



REPUBLIC OF KENYA  
THE NATIONAL TREASURY AND ECONOMIC PLANNING



**THE NATIONAL TREASURY AND ECONOMIC PLANNING  
P. O. BOX 30007-00100  
NAIROBI**

**REQUEST FOR EXPRESSIONS OF INTEREST (REOI)**

**FOR**

**ONBOARDING FINANCIAL INTERMEDIARIES TO IMPLEMENT THE  
RURAL CREDIT GUARANTEE SCHEME (R-CGS)**

REF No: 2000004121 and No 2000004122

**REOI NO. RKFIFA /REOI/03/2024 - 2025**

**Issued on: 28/01/2025**

**CLOSING DATE: 11/02/202 AT 11.00 AM.**

# Instructions to Financial Intermediaries

**Reference Number:** 2000004121 and No: 2000004122 **Date 28/01/2025**

## ONBOARDING OF FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)

1. The Government of the Republic of Kenya has received financing from the International Fund for Agricultural Development (IFAD) towards the implementation of the Rural Kenya Financial Inclusion Facility (RK-FINFA) project and intends to apply part of the proceeds under the loan to Onboard Financial Intermediaries to Implement the Rural Credit Guarantee Scheme (R-CGS)

The use of any IFAD financing shall be subject to IFAD's approval, pursuant to the terms and conditions of the financing agreement, as well as IFAD's rules, policies and procedures. IFAD and its officials, agents and employees shall be held harmless from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature brought by any party in connection with the Rural Kenya Financial Inclusion Facility (RK-FINFA) project.

2. The client now invites expressions of interest (EOIs) from legally constituted Financial Intermediaries to Onboard Financial Intermediaries to Implement the Rural Credit Guarantee Scheme (R-CGS). More details on these services are provided in the preliminary terms of reference (PTOR) attached as **Annex 1**. The Financial Intermediaries may sub-contract selected activities provided that said services do not exceed 20% of the total work.
3. Before preparing its EOIs, the Financial Intermediaries are advised to review the preliminary terms of reference attached as **Annex 1**, which describe the assignment and **Annex 2** that details the evaluation of the technical qualifications.
4. The Financial Intermediaries shall not have any actual, potential or reasonably perceived conflict of interest. A Financial intermediary with an actual, potential or reasonably perceived conflict of interest shall be disqualified unless otherwise explicitly approved by the Fund. Financial Intermediaries including their respective personnel and affiliates are considered to have a conflict of interest if they a) have a relationship that provides them with undue or undisclosed information about or influence over the selection process and the execution of the contract, b) participate in more than one EOI under this procurement action, c) have a business or family relationship with a member of the Procuring Entity or its personnel, the Fund or its personnel, or any other individual that was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation of this REOI, (ii) the shortlisting or selection process for this procurement, or (iii) execution of the contract. The Financial Intermediaries have an ongoing obligation to disclose any situation of actual, potential or reasonably perceived conflict of interest during preparation of the EOI, the selection process or the contract execution. Failure to properly disclose any of the said situations may lead to appropriate actions, including the disqualification of the Financial Intermediaries, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects

and Operations<sup>1</sup>.

