Terms of Reference

Carbon accelerator programme: Stage one – Design and test

1. INTRODUCTION

FSD Africa in partnership with the Africa Carbon Markets Initiative (ACMI) wishes to contract a consultant to develop and test an initial core offer for a carbon project developer accelerator programme. Building on market analysis already undertaken, this project will provide a proof of concept to help refine the programme concept for deployment by a cohort of accelerator partners.

Africa has significant carbon offset opportunities but many are underexploited with Africa’s current supply being ~1% of the technical potential of ~2,4000MTCO2e per annum.¹ It is estimated that to meet the potential demand for carbon offsets from Africa by 2030, current supply needs to expand at least 20 fold.

There are >250 organisations identified as currently engaged in carbon credit development in Africa. These range from those developing projects in which carbon is the sole source of revenue to those in which it is a co-product. However, the vast majority of project developers are small start-ups, with very few (<10) approaching notable scale (>3MtCO2 per annum).

Project developers that are looking to scale face information challenges, such as limited access to carbon market knowledge or technical design and implementation expertise. Yet interactions with both project developers and accelerators suggests that there is a strong demand signal for this support.

A major challenge is the diversity of carbon markets and heterogeneity amongst target project developers and accelerators. Differences amongst project developers encompass:

- Range of sectors – how the carbon revenue is generated
- Strategic potential for carbon in the business – from core through important co-product to speculative or CSR derived
- Level of development – from already trading significant carbon credits to not yet aware of the potential

Meanwhile accelerators in the climate/nature space are also diverse, i.e.:

- Degree of focus – single sector (e.g.: forestry), to multiple sectors
- Stage – launch and pre-seed stage to Series A
- Technical support offer – from light touch through addressing specific identified gaps to intensive venture building across all aspects of business
- Investment – from in-kind only through limited grants to capital investment

Initial evidence from market scoping and early concept development supports the notion that accelerators provide a prospectively useful channel to accelerate diffusion of carbon innovation as they tend to prioritise high growth potential ventures and engage at strategic inflection points of the companies they support. That said, their services tend to focus mainly on core business development advisory and many have gaps in seizing the carbon opportunity notably:

- Limited carbon market information for what is a very dynamic market

¹ ACMI Roadmap Report, November 2022. The 1% represents ~22MTCO2e retirements in 2021.
• Lack of technical knowledge and capabilities
• Access to, ability and resources to deliver relevant content and resource material

Reflecting the diversity in the ultimate needs of both the end targets (project developers) and the prospective channels (accelerators), a range of support services can be envisaged from the more generic to the highly specific. In relation to both these end targets and channels, more generic material could include accessible content and access to expertise to support enhanced awareness of carbon opportunities and building capabilities to develop carbon projects. For project developers more highly specific expertise could be provided to support the organisation through the process of incorporating carbon within business models, developing MVPs etc.

The core developmental investment thesis here is that accelerators offer a valuable entry point to accelerate the supply of carbon credits but, following initial analysis, uncertainties remain over how this can be most effectively achieved. It is believed that a process of active engagement and rapid design with strong feedback loops will be most helpful in progressively building ways to leverage the accelerator entry point.

A proposed scope of work adopting this approach is outlined in Section 4. This encompasses the needs to be addressed, how support can be delivered and specific sources of expertise which can be leveraged by the programme. The latter is anticipated to range from delivery of structuring learning to more flexible technical support. In undertaking the work core uncertainties will need to be considered, such as:

• Balance between generic and tailored support at the project developer level
• Balance between generic and tailored support at the accelerator level
• Extent to which it makes sense to incorporate ‘know-how’ within accelerators versus outsourcing to specialist carbon market business service providers

Expressed demand from accelerators is around support for information and capacity building which include elements which could be either fully generic or readily customised to more specific needs. This is a strong starting point for supporting work on accelerators – there are very likely to be benefits in working on a cross-accelerator basis, both in terms of spreading costs and cross-fertilisation of experiences.

A group of four accelerators has been identified who will form the core of the early programme roll-out and will co-create solutions to leveraging the accelerator channel to reach project developers. This first stage is intended to develop an initial proof of concept with one or more as a starting point.
2. BACKGROUND TO PARTNERS

2.1 FSD Africa

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. FSD Africa’s team of financial sector experts work alongside governments, business leaders, regulators, and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK Aid from the UK government.

