



## Terms of Reference

### Financial Services Market Assessment in Sudan

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**For:** ADRA Sudan

**Services Performed By:**

**Services Performed**

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#### 1. Agriculture Sector and Problem Statement

Sudan is experiencing a severe humanitarian crisis stemming from the ongoing conflict that began in April 2023 between the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF). This conflict has led to widespread displacement, with approximately eight million people internally displaced, a significant refugee crisis, with over 2.3 million Sudanese refugees and asylum-seekers fleeing to neighboring countries<sup>1</sup> and an estimated 2.56 million people in need of humanitarian assistance<sup>2</sup>. The political instability and refugee crisis have severely impacted Sudan's economy through the loss of access to international funding and debt relief initiatives, deteriorating economic conditions, affecting access to basic services and food security, and increased risk of food insecurity. The situation remains volatile, with ongoing challenges in providing humanitarian assistance and resolving the political crisis.

In these circumstances, Sudan's agriculture sector plays a crucial role in the country's economy and food security. However, it faces significant challenges due to this ongoing conflict, climate change, and economic instability. Subsistence and smallholder farming remain the backbone of Sudan's agricultural production. A large portion of rural households rely on small-scale and rainfed crop cultivation and livestock rearing for their livelihoods. These farmers typically grow staple crops like sorghum and millet, along with cash crops such as sesame and groundnuts. Without intentional climate change adaptations, increased drought and rainfall variability will constrain crop yields and reduce livestock pasture. Consecutive crop failures have already led to food shortages and famine – in Sudan because farmers rely entirely on rainfed agriculture, there is generally only one crop season.

Women farmers play a vital role in Sudan's agricultural sector, particularly in subsistence farming. They are often responsible for food production, processing, and marketing at the household level. However, women farmers face additional challenges, including limited access

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<sup>1</sup> <https://dtm.iom.int/reports/dtm-sudan-mobility-update-07?close=true>, (accessed on September 19, 2024)

<sup>2</sup>

[https://www.ipcinfo.org/fileadmin/user\\_upload/ipcinfo/docs/IPC\\_Sudan\\_Acute\\_Food\\_Insecurity\\_Snapshot\\_Jun2024\\_Feb2025.pdf](https://www.ipcinfo.org/fileadmin/user_upload/ipcinfo/docs/IPC_Sudan_Acute_Food_Insecurity_Snapshot_Jun2024_Feb2025.pdf), (access on September 19, 2024)

to land, credit, and agricultural inputs compared to their male counterparts. Some of the most important value chains in Sudan's agriculture sector include:

- Sorghum and millet are the primary staple crops, with wheat becoming increasingly important.
- Sesame and groundnuts are major export crops and sources of income for smallholder farmers.
- Livestock is a large sector, including cattle, sheep, and goats, which is crucial for both domestic consumption and export
- Gum Arabic, Sudan is a leading global producer of gum Arabic, an important export commodity.

The ongoing conflict has severely impacted Sudan's agricultural sector. It has led to disruptions in farming activities, reduced access to inputs, and challenges in transporting produce to markets. This has exacerbated food insecurity and economic hardship for many rural households.

Despite these challenges, Sudan's agricultural sector has significant potential for growth and development. Efforts to improve agricultural productivity, enhance value chains, and support smallholder farmers, particularly women, could play a crucial role in addressing food security and economic development in the country.

