

Terms of Reference

Consultancy to identify value chain business cases and financing mechanisms for Climate Smart Agriculture (CSA) and Nature-based Solution (NbS) in Mozambique

1 Summary

The objective of this consultancy is to develop sustainable and inclusive financing mechanisms for agricultural production and value chains in Mozambique, specifically within the landscapes of Barué and Vanduzi districts. The consultant will build upon previous studies to review and update existing financing mechanisms targeting businesses and smallholder farmers (refer to Annex 1). The scope of work includes conducting a comprehensive value chain analysis, assessing market and financial needs, and developing commercially viable business cases for key commodities such as soy, maize, and horticulture. Additionally, the consultant will explore innovative financing mechanisms, including blended finance and impact investments, to support the transition to climate-smart agriculture (CSA) and Nature-based Solutions (NbS). Deliverables include detailed reports, investment factsheets, policy briefs, and the facilitation of stakeholder workshops, all aimed at fostering resilient economies, improving land health, and ensuring social inclusion in Mozambique.

2 About IUCN

The International Union for Conservation of Nature (IUCN) is a membership Union uniquely composed of both government and civil society organisations. It provides public, private and non-governmental organisations with the knowledge and tools that enable human progress, economic development, and nature conservation to take place together. Headquartered in Switzerland, IUCN Secretariat comprises around 950 staff in more than 50 countries. Created in 1948, IUCN is now the world's largest and most diverse environmental network, harnessing the knowledge, resources and reach of more than 1,300 Member organisations and some 10,000 experts. Its broad membership enables IUCN to fill the role of incubator and trusted repository of best practices, tools, and international standards. IUCN provides a neutral space in which diverse stakeholders including governments, NGOs, scientists, businesses, local communities, Indigenous people's organisations and others can work together to forge and implement solutions to environmental challenges and achieve sustainable development. Collaborating with many partners and supporters, IUCN implements a large and diverse portfolio of conservation projects worldwide. Combining the latest science with the traditional knowledge of local communities, these projects work to reverse habitat loss, restore ecosystems and improve people's well-being.

3 Programme Background

IUCN's Water and Wetlands Team (WWT) manages a large portfolio of initiatives and projects which, inter alia, look at innovative ways to bring financing of integrated water and land management to on-the-ground stakeholders, whether these are smallholder farmers, local groups engaging in agriculture collectives, water user associations, or groups looking to protect, restore and conserve their local ecosystems. The main objective being that funds get to the right people in a way that allows them to maximise impact, not only through immediate action, but to build-in sustainability to ensure their actions can be mobilised beyond the funding period.

The Sustainability and Inclusion Strategy for Growth Corridors in Africa (SUSTAIN-Africa) was an IUCN-led initiative implemented from 2014 to 2020 in the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) and in the Zambezi Valley in Mozambique. SUSTAIN was conceived as a multi-year initiative focused on catalysing climate-resilient development that balances economic growth with ecosystem stewardship and social prosperity. The first phase of SUSTAIN established a solid foundation of partnerships with business, government agencies, local communities, farmer groups, and others in the landscapes to deliver on this vision. Building on these networks and the achievements of the initial phase, IUCN is leading the second phase of SUSTAIN through two complementary programmes, SUSTAIN Pro and SUSTAIN Eco, both underpinned by equity and inclusion and striving to accelerate a shift from business-as-usual to development paradigms that build resilience in economies, people, and nature. The terms of reference relate to SUSTAIN Pro programme.

SUSTAIN Productive Landscapes for Inclusive Growth (SUSTAIN Pro) aims for sustainable food systems and healthy productive landscapes in Mozambique and Tanzania. The programme has been designed as a 10-year initiative with an operational plan for the first four years from 2022 to 2025. The delivery strategy encompasses: (i) upscaling solutions for sustainable agricultural production (Pro Outcome 1); (ii) restoring land health through multi-stakeholder partnerships (Pro Outcome 2); and (iii) investing in sustainable and inclusive value chains to drive systemic change (Pro Outcome 3). The programme will be implemented in the Southern Agricultural Growth Corridor of Tanzania (Kilombero and Ithemi) and the Beira Agricultural Growth Corridor in Mozambique (Vanduzi and Bárue districts).

