



TOR
**Strategy for Improving Access to
Finance for Ethnic Minority Women and
Smallholder Farmers**



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I. Background

1. Program Overview

With more than 35 years of experience, Cowater International is Canada's global leader in management consulting services specialising in international development. We have managed the implementation of over 800 projects in more than 80 countries around the globe for clients such as DFID, DFAT Australia, the World Bank and Global Affairs Canada. We work with governments, partner organisations, communities and civil society to design and implement sustainable solutions that generate lasting social, economic and environmental impacts. Our adaptive approach to management has led to our award-winning work and recognition as one of Canada's Best Managed Companies between 2017 and 2021.

The GREAT Program is a flagship initiative of the Australian Aid program in Vietnam – it commenced in November 2017 and will run for five years until June 2022. The Program seeks to promote women's economic empowerment (WEE) in the ethnically diverse north-west region of Vietnam. The primary beneficiaries are women living in the provinces of Son La and Lao Cai with a focus on the economic inclusion of women from ethnic minority communities. The objectives of the Aus4Equality|GREAT Program are:

- **Objective 1** – Empowering local women: Women living in local communities have increased capacity, space and choices to beneficially engage with agriculture and tourism businesses.
- **Objective 2** – Inclusive business partnerships: Selected private sector actors within the agriculture and tourism sectors innovate to profitably and sustainably trade with more women entrepreneurs and operate in gender-sensitive ways.
- **Objective 3** – Improving sector governance and policy: Government agencies reinforce policies, and enact plans, regulations, and services that enable more inclusive socio-economic development.

Access to finance was identified as a key market system issue that, if unlocked, could have a significant impact on the lives of women living in target areas.

2. Why is access to finance important for women farmers?

Many smallholder farmers need access to financial services such as savings accounts, loans and insurance to help them manage cash flows and risks through the cropping cycle. The need is even greater if they are seeking to boost production and income by investing in higher-value, market-oriented commodities, improved technologies or expanding crop areas. Globally, women face difficulties in accessing financial services which is a major impediment to achieving their productive potential.

While good progress has been made in improving financial inclusion globally, many gender-based barriers persist.. These include legal constraints – such as lack of identity documentation and ownership of land – and cultural norms around women's roles. Consequently, women often find it more difficult than men to open bank accounts, take out loans or enter financial contracts. These challenges can be exacerbated by women's lower levels of education, financial literacy, knowledge of available financial products and self-confidence in seeking access to finance.

Finance needs for small-scale agriculture tend to be poorly served by the formal finance sector. For instance, loan repayment terms may not match the production and harvest cycle of key crops. The transaction costs and perceived risks associated with small-value loans may result in a reluctance to engage with this market segment unless obligated, for instance by a government requirement.

Even where financial service providers have products suited to smallholder agriculture, they may not recognise the role women play in agriculture, and so do not target their products to meet the needs of women farmers. Women are therefore more likely to rely on informal or semi-formal avenues to meet their

