

## Terms of Reference – Smallholder Farmer Study, South Africa

This document serves to provide an overview of the underlying project relevant to the Subnational Climate Fund (SCF), context on data availability and goals of the mandate, as well as an estimated scope of work requested from the consultant. Final details of the mandate should be covered by the subsequent proposal submitted by the consultant.

### **1. The Subnational Climate Fund**

The SCF is a blended finance impact fund formed to pursue attractive risk-adjusted returns for private investors while generating measurable and certified environmental and social impacts. The Fund is focused exclusively on pursuing investments in mid-size climate infrastructure with nature-based solutions in various developing countries across Latin America and the Caribbean, Africa, the Mediterranean, and Asia. The Fund is managed by Pegasus Capital Advisors, a commercial Private Equity impact fund manager and further benefits from a separate, grant-funded Technical Assistance facility managed by The International Union for the Conservation of Nature (IUCN) and implemented by Catalytic, IUCN, and Gold Standard.

### **2. Context of the Potential Study Agreement**

Most of the 2 million plus smallholder farmers in South Africa face a similar set of challenges such as fragmented land holdings, degraded lands that generate low output, inadequate farming infrastructure (incl. irrigation and storage), lack of mechanization, inability to secure financing, and inefficient and exploitative food supply chains. These result in low farm productivity, sub-optimal yield, typically a single harvest yearly, unnecessary food wastage, and inability to improve their income. This makes agriculture an extremely difficult livelihood already from a smallholder perspective, and this is only getting worse due to rapidly worsening soil degradation across the country, increasing the vulnerability of farmers to climate change and food insecurity. These smallholder challenges are not unique to South Africa and there are similar issues faced by over 30 million smallholders across the rest of Africa.

A variety of interventions are in play including improving access to capital (development and commercial) for addressing smallholder challenges. However, many of these solutions are likely to worsen the situation of land degradation, water shortage, and biodiversity loss, in the medium to long-term due to conflicted priorities of intensive cash crop production, excessive monocropping, food-production lands used for carbon farming, and unnecessary use of pesticides and chemicals.

Applying regenerative methods and efficient farming practices within smallholder lands and resolving critical issues in food value chains could address food security issues. There is a need to conduct a feasibility study of the smallholder opportunities in South Africa in the context of food security. This Terms of Reference lays out the objectives and deliverables for this study.

### **3. Scope of Work for a Feasibility Study**

The consultant is expected to provide the following assessment:

- Determination of two geographic regions (likely candidates are - western regions of Mpumalanga province and northern regions of KwaZulu Natal province).
- Analysis of the demographics, agricultural practices, land use, and produce, of smallholders.
- Preparation of SWOT analysis of the food value chain impacting smallholder farmers.
- Identification of a few high-impact opportunities and challenges with respect to food production, delivery, and smallholder income generation.
- Analysis of alternative planting grid designs (agroforestry model), with mix of local crops, fruits, and vegetables, optimised for ecological, social, and economic impacts – determine design models.
- Overall economic analysis on grid-based production (capex, opex, yield, revenue).
- Returns available by participant, including small-holders, and wholesaler/route-to-market.
- Determine the business model in engaging smallholder farmers, and overall operating model and roles of key stakeholders/value-chain participants.
- Outline conditions for success, a draft implementation plan including capacity building plan of smallholder farmers, and next steps to de-risk the opportunity and secure funding (grant and investment).

This study will leverage the findings from a previous feasibility study, sponsored by the SCF, in the food sector and particularly studies conducted in Africa.

### **4. Deliverables**

A final report consisting of the following elements:

- Executive Summary
- A table of acronyms
- Bibliography
- Follow the SCF's template for TA studies
- Word Format

## 5. Indicative Timeline

Work is expected to commence immediately after the consultant is appointed. The work is expected to be completed within 6 months after signing the service contract. The delivery of services and reporting timeframes are anticipated to be as follows:

Feasibility Study	
Activity / Deliverable	Indicative timeline
Kick-off meeting  Establish communication channels for initial information exchanges, confirm the project schedule, confirm the reference framework, and review document availability.	11-13 September 2024
Progress calls	Monthly
Draft and final reports provided to Catalytic.	Draft report by 14 February 2025 Final report by 28 February 2025

## 6. Form of Proposal & Requirements

Please prepare a brief proposal for the performance of this work, including the scope of work, project team and qualifications, and estimated costs.

- 1) **Scope of Work:** The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section 3. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as “Optional Tasks”.
- 2) **Project team and qualifications:**  
This should include the name of the principal staff members and any sub-contractors, and a brief description of their role within the project team. Qualifications of staff should include relevant technical capabilities, full CVs, specific previous experience similar to this assignment, specific in-country experience and knowledge.
- 3) **Estimated costs:**  
A total time and expenses cost estimate (not to be exceeded), in US Dollars, must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented in tabular format and should include Direct Labour Costs (number of hours or days per staff and their associated unit costs). If field visits are necessary, travel costs will be covered by the SCF separately from the consultancy fee under “Indirect Labour Costs”. Please note that “Per Diems” are not an eligible expense under our travel expense policy. Please also note that Catalytic is exempt from VAT. Your financial proposal should therefore not include VAT.
- 4) **Conflicts of interest:**  
As part of the proposal, the Consultant shall also confirm that they do not have a conflict of interest and that they are in a position to provide an adequate, accurate and objective review.



## 7. Submission

Please submit your proposal before 6 September 2024 by sending it to [project@catalyticfinance.org](mailto:project@catalyticfinance.org)