SUSTAIN Ecosystem stewardship to balance sustainability and growth (SUSTAIN Eco) a sister programme to SUSTAIN Pro, targets healthy ecosystems and prosperous communities in Tanzania through improved governance and rights, sustainable management practices and by catalysing investment in the protection and restoration of biodiversity and ecosystems. The delivery strategy encompasses: (i) coordination strengthened amongst governance structures for sustainable and inclusive management of natural resources (Eco Outcome 1); (ii) integrated landscape management improves ecosystem health and generates inclusive business and livelihood opportunities, especially for women, youth, and vulnerable groups (Eco Outcome 2); and (iii) investment in the protection and restoration of ecosystems and their services strengthens climate resilience for people and ecosystems (Eco Outcome 3). It will be implemented in one landscape that overlaps with SUSTAIN Pro (Kilombero) as well as a separate landscape (Sumbawanga).

3.1 Landscape overview

Vanduzi and Barué – SUSTAIN Pro, Mozambique

Vanduzi and Barué districts, located within the Beira Corridor, have been selected as primary implementation areas for SUSTAIN Pro due to their high agricultural potential and strategic importance for investment in Mozambique's agricultural sector. Challenges in these districts include limited use of improved seeds, inadequate coverage of agricultural extension services, and a rapidly growing population. Key crops in the region include maize, which is a staple for most farmers; soy, essential for the poultry industry due to its high protein content and potential for oil production; and horticulture, which offers the highest financial returns but faces significant challenges related to processing and market access. The selection of these districts was reinforced by findings from a baseline assessment and observations made during a field trip, where cooperatives demonstrated these dynamics.

3.2 SUSTAIN Pro outcome overview

Outcome 1: solutions for sustainable agricultural production are scaled up

To deliver long-term change, SUSTAIN Pro will focus on changing behaviours both in the landscapes where it operates and of those stakeholders with the ability to influence land and water management and decisions. Emphasis within outcome 1 is on building coherence between farm/operations-level interventions and governance structures for land and water, i.e. disseminating successful on farm/operational solutions that have the potential for replication and scale up and addressing the institutional barriers preventing this from happening. The main activities under **output 1.3 -market-based approaches and incentives help transition to sustainable agricultural systems-** focus on assisting smallholders to produce value-added products competitively, providing incentives to support the adoption of adjusted sustainable production practices, and improving sustainability offering of public and private extension services. This has been done through the aggregation of Forest and Farm Producer Organisations (FFPOs) and/or functional agricultural marketing and cooperative societies (AMCOS) and influencing their production practices. Through targeted capacity building activities on the supply side, SUSTAIN Pro facilitated the adoption of Smart Agricultural Practices (e.g., organic compost and fertiliser production in Mozambique), and improved extension services offered to FFPOs and AMCOS active in the landscapes through Results Demonstration fields (RDFs).

The SUSTAIN Pro programme deliverables under this outcome will be **(1)** to ascertain the potential of input-related, technological, market linked, certification-related and financial incentives to effect change on production practices of AMCOS and FFPOs; **(2)** deliver tangible mechanisms to integrate sustainably produced commodities into local and global value chains such as sustainable farming contracts, offtake agreements and purchase guarantees for certifiable products, and; **(3)** establish tangible links between the producers and the market at provincial and national level, including engaging with the Federations of Agrarian Associations to

provide farmers with greater market exposure and aligning with the [Strategic Plan for the Development of the Agrarian Sector 2030 \(PEDSA II\)](#).

Outcome 3: investment in sustainable value chains accelerate transition to sustainable food systems

Outcome 3 focuses on vertical integration of on-farm and broader landscape solutions, by channelling investment to sustainable agricultural development alternatives that also enhance productivity, sustain land health, and deliver economic returns. The main activities under **output 3.2 -Public/private investment projects to scale up sustainability and inclusion in value chains**- focus on identifying processing and financing needs for transitioning to sustainable food systems in each corridor, developing feasibility studies and investment plans for identified gaps and opportunities, and establishing funding mechanism(s), or collaborating/complementing the existing ones given their dimension and coverage, to accelerate the transition to sustainable agricultural systems within the corridors. The project will also build on the successful Village Credit and Savings Schemes (VICOBAs), which will be adapted to respond to the financing needs of farmers belonging to the selected cooperatives to implement Climate Smart Agriculture interventions and Nature-based Solutions.

The SUSTAIN Pro programme deliverables under this outcome will be to (1) identify priority commodities in the Barué and Vanduzi districts (e.g., Soya, Maize and Horticultures) through a detailed scoping study of the corridor existing value chains; (2) present multiple funding mechanisms, focusing on bringing engagement with private sector producers such as Olam Agri and others to build solid business cases linked to these commodities, and; (3) explore the efficacy of combining different types of finance (e.g. grants, loans, blended and private investments of different sizes at different levels) to facilitate partnerships and de-risk private and farmers' investments in the identified priority commodities.