5. All Financial Intermediaries are required to comply with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (hereinafter, “IFAD’s Anticorruption Policy”) in competing for, or in executing, the contract.
  - a. If determined that a Financial Intermediaries or any of its personnel or agents, or its sub-Financial Intermediaries, sub-contractors, service providers, suppliers, sub-suppliers and/or any of their personnel or agents, has, directly or indirectly, engaged in any of the prohibited practices defined in IFAD’s Anticorruption Policy or integrity violations such as sexual harassment, exploitation and abuse as established in IFAD’s Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse<sup>2</sup> in competing for, or in executing, the contract, the EOI may be rejected or the contract may be terminated by the client.
  - b. In accordance with IFAD’s Anticorruption Policy, the Fund has the right to sanction Financial Intermediaries and individuals, including by declaring them ineligible, either indefinitely or for a stated period of time, to participate in any IFAD-financed and/or IFAD-managed activity or operation. A debarment includes, *inter alia*, ineligibility to: (i) be awarded or otherwise benefit from any IFAD-financed contract, financially or in any other manner; (ii) be a nominated sub-contractor, Financial Intermediaries, manufacturer, supplier, sub-supplier, agent or service provider of an otherwise eligible Financial Intermediaries being awarded an IFAD-financed contract; and (iii) receive the proceeds of any loan or grant provided by the Fund. The Fund also has the right to recognize debarments issued by other international financial institutions in accordance with its Anticorruption Policy.
  - c. Financial Intermediaries and any of their personnel and agents, and their sub-Financial Intermediaries, sub-contractors, service providers, suppliers, sub-suppliers and any of their personnel and agents are required to fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to this selection process or the execution of the contract and to have such accounts, premises, records and documents audited and/or inspected by auditors and/or investigators appointed by the Fund.
  - d. Financial Intermediaries have the ongoing obligation to disclose in their EOI and later in writing as may become relevant: (i) any administrative sanctions, criminal convictions or temporary suspensions of themselves or any of their key personnel or agents for fraud and corruption, and (ii) any commissions or fees paid or to be paid to agents or other parties in connection with this selection process or the execution of the contract. As a minimum, financial intermediary must disclose the name and contact details of the agent or other party and the reason, amount and currency of the commission or fee paid or to be paid. Failure to comply with these disclosure obligations may lead to rejection of the EOI or termination of the contract.

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<sup>1</sup> The policy is accessible at [www.ifad.org/anticorruption\\_policy](http://www.ifad.org/anticorruption_policy).

<sup>2</sup> The policy is accessible at <https://www.ifad.org/en/document-detail/asset/40738506>.

- e. Financial Intermediaries are required to keep all records and documents, including electronic records, relating to this selection process available for a minimum of three (3) years after notification of completion of the process or, in case the financial intermediary is awarded the contract, execution of the contract.
6. The Fund requires that all beneficiaries of IFAD funding or funds administered by IFAD, including the client, any Financial Intermediaries, implementing partners, service providers and suppliers, observe the highest standards of integrity during the procurement and execution of such contracts, and commit to combat money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.<sup>3</sup>
7. **Procedure:** the selection process will be conducted using Consultants Qualification Selection ( CQS) as laid out in the IFAD Procurement Handbook that can be accessed via the IFAD website at [www.ifad.org/project-procurement](http://www.ifad.org/project-procurement). The client will evaluate the EOIs using the criteria provided in **Annex 2**. The shortlisted Financial Intermediaries (s) will be provided with the detailed TORs and asked to submit a detailed technical and financial offer. The evaluation will include a review and verification of qualifications and past performance, including a reference check, prior to the contract award.
8. Financial Intermediaries may associate with other Financial Intermediaries to enhance their qualifications but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.
9. Any request for clarification on this EOI including the TOR should be sent via e-mail to the address below [procurement@treasury.go.ke](mailto:procurement@treasury.go.ke), [procurement.rkfinfa@treasury.go.ke](mailto:procurement.rkfinfa@treasury.go.ke) not later than 31/01/2025. The client will provide responses to all clarification requests by 04/02/2025
10. **Submission Procedure:** please submit your expression of interest using the forms provided for this purpose. Your EOI should comprise one (1) original copy of each EOI form annexed to this document. EOIs shall be submitted to the address below no later than 01/02/2025

Completed Expression of Interest documents enclosed in a plain sealed envelope clearly marked "REOI for Onboarding Financial Intermediaries To Implement The Rural Credit Guarantee Scheme (R-CGS)- RKFINF/REOI/03/2024-2025

and addressed to: -

**The Principal Secretary**  
The National Treasury  
Rural Kenya Financial Inclusion Facility (RK-FINFA) project  
Reinsurance, Taifa Road/ Aga Khan Walk, 7<sup>th</sup> Floor  
P.O BOX 30007-00100,  
Nairobi, Kenya  
Tel:+254-20-2252299  
Email: [procurement@treasury.go.ke](mailto:procurement@treasury.go.ke) ,  
[procurement.rkfinfa@treasury.go.ke](mailto:procurement.rkfinfa@treasury.go.ke)

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<sup>3</sup> The policy is accessible at <https://www.ifad.org/en/document-detail/asset/41942012>.

and be deposited in the Tender Box provided at the Reinsurance Building, 7<sup>th</sup> Floor, Taifa Road / Aga Khan Walk, Nairobi, so as to be received on or before ...11/02/2025 at 1100 hours, Kenyan Time.