## 2. Scope of the Financial Services (FS) Market Assessment in Sudan

ADRA International is planning to solicit for the upcoming USAID-funded Feed the Future (FtF) programming opportunity in Sudan. ADRA International envisions that this FtF programming will have multiple focus areas critical for the development of the agriculture sector of the country. Some of the most significant areas include:

- **Empowering Women in Agriculture** - the program recognizes the crucial role women play in Sudan's agricultural sector and aims to increase women's access to agricultural inputs, technologies, and services; provide targeted training and capacity building for women farmers, support women-led agribusinesses and cooperatives, address gender-based constraints in agricultural value chains
- **Value Chains and Market Systems Development (MSD)** - FtF is working to improve market access for smallholder farmers, especially women, develop key agricultural value chains, such as sorghum, sesame, and livestock, support agro-processing and value-addition activities, and strengthen linkages between producers and markets
- **Improving Agricultural Productivity** – the program aims to boost agricultural productivity by enhancing access to improved seeds and other inputs, promoting mechanization and appropriate technologies, and strengthening agricultural extension services.
- **Climate Change Adaptation** - given Sudan's vulnerability to climate change, the program is prioritizing climate-smart agriculture practices such as promoting drought-resistant crop varieties, introducing water-efficient irrigation techniques, supporting soil conservation and sustainable land management practices, and providing climate information services to farmers for better decision-making. This aligns with Sudan's

adaptation priorities of the first Nationally Determined Contributions/NCDs under the Paris Agreement of October 2021 especially Adaptation priorities 4, 5,6,7, and 8 as follows: Resilient small-scale pump irrigation, Building resilience of crop production, Climate resilient agriculture, Climate-resilient irrigated cropping systems and Resilient livestock production systems respectively.

- **Building Resilience** – given Sudan's history of conflict and climate shocks, the program will emphasize diversifying livelihoods to reduce vulnerability, strengthening community-based organizations and farmer groups, and improving access to financial services and risk management.

Due to the significance of financial services in building the resilience of smallholder farmers and developing competitive value chains, ADRA International aims to understand the landscape of financial services in Sudan including the current challenges in Sudan's financial sector, barriers to access to finance, demand for capital, and how improving the financial services landscape could support agricultural sector development.

### 3. Objectives and Proposed Phases of the FS Assessment

This assessment aims to conduct a comprehensive review of the financial services and agricultural finance sector in Sudan. The assessment will identify key barriers and gaps to access to finance for smallholder farmers, agribusinesses, and other stakeholders in the agriculture value chain. The assessment will also highlight opportunities for financial institutions, development partners, and the government to improve the agriculture sector's availability and quality of financial services.

Below is the description of the main phases with the related assessment expectations, illustrative tasks, and deliverables:

#### **Phase 1 – Conducting Desk-Based Review**

Conduct and document a comprehensive desk-based overview of Sudan's financial sector, encompassing its structural landscape, key regulatory bodies, and a detailed analysis of all available financing services. This overview should:

1. Map the financial sector structure, including:
  - Banking institutions (commercial, specialized, microfinance)
  - Non-bank financial institutions
  - Informal financial service providers
  - Fintech companies and mobile money operators
2. Identify and describe main regulatory bodies, such as:
  - Central Bank of Sudan
  - Insurance Supervisory Authority
3. Provide an in-depth overview of available financial services:

- Conventional banking services
- Islamic banking products
- Microfinance offerings
- Digital financial services
- Informal financial mechanisms (e.g., savings groups, rotating savings and credit associations) including value chain financing such as contract farming, warehouse receipts or storage credit
- Potential digital platforms, that will help in delivering financial transactional services.

4. Focus specifically on services suitable for:

- Rural smallholder farmers
- Agricultural MSMEs
- Other agriculture value chain players such as inputs and business support service suppliers
- Rural women and youth farmers
- Climate adaptation financing

5. Analyze the current state of:

- Transactional services
- Credit services
- Crop and livestock insurance (if available)

6. Recommend key stakeholders for field-based interviews, including:

- Representatives from various financial institutions
- Regulatory body officials
- Agricultural cooperatives and associations
- Fintech companies and mobile money operators
- Development partners active in financial inclusion

7. Provide initial recommendations for agriculture finance sector improvement, considering:

- Regulatory environment
- Financial Infrastructure
- Product innovation
- Digital financial services
- Financial literacy and inclusion initiatives

The desk-based review should result in a concise yet comprehensive summary report, drawing from credible open-source secondary data. If necessary, conduct remote initial interviews (online, phone, or face-to-face) with ADRA Sudan team members, service providers, secondary source data authors, and other relevant stakeholders to enrich the assessment.

