environments and stakeholder coordination in the public, private and civil society organizations.
- Experience in creating business plans and financing proposals.
- Experience in management and/or technical assistance to projects related to rural value chains
- Demonstrate knowledge of the local development landscape and issues affecting private sector development in agriculture/agribusiness in Lesotho
- Fluency in spoken and written English and Sesotho is required.

### 3. Enterprise Support Specialist

- College or University degree in Economics, Agriculture Finance, Development Finance, International Development or other relevant fields;
- A minimum of 5-10 years of relevant experience in the SME or agriculture financing and investment, is advantageous;
- Strong experience in mentoring small businesses
- Strong knowledge of developing business plans and proposals writing.
- An innovation and solutions mapping orientation. Experience in solutions mapping to address development challenges particularly for poor and rural communities will be advantageous;
- Demonstrated capacity to apply gender analytical frameworks;
- Experience in project management is required with an excellent understanding of development finance;
- Excellent communication, written and verbal skills both in English and Sesotho is essential.

### Competencies:

- Demonstrating/safeguarding ethics and integrity, by modelling the UN/UNDP's values and ethical standards.
- Promotes the vision, mission, and strategic goals of UN/UNDP.
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.
- Demonstrate corporate knowledge and sound judgment.
- Self-development, initiative-taking.
- Acting as a team player and facilitating teamwork.
- Facilitating and encouraging open communication in the team, communicating effectively
- Creating synergies through self-control.
- Managing conflicts.
- Learning and sharing knowledge and encourage the learning of others. Promoting learning and knowledge management/sharing is the responsibility of each staff member.
- Informed and transparent decision making.



**G. Scope of Bid Price and Schedule of Payments**

- a) The contract price will be fixed output-based price regardless of extension of the herein specified duration of the assignment.
- b) The financial proposal should be presented as a Lump Sum Amount –representative of payments closely linked to deliverables.
- c) Payments will be made upon acceptance and approval by the project partners of planned deliverables and components,
- d) Payments will be scheduled as follows, with the corresponding percentage per milestone/output, including the conditions/documentations required prior to the release of any tranches of payment.

Deliverables/ Outputs	Target Due Dates	% Payable upon completion of milestone
1. Inception report - Including workplan and methodology	20 <sup>th</sup> June 2022	10
2. Approved report on available financing and investment instruments or opportunities suitable for the farmers participating in the supply development programme	11 <sup>th</sup> July 2022	20
3. Approved report on the level of credit and investment readiness from the farmers	20 <sup>th</sup> July 2022	15
4. Approved improvement plan to enhance the prospects of the target group to access and secure credit and/or investment	10 <sup>th</sup> August 2022	15
5. Approved report on a training conducted for the farmers	26 <sup>th</sup> August 2022	20
6. Approved report of guidance provided to farmers to develop financing proposals and facilitate submission of such to the financing FSPs`.	26 <sup>th</sup> October 2022	10
7. A report capturing the activities that were undertaken to allow replication to other farmers.	20 <sup>th</sup> November 2022	10

**H. Recommended Presentation of Proposal**

Interested consultancy company should submit a detailed technical and financial proposal. The technical proposal is expected to be clear and concise and should be a maximum of 10 pages. It should include:

- Brief description on why the consultancy company is the most suitable for the assignment, and a methodology on how they will approach and complete the assignment.
- Individual CV of experts, indicating all experience from similar projects, as well as the contact details (email and telephone number).
- Financial proposal



#### I. Criteria for Selection of the Best offer

A successful consultancy firm will be selected based on the Combined Scoring method – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%, broken down as:

1) Technical Proposal (70%)

- Expertise of the firm 20%
- Proposed methodology 50%
- Personnel 30%

2) Financial Proposal (30%), to be computed as a ratio of the lowest price among the proposals received by UNDP

#### J. Annexes

- Template for Technical Proposal
- Template for Financial Proposal

#### K. Submissions

**Proposals with the requirements listed above may be submitted to:**

United Nations Development Programme  
The Resident Representative,  
REF: **Business Development Training**  
United Nations Road  
3rd Floor UN House  
P.O Box 30  
MASERU, LESOTHO  
Tel: +266 2231 3790 Fax: +266 2231 0042  
Email: [ls.procurement@undp.org](mailto:ls.procurement@undp.org)

#### L. This TOR is approved by:

Name: Ms Nessie Golakai – Gould  
Deputy Resident Representative

Signature

DocuSigned by:  
*Nessie Golakai*  
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Date of Signing 26-May-2022