4 Scope of services and expected deliverables:

Aim and Objectives

The aim of this consultancy is to provide SUSTAIN with the necessary data and information to help identify, develop, and scale sustainable and inclusive value chain investments in the Barué and Vanduzi districts of Mozambique. This will be done through accomplishing the following objectives:

- Building on previous studies conducted by SUSTAIN, review, and summarise existing financing mechanisms for agricultural production and value chains (including for businesses and smallholder farmers).
- Provide actionable insights and recommendations that will inform the design and implementation of financing mechanisms within the aforementioned regions.
- Outline possible trajectories for SUSTAIN to design or contribute to a financial mechanism to incentivize the start up and scale up of climate-smart agriculture (CSA) and Nature-based Solutions (NbS), with criteria that ensure these contribute to the goals of the SUSTAIN programme by fostering resilient economies, improving land health, and ensuring social inclusion.

Scope of Work

1. Value Chain Analysis: the consultant needs to conduct a comprehensive analysis of the selected value chains in Mozambique, focusing on their current status, challenges, and opportunities for sustainable commodities development.
2. Market and Finance Assessment: the consultant needs to conduct a comprehensive analysis of the local supply and demand for financial services within the selected value chains in Mozambique. The consultant will:
 - Analyse current market conditions, including demand, supply, pricing mechanisms, and market access challenges for the selected commodities (take inspiration from the scoping study conducted for Tanzania, Annex 1).
 - Identify potential market opportunities, both locally and internationally, for sustainably produced and certified commodities from the target regions.

- Assess the availability and accessibility of financial services for smallholder farmers and SMEs, including existing financing models, gaps, and opportunities for improving access to finance, with special consideration given to gender/youth disparities.
 - Explore innovative financing mechanisms, including blended finance, revolving funds, and impact investments, which could support the transition to productive and sustainable agricultural systems.
3. Commercially Viable Business Cases: Building on the work initiated by the SUSTAIN team on viable business case studies and taking inspiration from the work of sustainable finance coalition, develop detailed business cases for selected value chains, with a minimum of two cases for each landscape with the highest potential for success. Each business case should be framed around key building blocks which forms a clear framework for implementation:

Block 1	Robust Governance	Formulate a criteria for the evaluation of potential business cases based on the Tanzania Sustainable Finance Principles developed under SUSTAIN 1-the SFP are broad enough to be applied in Mozambique as well, IUCN Global Standard for Nature-based Solutions (8 criteria, 28 associated indicators), and the Strategic Plan for the Development of the Agrarian Sector 2030 (PEDSA II) .
Block 2	Institutional Effectiveness	Specific strategies should be suggested within the building blocks of the financing framework to mitigate gender/youth disparities in access to loans.
Block 3	Programmatic Alignment	Evaluate the viability of each finance solution/business case by developing clear revenue streams for each. In Mozambique potential business case studies would be to build the business model for (1) farmers shifting to produce and use organic compost and fertiliser in Vanduzi and Barué districts, (2) farmers engaged in the diversification of farm income by production of tree nuts, (3) farms engaged in freshwater ecosystem restoration through the application of NbS interventions.
Block 4	Effective Administration and Asset Management	Provide recommendations on how to attract private sector investment and public-private partnerships to support the scaling of these finance solutions/business cases.
<i>*These building blocks are only indicative, and the consultant is welcome to revise it based on the outcomes of the Value Chain Analysis and Market and Finance Assessment done in steps 1 and 2 consecutively.</i>		

4. Monitoring and Key Performance Indicators (KPIs): Suggest specific Key Performance Indicators (KPIs) for each selected business case study to track progress in terms of financial viability, environmental sustainability, social inclusion, and ensure that these KPIs are integrated into the overall implementation framework and are used to guide the continuous improvement of the pilot projects.

Methodology

The consultant is expected to adopt a participatory and multi-disciplinary approach. The proposed methodology should include, but is not limited to:

- Desk review: a comprehensive review of existing literature, reports, and data relevant to the selected value chains, regions, agricultural practices, and sustainable finance principles.
- Field research: on-site visits, key informant interviews, and focus group discussions with stakeholders in Mozambique (only when it was not covered in the commissioned studies section).
- Economic and financial analysis: use of tools such as cost-benefit analysis, market analysis, and financial modelling to evaluate the viability of proposed business case studies.
- Workshops and consultations: facilitation of stakeholder workshops to validate findings and co-create solutions, with an emphasis on the building blocks necessary for successful financing frameworks.