All interviews must be meticulously documented through standardized interview forms or detailed minutes, which should be appended to the summary report. This approach will ensure a thorough understanding of Sudan's financial landscape and inform potential interventions during the project design process.

## **Phase 2 – Conducting / Coordinating on the ground interviews with service providers and main sector stakeholders**

Building upon the comprehensive desk-based overview of Sudan's financial sector, develop targeted interview tools and questionnaires to gain an in-depth understanding of both supply and demand dynamics in financial services, stakeholder perspectives, and agricultural value chain actors' needs.

### **For the Supply-Side Assessment:**

Develop structured interview guides for key sector players, including:

- Traditional financial institutions (banks, microfinance institutions)
- Non-conventional service providers (fintech companies, mobile money operators)
- Regulatory bodies (e.g., Central Bank of Sudan)
- Sector support services (credit guarantee funds, impact investing funds)
- Relevant private sector players

The ADRA Sudan team or hired local consultants will use this and will conduct these interviews, focusing on:

- Perceived risks and barriers in serving the agricultural sector, especially how financial services providers mitigate security risks, how they operate in this environment, and constraints they're having trouble overcoming
- Current financial products and services tailored for agricultural businesses
- Regulatory challenges and opportunities
- Potential incentives to expand services to farmers and agribusinesses
- Innovative approaches to risk mitigation in agricultural finance
- Perspectives on digital financial services and their potential in rural areas

### **For the Demand-Side Assessment:**

Create tailored questionnaires for:

- Smallholder farmers (ensuring representation of women and youth)
- Agricultural MSMEs
- Agribusiness service providers
- Agricultural cooperatives and associations

The ADRA Sudan team or hired local consultants will use this and will conduct these interviews, centering on:

- Current access to and usage of financial services
- Barriers to financial inclusion (e.g., collateral requirements, financial literacy)
- Specific financial needs and preferences of different agricultural actors
- Experiences with formal and informal financial services
- Demand for climate adaptation and resilience-building financial products
- Financial needs during emergencies and shocks
- Gender-specific challenges and opportunities in accessing finance
- Youth engagement in agricultural finance

#### Implementation Considerations:

- Ensure geographical diversity in sampling. Especially, research the delivery of the financing services and employed financing mechanisms in the following regions of Sudan (add states)
- Use a mix of individual interviews and focus group discussions where appropriate
- Incorporate participatory methods to encourage open dialogue
- Pay special attention to the needs of women farmers, youth, and climate-vulnerable communities

#### Data Analysis and Reporting:

- Systematically analyze interview data to identify key themes, challenges, and opportunities
- Cross-reference supply and demand-side findings to highlight gaps and potential interventions
- Develop actionable recommendations for improving financial inclusion in Sudan's agricultural sector

This approach will provide a nuanced understanding of the financial services landscape in Sudan's agricultural sector, informing targeted interventions and policy recommendations to enhance financial inclusion and resilience among farmers and agricultural businesses.

#### **Phase 3 – Finalizing the Assessment Report**

Based on the desk-based and on-the-ground interview findings, develop the assessment report including the description of the assessment background and methodology, assessment findings, and intervention recommendations for the project design. The report should also recommend the potential financial sector partners for the project implementation. The report should include specific sections on women farmers, youth, climate adaptation, and emergency support, and Islamic finance if deemed required.

## 4. Methodology

After the initial desk review and interviews with the key sector stakeholders, the consultant should propose an assessment methodology based on the information required in this document and fulfill the stated objective.

Here's a proposed illustrative assessment methodology for Sudan's Financial Services Market Assessment.