The Expression of Interest will be opened immediately after the closing date and time in the presence of candidates or their representatives who choose to attend at the Reinsurance Plaza Building , Taifa Road/ Aga Khan Walk, Nairobi, Conference Boardroom Room on 7th Floor, on 11/02/2025 at 1100 hours, Kenyan Time.

**HEAD, SUPPLY CHAIN MANAGEMENT SERVICES.  
FOR: PRINCIPAL SECRETARY / NATIONAL TREASURY**

**Form EOI-1**  
**EOI Submission Form**

*[Location, date]*

*[Authorized official]*

**Re: ONBOARDING OF FINANCIAL INTERMEDIARIES TO  
IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R-  
CGS)**

**Ref: 2000004121 and No: 2000004122**

We, the undersigned, declare that:

1. We are expressing our interest in providing the financial services for the above-mentioned assignment and have no reservations to the REOI, the instructions to the Financial Intermediaries and any addenda thereto.
2. Our expression of interest is open for acceptance for a period of ninety (90) days.
3. Our Financial Intermediaries, its associates, including any subcontractors or suppliers for any part of the contract, have not been declared ineligible by the Fund and have not been subject to sanctions or debarments under the laws or official regulations of the client's country or not been subject to a debarment recognized under the Agreement for Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement")<sup>4</sup>, beyond those declared in paragraph 9 of this EOI submission form.
4. We acknowledge and accept the IFAD Revised Policy on Preventing Fraud and Corruption in its Activities and Operations. We certify that neither our Financial intermediary nor any person acting for us or on our behalf has engaged in any prohibited practices as provided in ITC Clause 6. Further, we acknowledge and understand our obligation to report to [anticorruption@ifad.org](mailto:anticorruption@ifad.org) any allegation of prohibited practice that comes to our attention during the selection process or the contract execution.
5. No attempt has been made or will be made by us to induce any other Financial intermediary to submit or not to submit an EOI for the purpose of restricting competition.
6. We acknowledge and accept the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. We certify that neither our Financial intermediary nor any person acting for us or on our behalf has engaged in any sexual harassment, sexual exploitation or abuse. Further, we acknowledge and

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<sup>4</sup> The Cross-Debarment Agreement was entered into by the World Bank Group, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank and the European Bank for Reconstruction and Development, additional information may be located at: <http://crossdebarment.org/>.

understand our obligation to report to [ethicsoffice@ifad.org](mailto:ethicsoffice@ifad.org) any allegation of sexual harassment, sexual exploitation and abuse that comes to our attention during the selection process or the contract execution.

7. The following commissions, gratuities, or fees have been paid or are to be paid with respect to the selection process: *[Insert complete name of each recipient, its full address, the reason for which each commission or gratuity was paid and the amount and currency of each such commission or gratuity.]*

Name of Recipient	Address	Reason	Amount	Currency

(If none has been paid or is to be paid, indicate “none.”)

8. We declare that neither our Financial Intermediary nor any of its directors, partners, proprietors, key personnel, agents, sub-Financial Intermediaries, sub-contractors, consortium and joint venture partners have any actual, potential or perceived conflict of interest as defined in ITC Clause 5 regarding this selection process or the execution of the contract. *[insert if needed: “other than the following:” and provide a detailed account of the actual, potential or perceived conflict].* We understand that we have an ongoing disclosure obligation on such actual, potential or perceived conflicts of interest and shall promptly inform the client and the Fund, should any such actual, potential or perceived conflicts of interest arise at any stage of the procurement process or contract execution.
9. The following criminal convictions, administrative sanctions (including debarments) and/or temporary suspensions have been imposed on our financial intermediary and/or any of its directors, partners, proprietors, key personnel, agents, sub-Financial Intermediaries s, sub-contractors, consortium and joint venture partners:

Nature of the measure (i.e., criminal conviction, administrative sanction or temporary suspension)	Imposed by	Name of party convicted, sanctioned or suspended (and relationship to the Financial Intermediaries)	Grounds for the measure (i.e., fraud in procurement or corruption in contract execution)	Date and time (duration) of measure

If no criminal convictions, administrative sanctions or temporary suspensions have been imposed, indicate "none".