Expected Deliverables

The consultant is expected to deliver the following outputs:

1. Inception report: a detailed report outlining the proposed approach, methodology, work plan, and timeline for the study. this report should be submitted within two weeks of contract signing.
2. Interim report: a progress report providing an overview of preliminary findings, stakeholder engagement activities, and any challenges encountered. this report should be submitted halfway through the consultancy period.
3. Final report: a comprehensive report detailing the findings of the value chain analysis, market and finance assessment, stakeholder engagement outcomes, business cases, feasibility studies, and policy recommendations. the report should include actionable recommendations for scaling sustainable agricultural practices, with a strong emphasis on the development of implementation frameworks and financing solutions. the final report should be submitted by the end of the consultancy period.
4. Workshops: organisation and facilitation of at least two stakeholder workshops to present findings, validate recommendations, and discuss the way forward, with a focus on the development of effective financing frameworks.
5. Policy briefs: development of a policy brief, summarising key recommendations for policy and institutional reforms to support sustainable agricultural systems in the target regions.
6. Investment factsheets for business case studies: prepare a factsheet for each of the case studies, detailing the current investment opportunities, potential for success, anticipated income, expected benefits, and ways to support these business cases, making it suitable for sharing with a broad audience.

Deliverables timeline:

Deliverable	Details	Deadline
Inception Report	a detailed report outlining the proposed approach, methodology, work plan, and timeline for the study	within two weeks of contract signing
Interim Report	a progress report providing an overview of preliminary findings, stakeholder engagement activities, and any challenges encountered	halfway through the consultancy period
Policy Briefs	key recommendations for policy and institutional reforms to support sustainable agricultural systems in the target regions	end of the consultancy period
Investment factsheets	detailed the current investment opportunities, potential for success, anticipated income, expected benefits, and ways to support these business cases, making it suitable for sharing with a broad audience.	end of the consultancy period
Final Report	a comprehensive report detailing the findings of the study, including actionable recommendations for scaling sustainable agricultural practices, with a strong emphasis on the development of implementation frameworks and financing solutions	end of the consultancy period

The consultant will work closely with the IUCN Water and Wetlands, IUCN ESARO, and local partners throughout the consultancy period to ensure alignment with the SUSTAIN Pro programme's goals and to incorporate feedback into the deliverables.

Technical Competencies and Experience Requirements:

The consultant or consulting firm should possess the following technical competencies and experience to successfully undertake the study:

- Proven experience in conducting value chain analysis, with a particular focus on agriculture and agribusiness sectors.
- Understanding of the challenges and opportunities in transitioning to sustainable food systems in sub-Saharan Africa, with a focus on Mozambique.
- Experience in developing and assessing innovative financing mechanisms, such as blended finance, revolving funds, impact investments, and public-private partnerships.
- Demonstrated ability to develop comprehensive and viable business cases for sustainable agricultural practices, including financial modelling, risk assessment, and implementation planning.
- Previous experience working with international organizations, NGOs, or multilateral agencies on projects related to sustainable agriculture, environmental management, or rural development.
- Proven ability to produce high-quality technical reports, policy briefs, and business case documents that are clear, concise, and actionable.
- Proficiency in English is required. Knowledge of local languages (e.g., Portuguese) would be an added advantage.

Timeline

A detailed project timeline with milestones, deadlines, and submission dates is expected with the submission of the proposal and will be agreed in collaboration with the selected consultant(s) conducting the study.

Budget

The budget for the study will be determined and allocated based on the proposal submitted by the consultant(s) and agreed upon by the budget available in the projects.

5 How to apply

Interested consultants, should email Technical and Financial proposal (fees and reimbursable expenses). The proposal is expected to detail the proposed approach, methodology and work plan for the assignment, it should be accompanied by detailed CVs outlining the consultant's academic qualifications, previous relevant experience, contact information as well as links or sample of previous work. The application should be sent electronically by email to ala.al-dwairi@iucn.org no later than Monday, 23rd of September 2024, 17:00 hrs CET.

Kindly note that, no promise explicit or implicit is made to any individual/ institutions/ organizations/ firms submitting a proposal to IUCN on making any funds available (including reimbursement of proposal preparation costs).