The assessment will employ a mixed-methods approach, combining quantitative and qualitative data collection techniques to ensure a comprehensive understanding of Sudan's financial services landscape, particularly the agricultural sector. The methodology will be structured in three main phases:

**Phase 1** will involve an extensive desk-based review of existing literature, reports, and secondary data sources. This will provide a foundational understanding of Sudan's financial sector structure, regulatory environment, and available financial services. The review will focus on identifying key stakeholders, mapping the financial ecosystem, and highlighting potential service gaps for agricultural actors, especially smallholder farmers, women, and youth.

**Phase 2** will consist of primary data collection through field-based interviews and focus group discussions. On the supply side, structured interviews will be conducted with representatives from financial institutions, regulatory bodies, and relevant private sector players. On the demand side, questionnaires and focus group discussions will be used to gather insights from smallholder farmers, agricultural MSMEs, and other value chain actors. This phase will employ participatory methods and ensure geographical diversity to capture a range of perspectives across different regions of Sudan.

**Phase 3** will focus on data analysis and report preparation. The collected data will be systematically analyzed to identify key themes, challenges, and opportunities in Sudan's agricultural finance sector. Findings from the supply and demand-side assessments will be cross-referenced to highlight gaps and potential interventions. The final report will include a comprehensive summary of findings, specific sections on women farmers, youth, climate adaptation, and emergency support, as well as actionable recommendations for improving financial inclusion in Sudan's agricultural sector.

## 5. Focus Locations and Value Chains

Although this Financial Services Market Assessment should provide a good situational overview and analysis of the country's financial services sector and agricultural finance in Sudan, it should also shed light on access to finance and financial services with a focus on certain geographical locations and agricultural value chains. This approach will ensure a deeper understanding of regional disparities and the unique challenges faced by various agricultural value chains and their stakeholders.

Here is the list of illustrative focus locations and value chains:

Region	State/Wilayah	Value Chains
Northern Region	River Nile	Wheat
Khartoum	Khartoum	Sorghum
	Red Sea	Alfalfa
Eastern Region	Kassala	Absabeen (livestock fodder)
	Gedaref	Groundnuts
		Egyptian Beans
		Sesame
		Fruits:
		• Citrus
		• Banana
		• Mango
		• Dates
		• Guava
		Vegetables:
		• Onion
		• Tomato
		• Okra
		• Eggplant
		• Potato
		Sheep/goats
		Poultry
	Blue Nile	Cattle
	White Nile	Dairy (bovine)
Rain-fed Farming	Gezira	Gum Arabic
Crescent	Sennar	Cotton

## 6. Expected deliverables

The FS assessment deliverables should include:

- 1) A summary report of 7 – 8 pages with main findings and recommendations
- 2) A Comprehensive summary report of all the assessment findings based on the tasks and phases described above including the interview tools, and interview minutes or a summary of the interview minutes
- 3) A Presentation Deck reflecting the FS assessment process, all the findings, and intervention recommendations.

**Timeline:**

## 7. Required Skills and Qualifications for the Assessment Consultant



The Consultant / Expert who will lead and conduct this assessment must possess the following main set of skills and qualifications:

- Previous experience and strong familiarity with the financial services industry in SS Africa, especially in the areas of access to finance, financial inclusion, rural and agricultural financing, and Islamic finance,
- Experience, strong expertise and understanding of access to finance for women and youth target populations, and agriculture value chain finance, and especially climate change adaptation finance
- Proven track record of operational experience in the field of microfinance, community-based credit and savings cooperatives, and banking with a good understanding of microfinance and banking challenges, operational legislations and regulations, and their implications on the performance of financial intuitions
- Consulting experience in the research areas for international development projects, specifically for the private sector and agriculture development, and financial services. Proven track record of successful similar assessment assignments
- Desired familiarity with the Sudan market and preferably with recent experience working in Sudan
- Fluency in English, and strong presentation and strong report-writing skills in English is critical
- Knowledge of Arabic is preferable