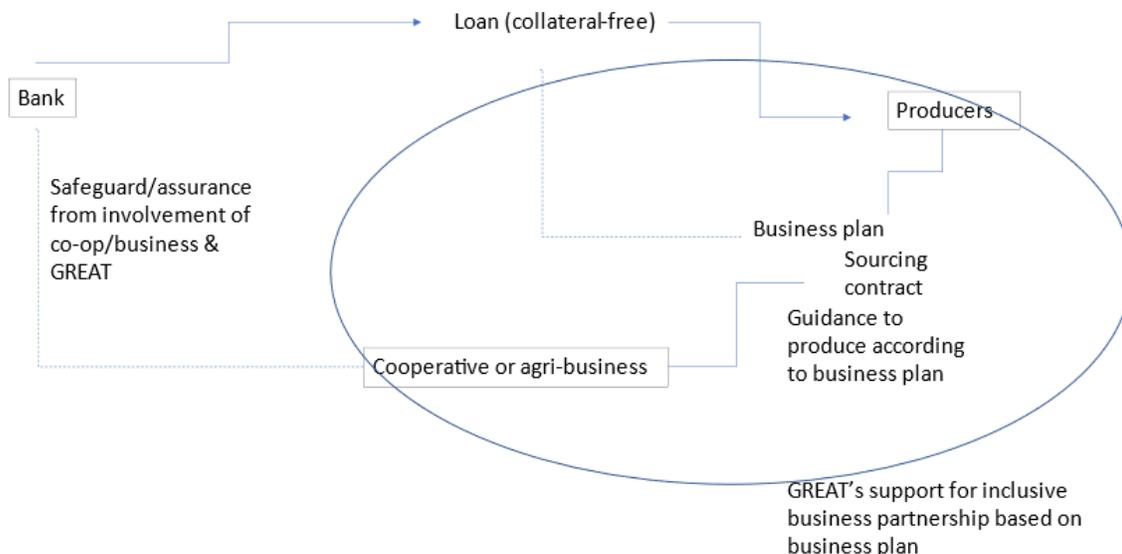
short-term finance needs. While these options fill an important niche, they may not provide the scope of services women need to develop their farming or entrepreneurial ventures.

An assessment commissioned by GREAT focusing on the supply chains of private sector partners in Son La, found that 60% of vegetable and passion fruit producers and 33% of tea producers were seeking additional financing. The study also found that female respondents were slightly more likely to access finance from informal sources rather than formal ones. The use of money lenders and “black credit” was a problem in some areas, with farmers borrowing from these sources to repay a formal loan.

3. GREAT’s approach to piloting access to finance for smallholder farmers

GREAT saw an opportunity to bridge the divide between producers and the formal finance sector by supporting development of a new type of finance product: value chain-based loans. Rather than focusing on the characteristics of the individual borrower (who may be deemed too risky or small-scale), this type of finance ‘lifts the gaze’ by also linking the bank to other value chain participants who act as facilitators or intermediaries – such as producer groups, cooperatives and agri-businesses providing farm inputs and/or purchasing outputs. This can help overcome issues of scale and reduce risks faced by both borrowers and lenders. The result is a ‘three-sided partnership’, as illustrated in Figure 1.

Figure 1: Value chain-based three-sided partnership



Essentially, GREAT is supporting cooperatives or agri-businesses to enter into inclusive business arrangements with groups of producers, built around a business plan and a sourcing contract. The cooperative or business helps the producers adhere to the business plan, for instance by providing technical support. With this arrangement in place, a bank is in a better position to provide a collateral-free loan based on the assurance provided by the business plan.

The loan benefits all sides:

- Producers can obtain a loan, potentially without collateral or the same collateral requirements enabling them to expand their production
- Thanks to the expanded production and the group formation, the business/cooperative can source a greater amount of product in accordance with their business plan, and with lower transaction costs than if they were sourcing small amounts from many individual producers
- The bank can disburse its funds as producer loans, while having a guarantee assurance based on the role being played by the business/cooperative and the potential results of the linked business plan

(assuming the plan will be successful). This will allow banks to increase their lending portfolio relating to targeted agricultural value chains.

The birth of this three-way partnership depends on the bank's appraisal of the potential success of the business plan, compared with the level of risk. The risk level is subject to:

- a) the commitment of producers and their business partner to continue the cooperation (ie the sustainability of the inclusive business linkage) – this is where GREAT and relevant government authorities can add value; and
- b) the ambition (potential returns) and realism / feasibility of the business plan. This in turn depends on the entity's business management capacity and market fluctuations. COVID-19 is having a significant impact in this regard.

4. GREAT's investments on A2F for smallholder farmers

To put the above concept for value chain-based loans into practice, GREAT initiated two new partnerships centred on Vietnam Bank for Social Policies (VBSP) and LienViet Post Bank (LVPB).

Expected outcomes and impacts:

The aim is to achieve four outcomes relating to value chain loans:

- The banks have improved capacity to provide suitable loans to smallholders, especially women.
- Women smallholders have improved their capability to obtain loans from the banks.
- The banks and producer households are supported to effectively manage loans, particularly in the context of COVID-19 impacts
- The value chain loan process has robust piloting and assessment to prepare for scale up.