6 Annex 1:

The following section contains a brief description of previously commissioned studies that the consultant is expected to take into consideration when starting their analysis, they are complimented by a list of suggested projects and collaborations to review. Please note that this information is not exhaustive, and the consultant will be expected to do thorough research on their own upon selection.

Previously commissioned studies (a summary):

1. The assessment of the local supply and demand for financial services targeted at SMEs, selection and due diligence of partner lending institutions (PLIs) in two identified clusters in the Southern Agriculture Growth Corridor of Tanzania (SAGCOT) for SUSTAIN Africa programme – Phase 1

Although the assessment was done as part of Phase 1 of the SUSTAIN Africa programme in 2015, some of the results still could be relevant in the current timeline. It is concluded that there is unmet demand for finance to SMEs and smallholder farmers in the Ihemi-Kilombero Cluster (IKC). Existing sources of finance to SMEs and smallholder farmers are still inadequate and at times not timely to respond to their specific needs. There are limited specific SMEs and smallholder farmers' financing innovations and loan products that are tailored to address their needs. During this assessment, it was noted that there are no guarantee facilities offered by microfinance institutions, microfinance banks, and community banks in IKC; however, it is evident that such a facility could complement existing products and enhance availability and access to finance for SMEs and smallholder farmers in IKC who will be engaged in green and climate resilience projects.

2. Baseline reports for Mozambique

The baseline report for **Mozambique** indicates very low awareness of organisations providing loans to farmers within the landscape, with only 13% of respondents overall acknowledging knowledge of such entities. Women are less likely to be aware of these organisations than men, with awareness levels at 9% and 18% respectively. This suggests that institutions may be engaging more with men than women in the region. Among the few who are aware, the organisations mentioned include farmers' groups, cooperatives or associations, village savings and loans societies, and micro-finance organisations. The primary reason respondents believe they do not receive loans for farming is a perceived lack of trust from financial institutions due to low levels of education, with 31% citing this as a concern, particularly among farmers in Vanduzi (38%) compared to Barué (15%). Other barriers include a lack of collateral (19%), especially noted by Barué farmers, and the absence of financial institutions to provide loans (14%). Both male and female respondents reported similar challenges in accessing loans for farming.

The detailed information, along with additional insights from the baseline reports (section 11.8 finance for agriculture appendix), will be shared with the hired consultant for background information.

3. Scoping study report on the selected value chains with the potential to catalyse the transition to sustainable food systems in the SAGCOT region (Output 3.1)

The study examined the rice, sugarcane, soybean, and sunflower value chains in the Kilombero and Ihemi landscapes of Tanzania, identifying key challenges, risks, and opportunities. In Kilombero, rice is a major crop with the highest yield per hectare in the country, but the value chain is vulnerable to natural disasters, economic instability, and significant barriers such as limited access to credit and markets. Smallholder rice farmers in Kilombero reported difficulties in accessing finance, often struggling to meet the unattainable conditions set by financial institutions, which hampers their ability to invest in and expand their farming operations. Additionally, these farmers face limited market access, often having to sell their produce to middlemen at low prices. Although some farmers engage in contract farming, which provides access to inputs and agricultural services, they expressed concerns about the inability to negotiate better prices and the risks associated with potential non-payment by buyers. The sugarcane value chain, also significant in Kilombero, is marked by low productivity due to inadequate access to modern inputs, technologies, and financial resources, compounded by risks such as weather-related challenges and market fluctuations. In Ihemi, soybean farming faces similar issues, with low productivity linked to poor infrastructure, limited access to high-quality seeds, and insufficient market information.

The soybean value chain is further at risk from pests, diseases, and price volatility. Similarly, the sunflower value chain struggles with low productivity and the slow adoption of improved technologies, alongside financial and market access challenges, with additional risks including price instability and limited extension services. Across all these value chains, the adoption of climate-smart agricultural practices is limited, though there is increasing awareness of their benefits. Barriers to wider adoption include a lack of knowledge, resources, and financial constraints. However, government bodies, private sector companies, and NGOs are actively working to promote sustainable practices through training, capacity building, and the establishment of farmer groups and cooperatives.

This comprehensive summary, along with further details from the scoping study, will be shared with the consultant for background information.

Other sources of information:

[Gapi-SI](#) is a Development Financial Institution (DFI), registered with the Bank of Mozambique in the Investment Company (SI) category.