10. We acknowledge and understand that we shall promptly inform the client about any material change regarding the information provided in this EOI submission form.
11. We further understand that the failure to properly disclose any of information in connection with this EOI submission form may lead to appropriate actions, including our disqualification as a financial intermediary, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations.
12. We understand that you are not bound to accept any EOI that you may receive.

*[Authorized signatory]*

*[Name and title of signatory]*

*[Name and address of Financial Intermediaries]*



**Form EOI-2**  
**Organization of the Financial Intermediaries /institution**

**Re: ONBOARD FINANCIAL INTERMEDIARIES TO IMPLEMENT  
 THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)**

**Ref: 2000004121 and No: 2000004122**

*[Provide a brief description of your Institution /entity and of each associated Financial Intermediaries for this assignment. Include the organization chart of your Financial Intermediaries /entity. The EOI must demonstrate that the Financial Intermediaries has the organizational capability and to carry out the assignment. The qualifications document shall further demonstrate that the Financial Intermediaries has the capacity to field and provide experienced replacement personnel on short notice. Key staff CVs are not required at the shortlisting stage.]*

Name of the Financial intermediary	
Date of establishment	
Country of registration	
Full address of the Financial intermediary	
Focal point: name, position, contact information (telephone, email):	Name:
	Tel:
	Email:
Number of branches and agencies in the country	
County(ies) of operations with number of branches and agencies in each county	
Number of full-time employees	
Number of part-time employees	
Number and names of proposed professional staff with experience related directly to the assignment	

<p>Subsidiary and associated companies (<i>wherever applicable</i>): (details in the following format to be provided for all associates) –</p> <ul style="list-style-type: none"> <li>(i) Name of the company</li> <li>(ii) Nature of business</li> <li>(iii) Address of the company</li> <li>(iv) Website of the company</li> <li>(v) Brief description of company (maximum of 120 words)</li> </ul>	
<p>Any other information that the Financial Intermediaries would like to add:</p>	

**Maximum 10 pages**

**Form EOI-3**  
**Experience of the Financial Intermediary**

**Re: ONBOARDING OF FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT  
 GUARANTEE SCHEME (R-CGS)**

**Ref: 2000004121 and No: 2000004122**

*[Using the format below, provide information on each relevant assignment for which your institution, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out financial services similar to the ones requested under the preliminary terms of reference included in this EOI. The EOI must demonstrate that the Financial Intermediary has a proven track record of successful experience in executing projects similar in substance, complexity, value, duration, and volume of services sought in this procurement.]*

***Maximum 20 pages]***

Assignment name:	Approx. value of the contract (in current KSHS):
Country: Location within country:	Duration of assignment (months):
Name of client:	Total No. of staff-months of the assignment:
Address, and contact details (including email address(es)):	Approx. value of the services provided by your Financial Intermediaries under the contract (in current KSHS)

Start date (month/year): Completion date (month/year):	No. of professional staff-months provided by associated Financial Intermediaries:
Name of associated Financial Intermediaries, if any:	Number of staff of your Financial Intermediary involved and functions performed (indicate most significant profiles such as project director/coordinator, team leader):
Narrative description of project:	
Description of actual services provided by your staff within the assignment:	

Name of Financial Intermediary : \_\_\_\_\_

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# ANNEX 1

## TERMS OF REFERENCE

### TERMS OF REFERENCE TO ONBOARD FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)

Ref: 2000004121 and No: 2000004122

#### 1. Background

The Government of Kenya (GoK) with support from the International Fund for Agricultural Development (IFAD) is financing a six-year development project, the Rural Kenya Financial Inclusion Facility (RK-FINFA) to support access to finance by smallholder farmers and agribusiness MSMEs. The main objective of RK-FINFA is to increase rural financial inclusion and green investments by agriculture value chain stakeholders. This will lead to equitable employment opportunities, innovative and resilient production systems, and increased incomes for smallholder farmers, poor and marginalized rural households including women, youth, and persons living with disability (PWDs). The initial phase in the implementation of the RK-FINFA will cover the following 14 counties: Busia, Bungoma, Kisii, Nakuru, Machakos, Nandi, Tharaka Nithi, Meru, Embu, Kirinyaga, Nyeri, Siaya, Trans Nzoia and Kakamega. After two years, the project coverage will expand to all other rural counties in Kenya.