The projects are expected to bring impact in three areas:

- Improved access to finance for women
- Improved confidence among women in managing household finances
- Expansion of the banks' customer network.

Business models

Under these partnerships, pilot activities are underway in Lao Cai and Son La provinces, centred on households (mostly from ethnic minorities) already participating in GREAT-supported agriculture and tourism value chains. In this way, the new pilots build on the knowledge, skills and relationships developed through other existing interventions.

The business model will focus on input lending by the banks within structured value chains consisting of a lead company, input supplier and producers. Loan size and disbursement and repayment scheme will be adapted to the needs of ethnic minority farming households and crop cycles. It will minimise the risk for the Bank by enabling monitoring and managing cash movements throughout the supply chain. It will also close the working capital gap (investment) for smallholders through early payment solutions and will reduce cash expose to farmers by designing input packages to be funded directly by Bank.

Main interventions

- Training and awareness raising with the banks on value chain lending and related topics such as gender lens investing are conducted.
- Training for bank staff on risk assessment/management, including cash flow modelling and credit scoring for individual farmers

- Potential client groups (particularly ethnic minority women) receive financial literacy training so they better understand bank procedures as well as basic financial management. The terms and conditions of the proposed new credit product will also be explained, so producers can make an informed decision on whether to take up the offer.
- New credit products and associated processes and technologies are developed.

Together, the project partners have been developing an innovative, customer-centric approach to smallholder financing built around value chain-specific loan products that match the cash needs, flows and risk profiles of individual farmers as well as specific barriers facing women farmers. Support will also be provided to optimize the bank's systems and processes to reduce administrative barriers.

In addition, the projects will work with input suppliers to design input packages that will be financed directly by the bank, thereby reducing farmers' need to manage cash flows.

Working closely with VBSP and LVPB to develop, test and demonstrate the financial viability of the new loan product and create a profitable track record of engaging with smallholders is also expected to lead to further expansion of this type of lending both for VBSP and LVPB and among other financial institutions in Vietnam.

Women's economic empowerment targets

The two new value chain lending projects are both expected to result in significant benefits for women in the target communities. These are summarised in Table 1.

Table 1: Expected WEE results from VBSP and LVPB projects

	VBSP	LVPB
Improved access to finance for women [including ethnic minority women], after rolling out	800 [700]	1160 [940]
Unsecured loans obtained by women [including ethnic minority women], under the pilots	80 [70]	580 [470]
Increased confidence in financial management for women [including ethnic minority women], under the pilots	640 [560]	928 [752]

Progress to date

The finance sector partnerships described above have taken longer than hoped to come to fruition, partly due to the need to address regulatory hurdles within the Banks themselves, and at State Bank level. COVID-19 has further slowed progress. However, the project made a significance progress in developing the loan products. Disbursement of the first batch of loans has been carried out.

Details of the disbursement to end of October 2021(updated figures available late January 2022) are:

- Amount of loan disbursed: VND 290 million (for LVPB) and VND 7,293 million (for VBSP)
- Number of loan contracts: 21 (for LVPB) and 128 (for VBSP)
- Number of households that obtained loans: 9 (for LVPB) and 128 (for VBSP)
- Number of women provided with the loans: minimum 9 (for LVPB) and 128 (for VBSP)

The COVID-19 pandemic has highlighted the continuing importance of strengthening financial literacy among GREAT's target beneficiaries and improving their access to a broader range of financial services, including savings options, suited to their specific circumstances. The Government of Vietnam has identified the need for flexible forms of finance to be available to support recovery in the agriculture sector and the broader economy. GREAT will continue to progress these priorities and test innovative approaches, particularly through the value chain-based financing models described in this paper.

II. Description of Activity

1. Purpose of Activity

The GREAT Program plans to develop a Strategy for Improving Access to Finance for Smallholder Farmers and Ethnic Minority Women between 2022-2027 under GREAT Program Phase 2 (hereafter called GREAT 2).

