

## **Training on loan workouts to inform CSAF workout principles & protocol Terms of Reference**

### **About CSAF**

The **Council on Smallholder Agricultural Finance (CSAF)** is the leading global network of lending practitioners promoting an inclusive financial market for producer organizations and small- and medium-enterprises (SMEs) in the agriculture sector. Since 2013, CSAF's 15 members and affiliates have provided \$4.3B in lending to agricultural SMEs providing market access for 3.4M smallholder farmers across 65 countries in Africa, Asia, and Latin America. Loan sizes typically range from \$100,000 – \$3 million. CSAF has three workstreams focused on:

- Market Growth to meet the growing demand for financing among inclusive agricultural SMEs
- Responsible Lending Practices to ensure that market growth contributes to positive impact on agricultural businesses and the long-term sustainability of the sector
- Social & Environmental Impact that contributes positively to farmer and worker livelihoods as well as to agricultural and agro-forestry landscapes and ecosystems

CSAF members and affiliates include: AgDevCo, Alterfin, Global Partnerships, Grameen Credit Agricole Foundation, Incofin Investment Management, MCE Social Capital, Oikocredit, Rabo Rural Fund, responsAbility Investments AG, Root Capital, Shared Interest Society, SIDI, SME Impact Fund, and Triodos Investment Management.

### **Context**

Increased lending by CSAF members to borrowers in common has generated positive collaboration between lenders, but also a lack of coordination with sub-optimal outcomes for lenders and borrowers alike. The need for clearer principles and protocols for loan restructuring and workouts is magnified in the current environment given the uncertainties related to COVID disruptions. Although members are cautiously optimistic about the future, taking a proactive approach to potential repayment challenges will strengthen members' relationships with one another, streamline negotiation processes for borrowers, and minimize potential financial losses.

Additionally, members recognize that while the spirit of the CSAF responsible lending principles creates an expectation that members communicate openly during a workout, the lack of clear guidelines means that members can interpret the principles subjectively. To reduce confusion going forward, CSAF members decided during the November 2020 annual meeting to develop more explicit expectations for loan workouts, starting with a training session in Q1 2021.

### **Main objective and approach**

CSAF aims to develop basic protocols or general principles that Members can follow during loan restructurings and workouts. The training will kickstart and contribute to this process by increasing CSAF members' understanding of workout principles and practices, and their application to social lenders serving agricultural SMEs, with a view to inform and contribute to CSAF's own practices.

The consultant will develop a training session on workout principles that draws from experiences in adjacent sectors such as microfinance, and incorporates expert guidance, relevant examples, and group discussion. To make the training interactive, it will be split into two sessions of 20-25 participants, and delivered virtually for ~3 hours each, comprising:

- Training on workout principles
- Select case reviews, Q&A with members, and examples of hypothetical examples
- Discussion and agreement on next steps

Participants will include representatives from CSAF members and affiliates in senior positions such as risk managers, lending operations, and investment committee representatives.

## Outputs

The consultant is expected to provide the following outputs:

- Pre-reading materials for training participants to prepare for discussion during the training session. At minimum, the materials should include a summary of common workout principles, with clear explanations of their application, and key relevant case studies to compare and assess relevance for Members' operations. Participants should receive all reading material at least one week prior to the training.
- Training program for the live training session to be delivered virtually, including any PowerPoint slides that will be used during the training. This should be submitted at least two days in advance of the training.
- Two 3-hour training sessions for 20-25 participants each. The training methodology should be highly interactive and consider Members' knowledge and experiences.

## Timeline and budget

The training is expected to take place in February / March 2021. Estimated budget is based on 3.5 days of consultancy, comprised of preparation (2 days), delivery (1 day), and wrap up, recommendations and debrief (0.5 day). Subject to demand from Members and trainer's language ability, the assignment could include a third (separate) training session, to be delivered in Spanish.

## Qualifications and submission

The ideal consultant will have most of the following qualifications:

- Extensive knowledge of principles and common practices used by lenders during loan restructuring and workouts in a relevant field.
- Direct employment or consultancy experience in corporate lending or microfinance.
- Experience developing and delivering training to senior-level professionals.
- Familiarity with CSAF members' lending to agricultural SMEs in Africa, Asia, and Latin America to tailor training materials and content to this audience.
- Excellent presentation skills in English. Additional Spanish language preferred.

Interested consultants should submit a brief expression of interest outlining proposed methodology, qualifications and relevant experience to [ecottle@csaf.org](mailto:ecottle@csaf.org) by December 14, 2020.