RK-FINFA comprises of three components namely: (i) **Technical Support and Innovation Services (TSIS)** which involves capacity building on the supply and demand side of rural and agribusiness finance; (ii) **Rural investment instruments** which unlocks private investment into Kenya's agricultural sector through a Rural Credit Guarantee scheme (R-CGS) and a green financing facility; (iii) **Enabling policy environment** to promote development of policies and institutional arrangements that support the implementation of the rural investment instruments. These Terms of Reference apply only to the implementation of R-CGS.

R-CGS will provide a risk sharing mechanism to promote rural outreach innovations and catalyze funding from Kenyan mainstream financial institutions into the rural and agriculture sector. The expected results of the R-CGS are: (i) 2,000 MSMEs have improved access to finance; (ii) 45,000 farmers have improved access to finance, including women and youth-owned enterprises and in overall the target of 30 per cent women, youth and PwDs among end-client groups is achieved.

The value chain financing product is targeted for PFIs that lend to Small and Medium Enterprises (SMEs) who are aggregators and/or processors in the agriculture sector. PFIs use their own credit appraisal procedures and the R-CGS eligibility criteria to select the SMEs to be financed. The financed SMEs use the loan to finance structured end to end value chain activities that are progressively de-risked, including farm inputs and access to markets. The SMEs will be expected to provide reliable data on the farmers financed.

The Government intends to onboard suitable Financial Intermediaries to participate in the implementation of the Rural Credit Guarantee Scheme under the framework of the existing Credit Guarantee Scheme (CGS) under The National Treasury (TNT).

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## 2. Objective

The objective of the Rural Credit Guarantee Scheme is to mitigate real and perceived risk to unlock commercial capital flows into the rural MSMEs and farmers with commercial banks as implementers of guarantees. The National Treasury will provide a guarantee fund of USD 20 million to Partner Financial Institutions (PFIs) who will be expected to leverage this amount four times and eventually lend USD 80 million to agribusiness MSMEs.

## 3. Scope of Work

- i. Each selected PFI will be required to originate volumes of loans to eligible end borrowers in the target counties which is at least **Four Times (4x)** of the allocated guarantee ceiling. The loans included in the guaranteed Portfolio will have to comply with the R-CGS Eligibility Criteria, as further detailed in Annex 1.
- ii. For the first two years, borrowers of guaranteed loans will be from the IFAD fourteen counties with at least two IFAD funded projects. The Counties are Embu, Meru, Tharaka Nithi, Nyeri, Kirinyaga, Nakuru, Kisii, Nandi, Kakamega, Siaya, Busia, Bungoma, Machakos and Trans Nzoia. Thereafter borrowers of guaranteed funds will be sourced countrywide. PFIs will establish a Credit Facility Portfolio through the Facility Agreements entered into between the PFIs and the Borrowers and a PFI will maintain control over the credit processes and decisions related thereto.
- iii. It is expected that PFIs will use their normal bank lending criteria as applied in the ordinary course of its business in considering and approving credit/credit facility applications and more so as relating to credit facilities under this Scheme, and which shall be applied by the Bank in considering and approving credit facilities under this Scheme.
- iv. Once the relevant credit processes have been established, PFIs will make available credit facilities to the eligible borrowers, subject to an applicant satisfying both the Scheme Qualifying Criteria and based on the Bank's Prudent Lending Criteria. The Scheme Qualifying Criteria refers to the pre-qualifying criteria required to be met in order for an Applicant to be considered for a Facility under the Scheme.
- v. The PFI will be required to conduct its lending business towards the Borrowers by using banking practice, business discretion, due diligence, and/or adhering to the applicable laws, regulations, and guidelines;
- vi. PFIs and beneficiary SMEs will be required to provide information and other necessary data needed for the monitoring and evaluation framework of the R-CGS.
- vii. Eligible loan purposes will be for the development of agriculture value chains including those supported by the IFAD supported projects.
- viii. The guarantee shall be silent in order to avoid moral hazard, guarantee will be on a portfolio basis and approval of the pipeline of loans by the CGS will be required prior to disbursement by the PFI