The Strategy will directly build on the review being conducted of GREAT's A2F pilot projects.

Cowater International is seeking to recruit a team of consultants (one international and one national) to provide support to develop this Strategy.

2. Intended utilisation of the Strategy

GREAT 2 will use the Strategy to inform the following activities:

- Selecting and designing new investments on A2F to achieve the key expected changes included in the TOC
- Coordinating and collaborating across stakeholders, including businesses and other supporting service providers in the process of sector development
- Monitoring and evaluating the effectiveness and efficiency of the strategy and investments
- Monitoring and evaluating the overall effectiveness and efficiency of the program

3. Key topics to be covered in the Strategy

The Strategy will provide GREAT 2 with a good understanding and/or orientation about:

- Characteristics and demands of different groups of smallholder farmers and ethnic minority women, disaggregated by the poverty status and/or of specific selected value chains.
- Inventory of existing A2F service providers and major A2F projects in Vietnam and/or North-West region
- Available options/service providers on A2F that meet the particular characteristics and demands of the different groups of smallholder farmers and ethnic minority women
- Options and conditions for scaling up the current A2F pilots by VBSP, LVPB and/or new A2F service provider
- Theory of Change (TOC) that demonstrates key expected changes and pathway to achieve the changes, together with the assumptions (or pre-conditions) for the pathway to happen
- Potential supports and/or investments to improve A2F for different groups of smallholder farmers and ethnic minority women, disaggregated by the poverty status or of the selected sectors, including required training on related topics for instances, on financial literacy
- Key steps for GREAT to be carried out when initiating a new investment on A2F
- Key MERL activities and parameters to measure and document on effectiveness, efficiency and lessons learned of GREAT 2's investments in A2F and the A2F Strategy
- Risks and key measures for risk mitigation

4. Scope, Key stakeholders, Areas, and Approach

Scope and Key Stakeholders

- Selected sectors include vegetables, ramie, bamboo shoots, medicinal herbs, cinnamon, benzoin and tourism. This can be further narrowed down depending on needs analysis based on which the selected consultants will provide advice.

- The gendered market analysis will look at a broad range of selected service providers and include a review of regulatory frameworks and assess market trends and emerging financial solutions e.g. mobile banking.
- Target beneficiaries are smallholder farmers, including ethnic minority women in the selected sectors.
- Related stakeholders that will participate in the management and implementation process include PMUs and relevant provincial departments.
- Finance service providers are the co-investors for the Strategy to attract.
- Enterprises, cooperatives and other related supporting providers, including R&D and training institutions are the potential partners of the finance service providers.
- Options for A2F only include formal finance service providers, prioritising those with the following characteristics e.g. a) having an interest in reaching out and developing a suitable finance product for smallholder farmers, including ethnic minority women; b) having a branch located nearby the target beneficiaries in the target provinces; and c) overcoming the barriers for A2F of the traditional finance products.

Target areas:

- Major investments will be implemented in Son La and Lao Cai provinces.
- Support from the program may be provided to scale up the A2F pilots nationally if satisfying the program's value for money and sustainability requirements.

Approach:

- A gendered market analysis on A2F, including stakeholder mapping should be conducted. While the rapid assessment on A2F pilot focuses on the pilots, the gendered market analysis on A2F will broaden the review and appraisal to various A2F options and service providers to meet different needs of different groups of smallholder farmers.
- The gendered market analysis will identify information required in Section 3 above. Selected consultants will design the analysis for GREAT's approval before conducting it. Desk review will be the key method, given the Program's existing knowledge and evidence. Interviews with a limited number of key informants can be conducted as necessary, when desk reviews do not provide sufficient information to address the included topics in the Section 3.
- Development of the Strategy will use the information identified through the conducted gendered market analysis, in addition to consultations with GREAT and related stakeholders, including but not limited to Financial Access (the consultant providing technical assistance in the pilots), VBSP and LVPB, VietED and potential finance service providers. GREAT will involve closely in the process to ensure the drafting process to be on a right track, that will be aligned with the overall strategy and approaches of the program in other related areas.
- Relevant issues in the the A2F Strategy may be updated once the Sector Strategies have been finalised in May 2022.

