

## **Terms of Reference for Evaluation of Microfinance Services and Potential to Finance Forest Land Restoration (FLR) Investments**

### **Background**

IUCN in partnership with Rwanda natural Resources Authority (RNRA) is implementing a project on “Piloting Multiple Benefit Investment Packages through forest/landscape restoration and REDD+ in Rwanda for Scaling up in Africa”. The overarching project goal/outcome is: “Demonstrated and verified enhancement of carbon stocks and other ecosystem services delivered through landscape scale restoration in two Rwandan districts with the institutional and investment means in place to upscale nationally and promote regionally”. The project aims to promote the restoration of a mosaic landscapes and enhance carbon stocks in Rwanda as well as deepen commitments to FLR across Eastern Africa.

The project further aims to stimulate increased public and private investment in Forest Landscape Restoration (FLR) at community, district, national and regional levels by creating opportunities to enhance access to finance for farmers. This study will therefore gather detailed information on microfinance services, products, risks, barriers, and recommend interventions to unlock the financing opportunities for individuals and groups at the community and district levels.

### **Rationale of the Study**

The purpose of the consultancy is to evaluate how microfinance services can enable both individual farmers and groups to invest in FLR in the pilot landscapes of Gatsibo and Gicumbi districts of Rwanda. The study will review the microfinance sector with particular emphasis on community financing and bring to light the opportunities, prospects and challenges of financing forest landscape restoration projects.

### **Specific Objectives include:**

- i. To gain deep understanding of the Microfinance service sector in Rwanda and the financial environment in general.
- ii. To evaluate the existing microfinance products and services, community financing schemes/services (formal and informal), and their adaptability to individual small holder farmers and community based groups.
- iii. To develop practicable recommendations on unlocking access to finance for individual and groups that aim to invest in FLR

### **Scope of the Study**

#### **1. Microfinance and Policy Environment**

- i. Identify the micro level financial services providers operating in Rwanda, for example, MFIs, Financial Cooperatives, NGOs, Commercial Banks etc. and assess their proximity and accessibility to rural small holders farmers as well the potential to finance Forest Landscape Restoration (FLR) projects.
- ii. Review related policies and laws and how they affect provision of microfinance services to individual farmers and community based groups such as saving groups, youth groups, woman groups etc.

## **2. Microfinance Products and Services**

- i. Evaluate the types, structure and delivery of microfinance products, and their relevance to farmers including, but not limited to, micro credit, micro savings, micro insurance, leasing, and financial literacy training.
- ii. Assess the appropriateness of microfinance products and services to the needs of rural households, farmers and suitability to financing FLR initiatives.
- iii. Identify financial and non-financial barriers that limit access to microfinance for small holder farmers and community based groups.

## **3. Community Financing Review and Recommendations**

- i. Review the target clientele for microfinance providers and assess their readiness to offer services to community based formal and informal groups such as Village Loans and Saving Associations (VSLAs), youth or women groups and other community groups.
- ii. Evaluate the business skills of community groups to access and manage loans and identify any present and potential barriers to accessing finance.
- iii. Give recommendations to enhance access to finance for farmers, especially small holders.

### **Methodology**

The study will involve desk research, interviews, participatory approaches to gather information from the communities and other appropriate methods that will be proposed by the consultant to elicit information from different information sources.

### **Deliverables**

- i. An inception report highlighting understanding of the ToRs for Microfinance review, proposed methodology and plan of execution including the tools for data collection and a detailed work plan.
- ii. A draft report according to the ToRs.
- iii. A PowerPoint presentation of the findings to two validation workshops in Gatsibo and Gicumbi districts.
- iv. A final report (soft and hard copy) incorporating the recommendations from the validation workshop

### **Requirements**

- At least five years' experience in the Microfinance sector with specific experience in group based microfinance.
- Knowledge and experience in Microfinance Policy and regulation.
- Master's degree in a related discipline (Finance, Economics, Banking etc.).
- Strong analytical, research and reporting skills with evidence of undertaking similar assignments in the past.
- Practical experience in the Rwandan context.

Duration of the Study: 20 Days

Interested National and International Consultants should submit technical and financial proposals to [Rwanda@iucn.org](mailto:Rwanda@iucn.org) and copy to [Valence.Mushimwe@iucn.org](mailto:Valence.Mushimwe@iucn.org) or hard copies to the IUCN Office, Plot 1003, Ubumwe Cell, African Union Boulevards, Nyarugenge, Kiyovu (RSSB Building, Tower 2). The deadline for submission is **1<sup>st</sup> August, 2016 at 17hrs.**