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- ix. The products to be implemented under the R-CGS are (a) direct lending where banks provide guaranteed credit to eligible smallholder farmers and agribusiness enterprises directly; and (b) value chain financing where banks advance credit to agribusiness enterprises such as agro-processors and bulking enterprises, who further support a network of smallholder farmers in form of inputs and off taking of their agricultural produce.
  - x. The maximum loan amounts for large SMEs serving farmers (Value chain MSMEs) will be Kshs 50 M
  - xi. Risk coverage (65% covered by the guarantee scheme, subject to a maximum exposure of 20% of the loan amounts)
  - xii. The RCGS is a paper guarantee with a leverage ratio of 4 and no guarantee fees.

#### **4. Duration of the Inclusion Period**

The Inclusion Period is the period during which eligible loans to be included in the Portfolio may be approved by the PFI and entered into with qualifying enterprises. Such period shall typically last for not more than 24 months (unless terminated earlier because of a Trigger Event or a Guarantee Termination Event) and may be extended in justified circumstances.

Inclusions shall occur automatically upon receipt by TNT of an Inclusion Notice and/or a Report submitted by the PFI on a monthly basis, and the loans are deemed to be covered from their respective signature date. Each monthly report shall concern new agribusiness loans that have been entered into with enterprises during the two preceding calendar months, as well as provide ongoing information on the already included agribusiness loans.

#### **5. Evaluation/Selection Criteria**

PFI's shall be selected on the basis of TNT's policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the program and the experience and financial capacity of the Applicants, with a view to maximising the efficient use of the resources made available through R-CGS.

In any phase of the selection process before entering into a legally binding agreement with a PFI, TNT reserves full discretion to consider PFI's in accordance with the criteria for the selection, and no PFI has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Any negotiation of the terms and conditions of Guarantee Agreements by no means entails any obligation for TNT to enter into such Guarantee Agreements with the relevant Financial Intermediaries. TNT shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including to propose a reduction of the volumes requested by the Financial Intermediary. The detailed Evaluation Criteria for PFIS Bids to Implement the R-CGS is presented in Annex 2.

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## **6. Formal Assessment**

The National Treasury shall assess whether the bid for the R-CGS has been prepared in accordance with the provisions of this Call according to the formal criteria:

1. The Applicant is a commercial bank
  - a) is established or operating in the Republic of Kenya;
  - b) is licensed to carry out lending activities, in the Republic of Kenya; and
  - c) has a Valid Current Tax Compliance Certificate and necessary regulatory requirements
  - d) is a member of Kenya Bankers Association
  
2. The bid has been prepared and submitted in accordance with the Call, all required representations, information and supporting documentation are provided (in the form requested, where specified) and has been duly signed.

If needed for the assessment of the above formal criteria, TNT may require from the Applicants to provide additional information or clarifications. The bid that does not conform to the formal criteria shall be rejected.

## **7. Quality Assessment**

After successful assessment of the formal criteria, and after having obtained any additional information or clarifications from Applicants, if and as needed, TNT will perform a quality assessment of the bid document according to the evaluation criteria set out below:

1. Quality and plausibility of the Guarantee Instrument implementation proposal, with particular focus on: implementation and rollout strategy (including, but not limited to, with regard to expected portfolio), modalities of developing the loan pipeline including in partnership with RK-FINFA and other IFAD projects, branch network in the targeted Counties
2. Operational capacity of the Applicant to assess and manage risk;
3. Ability to provide the required data for TNT to properly conduct its analysis and assessment of the Applicant's track record and future activity;
4. Documented strategy to finance smallholder farmers and rural MSMEs
5. Successful experience in financing RK-FINFA target groups through at least one of the eligible delivery channels (direct lending, value chain financing): portfolio size, quality of the portfolio, etc.
6. Appropriateness of the loan products and delivery channels for the different categories of targeted borrowers, and Proposed improvements to the terms offered to enterprises (e.g. pricing reduction, reduction of the requested level of collateral, adapted cash flow based repayments schedule, bundling with insurance products, etc.) as compared to standard financing conditions for enterprises, that may be developed through RK-FINFA technical assistance
7. Experience and ability of the Applicant to generate the Portfolio within a predefined timeframe;
8. Experience in managing other guarantee schemes.
9. Proven ability of the Applicant to comply with the specific reporting requirements;



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10. Ability of the Applicant to comply with all contractual obligations under the Guarantee Agreement.