5. Major tasks and timeline

The table below outlines major tasks to be carried out by the recruited consultants, in collaboration with the GREAT team.

Table 1. Major tasks and timeline

Major tasks	Timeline	Expected outputs
1. Conduct a gendered market analysis on A2F	14 February – 31 March 2022	<ul style="list-style-type: none"> • A gender market analysis proposal, including analytical framework and tools • Collected synthesised information/data • Report on gendered market analysis
2. Conduct consultation workshops on findings and recommendations of the gendered market analysis with related stakeholders, including GREAT, PMUs, Finance Access, VBSP, LVPB and other potential finance service providers	13-15 April 2022	<ul style="list-style-type: none"> • Workshop agenda • Presentation slides • Workshop summary note
3. Draft a Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province	15-29 April, 2022	<ul style="list-style-type: none"> • Draft Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province
4. Conduct consultation workshops with GREAT, PMUs and DFAT on the draft Strategy (GREAT will advise who else to engage)	11-13 May 2022	<ul style="list-style-type: none"> • Workshop agenda • Presentation slides • Workshop summary note
5. Improve and finalise the Strategy on A2F for smallholder farmers and ethnic minority women	16-31 May 2022	<ul style="list-style-type: none"> • Improved Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province • Finalised Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province

III. Implementation Arrangements

Overall approach:

GREAT will contract a team of two consultants (one international and one national) that are experts in A2F. With the overall coordination by the Deputy Team Leader, the two consultants will be the main researchers and strategy developers to carry out analysis and strategy development tasks as outline above, in collaboration with the appointed GREAT staff. GREAT will be involved in the process, especially in the coordination, organisational and guiding roles. The implementation process is highly collaborative to ensure GREAT and PMUs are on top of the issues/topics covered in the Section 3.

Specific roles:

GREAT

The implementation of this Activity requires proactive management and engagement from the GREAT team, including Team Leader, Deputy Team Leader, Inclusive Business Advisor, Tourism Advisor, Gender Specialist and MERL Manager, on an ongoing basis, particularly for oversight, quality assurance and strategic advice of the analysis and strategy development at the critical stages and of the activity outputs indicated in Table 1. Specific roles of the GREAT team are:

- Manage and oversee the implementation and progress of the Activity
- Share all related documents for consultants' background reading
- Organize and participate in the interviews when justifying the advantages of GREAT's organization versus consultants' proactive arrangement.
- Arrange an interpreter when required
- Collaborate closely with the consultants in the process to provide guidance and inputs, and carry out quality assurance of the plan, tools and interim outputs
- Provide strategic advice to the team at critical stages
- Provide support to connect with and obtain guidance from relevant entities such as DFAT and the Program Management Units (PMUs)
- Engage the selected consultants in discussions and relevant forums/platforms
- Engage the selected consultants in relevant knowledge products and learning events for dissemination of the findings and recommendations
- Carry out necessary quality assurance measurements and activities
- Provide clearance to the deliverables that meet quality standards
- Have the primary responsibility for communication and publication of the assessment findings

Consultants

Under the overall coordination of the Deputy Team Leader (the focal point as specified above), in collaboration with GREAT staff, the consultants will take a lead and be proactive in planning and implementing the assigned tasks to deliver the commissioned outputs.

- Develop a gendered market analysis proposal, tools, and data synthesis templates
- Carry out the tasks according to the agreed proposal and major tasks, ensuring high quality
- Carry out interviews with related stakeholders/individuals as required to collect sufficient inputs for the strategy development
- Conduct data synthesis and analysis
- Draft, improve and finalize the gendered market analysis report according to the agreed reporting outline
- Plan for the consultation workshops, prepare presentation slides, facilitate the discussions in the consultation workshops
- Draft, improve and finalize the Strategy on A2F for smallholder farmers and ethnic minority women

Deliverables

Deliverables, need to meet a high standard. The report should be well-structured, concise and easy to read. The Strategy should be also well structured, concise, specific, actionable while being strategic in the identified directions, approaches and expected changes., The document needs to respond to the issues listed in Section 3. An outline of the report and the Strategy shall be developed and agreed between GREAT and consultants before the consultants write up the report and the Strategy.

