



TDR - FSD

Background

About the GSA

The Global Shea Alliance (GSA) is a multi-stakeholder platform with 706 members from 36 countries representing all shea stakeholder groups, including women's groups, supporters, international oils and fat suppliers, and leading food and cosmetic brands. Established in 2011, the GSA promotes industry sustainability, quality practices and standards, and demand for shea in food and cosmetics through a public-private partnership model. The GSA is headquartered in Accra, Ghana.

About FSD Africa

Established in 2012 and supported by UK aid, FSD Africa is a specialist development agency working to build and strengthen financial markets across sub-Saharan Africa.

Addressing the financing gap in the shea sector

Shea is an important crop in several West African countries and is a key export commodity and source of income for rural communities. It is a top-3 export crop in Mali, Burkina Faso and Benin. Over the past two decades, the total amount of shea exports from West Africa has increased from approximately 50,000 metric tons annually to more than 400,000 metric tons. These exports are linked to more than USD 200 million of annual revenue in the producing communities. Regionally, the value chain underpins a growing ecosystem of more than 500 small- and medium-sized enterprises, which are involved in trading, processing, and retail. As a result, the shea value chain is central to unlocking opportunities for socio-economic development in West Africa, particularly for women and rural communities.

However, the further growth and development of the value chain is constrained by the difficulty of accessing affordable finance. FSD Africa and the Global Shea Alliance (GSA) commissioned a survey of GSA members in October 2021.

The survey found that 40% of surveyed SMEs and cooperatives currently access finance from friends and families for amounts lower than \$100,000; but the same percentage (38%) aims at diversifying funding sources and accessing higher amounts (between \$100,000 and \$500,000). This mismatch is caused primarily by a concern about buyer payment, inability to meet financial institutions' requirements, costs of accessing finance, as well as a lack of knowledge on financing opportunities.

The discussion of the survey findings with the Global Shea Alliance and several value chain stakeholders (cooperatives, SMEs, financial institutions) concluded that potential solutions include improving understanding and engagement between SMEs and financial institutions, building resilience in underlying SME business models as a way to mitigate risks, availability of guarantees and other financial



risk management measures to secure loans and address risks related to security of supply, as well as interventions to improve the collection, processing and management of information.

Several projects are being implemented in the region to improve the resilience of SMEs business model, but comprehensive advisory, development and implementation on financial instruments for risk management (e.g. a guarantee mechanism), and related facilitation of engagement between SMEs and financial sector, is lacking.

Assignment

The GSA is seeking a financial and legal consultant to recommend options for financial instruments, particularly in terms of establishing guarantee mechanism, subsequent realisation of transactions, and the required facilitation and capacity building among financial institutions and shea value chain stakeholders (e.g. cooperatives, micro- and small enterprises). This assignment is part of a project preparation facility, and the information and partnerships realized through this assignment are expected to be used as input for a project proposal to increase access to working capital and investment for shea SMEs in the region.

The consultant will be tasked with the following:

Guarantee Mechanism Design

- Identify which are the key barriers to shea SME and cooperatives lending for financial institutions
- Define whether a guarantee mechanisms would respond to some of these barriers
- Design a guarantee mechanism, including modalities of participation; financial and legal structure, and other relevant aspects

Financial Sector Engagement

- Engage financial institutions to validate the guarantee mechanism established
- Engage financial regulators to ensure that the established guarantee model complies with financial regulations
- Engage financial institutions on potential partnerships on the guarantee mechanisms for future projects
- Draft MoU on collaboration

The scope of the consultancy includes Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, Nigeria, and Togo.

Requirements

- Minimum of a Bachelor's degree



- Minimum five years of experience facilitating access to capital
- Passion and commitment for women's empowerment in Africa
- Established network with financial institutions in West Africa
- Fluent in French

Application

To apply, please send a financial and technical proposal to Marie Veyrier, Development Director at mveyrier@globalshea.com by March 30.

All work should be completed by April 30.