### **11. Allocations / re-allocations during implementation of the R-CGS**

During the implementation of the Guarantee Agreement(s), and with a view to maximising the efficient use of the resources of R-CGS and maximising the impact of R-CGS, including the achievement of the volume's targets, TNT shall have sole discretion to allocate or reallocate any resources available to the Guarantee Facility. Similarly, should additional resources be made available by the GoK or Development Partners for the same purpose, TNT may at its discretion allocate such additional funding to the selected PFIs, subject to performance assessment, in line with the determined criteria for the avoidance of doubts with their consent, including after the effective date of any relevant Guarantee Agreement.

### **12. Capacity Building**

The PFIs selected to participate in implementation of R-CGS will be supported with a demand-driven package of Technical Support and Innovation Services (TSIS) aimed at:

- i. helping the PFIs to develop and deploy appropriate financial products and services, manage risk of lending to the rural/agriculture sector and reduce transaction costs, with particular focus on women, youth, social inclusion and
- ii. Environmental, Social and Governance (ESG) standards and climate change risk management operationalization/ strengthening by PFIs.

### **Annex 1: Eligibility Criteria for RCGS Borrowers**

A borrower shall be eligible for guarantee under the Scheme if the borrower —

(a) is a micro, small or medium enterprise. Micro enterprises are those with less than 10 employees, small enterprises are those with between 10 and 49 employees, while medium enterprises have 50 to 99 employees.

(b) is registered as a business or company under the relevant laws;

(c) is registered by a county government and holds a valid business permit or trade licence;

(d) has complied with the relevant tax laws;

(e) is not part of any group or enterprise which is legally barred to receive any credit guarantee under these Credit Guarantee Scheme Regulations;

(f) intends to use the credit advanced for business purposes, including— (i) working capital requirements of the enterprise; (ii) acquisition of assets for the enterprise; or (iii) rebuilding businesses affected by natural disasters or other financial crises;

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(g) is credit-worthy;

(h) does business in Kenya; and

(i) satisfies any other condition that may be imposed by the R-CGS Steering Committee before the credit guarantee is granted.

(j) Under Value chain financing, medium and large enterprises are eligible, as long as the loan is used to on-lend to smallholder suppliers (for instance for inputs in kind), and the enterprise is able to provide reliable data on the smallholders financed).

## **Annex 2: Qualification and Evaluation Criteria**

### **Mandatory Evaluation Criteria**

1. Must attach a certificate of registration / certificate of incorporation
2. Must attach a Tax Compliance Certificate or equivalent
3. Must attach a Business Permit
4. Certificate of registration with the Central Bank of Kenya
5. Audited financial statements for the last three years (2023,2022,2021)

	<b>Criteria</b>	<b>Max Mark</b>
	The PFI have demonstrable experience in lending to agribusiness enterprises, including smallholder farmers and rural MSMEs, women, youth and PwD, and enterprises under the value chain financing model) (provide agrifinance strategy and share of current portfolio issued to agriculture sector by category of borrowers, and quality of the portfolio)	30
	The PFI have appropriate products (financial and non financial) for smallholder farmers and rural MSMEs, women and youth, PwD, and to finance enterprises under the value chain financing model? Provide product features.	20
	The PFI must have a wide geographical outreach in terms of branch network in the target counties, have agencies, digital platform presence / mobile banking (provide evidence of branch network, county presence and digital platforms/ mobile banking)	20
	The PFI must have a specialized entity or has a specialized department /unit /division/ function handling lending to agriculture sector - Specialized Department (fully fledged) - Specialized Department (beginning stages/low activity) - None of the above (provide evidence e.g. org structure for the department – head of department and staffing)	10
	The PFI should be able to provide data as required by R-CGS (provide features of the MIS demonstrating this capability).	10
	Previous experience with other guarantee schemes, including CGS managed by TNT, AGF or USAID. PFI should provide evidence of the successful implementation of the guarantee scheme.	10
	<b>Total</b>	<b>100</b>

Only the first five ranked financial institutions with score of 70 % or more in the evaluation criteria will be invited to submit technical and financial proposal.