The following schedule and deliverables are indicative and subject to be modified slightly upon the progress and in coordination with other ongoing activities of the program.

Major tasks	Timeline	Expected outputs	LOEs
1. Conduct a gendered market analysis on A2F	14 February –10 March 2022	<ul style="list-style-type: none"> • A gender market analysis proposal, including analytical framework and tools • Collected synthesized information/data 	<ul style="list-style-type: none"> • International consultant: 25 days • National consultant: 25 days

Major tasks	Timeline	Expected outputs	LOEs
		<ul style="list-style-type: none"> Report on gendered market analysis 	
2. Conduct consultation workshops on findings and recommendations of the gendered market analysis with related stakeholders, including GREAT, PMUs, Finance Access, VBSP, LVPB and other potential finance service providers	13-15 April 2022	<ul style="list-style-type: none"> Workshop agenda Presentation slides Workshop summary note 	<ul style="list-style-type: none"> International consultant: 3 days National consultant: 3 days
3. Draft a Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province	15-29 April, 2022	<ul style="list-style-type: none"> Draft Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province 	<ul style="list-style-type: none"> International consultant: 8 days National consultant: 8 days
4. Conduct consultation workshops with GREAT, PMUs and DFAT on the draft Strategy (GREAT will advise who else to engage)	11-13 May 2022	<ul style="list-style-type: none"> Workshop agenda Presentation slides Workshop summary note 	<ul style="list-style-type: none"> International consultant: 3 days National consultant: 3 days
5. Improve and finalize the Strategy on A2F for smallholder farmers and ethnic minority women	16-31 May 2022	<ul style="list-style-type: none"> Improved Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province Finalized Strategy on A2F for smallholder farmers and ethnic minority women in Son La and Lao Cai province 	<ul style="list-style-type: none"> International consultant: 3 days National consultant: 3 days
		Total	<ul style="list-style-type: none"> International consultant: 37 days National consultant: 37 days

IV. Budget Estimate

A total budget will be estimated, based on the LOE days for each consultant as indicated in the above table.

V. Recruitment

GREAT will recruit a team of two high qualified consultants one international consultant and one national consultant) to undertake this TOR. The two consultants will collaborate and work closely with each other to complement advantages of both international and local knowledge to produce the deliverables in a timely manner as detailed in Section 3 above. While working closely and sharing the tasks for each deliverable upon mutual agreements within the consulting team following GREAT's direction, the international consultant will hold a overall responsibility for finalisation of the report and strategy document.

The international consultant is expected to bring in the international knowledge on solutions on A2F for smallholder farmers and rural tourism providers in the Southeast Asia region or internationally.

The national consultant is expected to have good knowledge and experiences on the practical solutions on A2F for smallholder farmers, rural tourism providers and women in Vietnam.

Both consultants are expected to have an economics/finance background. Having experiences in the private sector and project implementation on A2F is preferable as well as experience with lending to smallholder farmers.

How to Apply

Interested consulting teams are invited to a joint proposal to aus4equalityrecruitment@gmail.com before **5pm Hanoi time on 7 February 2022** with the subject line "Strategy for Improving Access to Finance for Ethnic Minority Women and Smallholder Farmers a".

The proposal needs to include:

- (i) **A methodology** with a length of 5 pages maximum
- (ii) **The proposed team members (02)** including CVs and statement of availability by each team member **and daily rate (AUD);**

Please note that international consultant daily rates need to align with DFAT's Aid Remuneration Framework <https://www.dfat.gov.au/about-us/publications/adviser-remuneration-framework>. National Consultant rates need to align with EU/Un cost norms.

Only shortlisted candidates will be contacted for an interview.