Reflecting its long-term perspective and the opportunities and threats to Africa’s future from the green transition, FSD Africa’s strategic goal is to enable the financing of a sustainable future for Africa. Carbon markets promise to make a major contribution to achieving this goal, encompassing the delivery of environmental benefits, creating economic opportunities and tackling fragility and vulnerability. FSD Africa has committed to supporting the development of carbon markets across the continent. Carbon offsets can prospectively be generated across a number of sectors but innovative business models and solutions will be essential to unlock this. FSD Africa is already heavily engaged in both the financing of innovation and innovation in finance itself with support for venture builders and accelerators proving a highly effective part of its strategy. Leveraging this channel to expand the supply of carbon on the continent represents a logical step for FSD Africa as it builds its carbon market development programme.

2.2 Africa Carbon Markets Initiative

The Africa Carbon Markets Initiative (ACMI) is a collaborative effort involving the Global Energy Alliance for People and Planet (GEAPP), Sustainable Energy for All (SEforALL), the United Nations Economic Commission for Africa (UNECA), and the United Nations Climate Change High-Level Champions. Our aim is to accelerate the evolution of voluntary carbon markets in Africa and drive sustainable development.

Voluntary carbon markets have witnessed remarkable growth in recent years, with a significant increase in real demand globally. These markets also present a unique opportunity to foster co-benefits in Africa, such as expanding energy access and creating jobs. However, the full potential of the carbon market in Africa remains untapped. ACMI seeks to significantly expand Africa’s participation in voluntary carbon markets by setting ambitious goals for the continent and implementing a roadmap of action programmes over the next few years. One of these action programmes focuses on scaling project developers – who are the critical change agent in the overall pathway to carbon market growth. ACMI’s goal by COP28 is to be supporting the scaling of 10+ project developers, on the road to supporting 60+ project developers scale over three years under the Project Developer Accelerator Programme.

3. OBJECTIVE OF THE CONSULTANCY

The overall programme objective is to develop and deploy a pilot accelerator support program to scale circa 60 project developers over three years. This first stage aims to undertake a rapid development and testing of the initial core programme offer with one or more accelerator(s) to provide a proof of concept and refine the programme for deployment by the initial cohort of accelerator partners.

4. SCOPE OF WORK

The work is envisaged to involve the following tasks:

4.1 Articulation of initial core programme offer

- Establish design task team together with initial cohort accelerator partners to co-create and oversee rapid prototyping, testing and refinement of this first stage of the programme
• Collate and analyse current and prospective project developer portfolios of programme accelerator partners to locate and scale the current and potential opportunities for carbon
• Undertake granular needs analysis for high carbon credit potential project developers to determine requirements around structured learning, specific data needs and expert support including an estimate of the resource requirement to deliver defined impacts
• Ground-truth initial high-level curriculum content against needs analysis across two modules:
  o Module 1: Carbon markets overview and understanding
  o Module 2: Carbon credit issuance – technical knowledge

4.2. Curriculum development
• Refine curriculum for identified modules content based on needs analysis
• Review options and make preliminary determinations on prospective delivery channels and pedagogies for key structured learning elements (i.e. web-based vs in-person, self-paced vs programmed, didactic vs peer-to-peer vs experiential etc.)

4.3. Virtual resource centre
• Identify preliminary curated data resource needs to address established project developer demand and specific requirements for initial pilot
• Establish channels with existing, maintained data sources and prototype initial curated data portal
• Develop expert technical assistance resource base encompassing needs of pilot accelerators and targeted project developers

4.4. Initial curriculum test
• Work with one (or more, if appropriate) initial accelerator(s) to deliver curriculum to target project developers
• Assess uptake, application and user feedback from project developers on structured learning
• Review with design task team and identify prospective modifications to curriculum (scope, content and delivery)

4.5. Follow-up
• Review support needs from target project developers and accelerator(s) to progress high-potential carbon opportunities
• Provide limited on-line based access to relevant experts (as part of pilot of virtual resource centre) to address opportunities for highly leveraged support
• Identify and scope solutions to unmet needs for tailored expert support for project developers and accelerators

5. DELIVERABLES AND TIMELINES

It is expected the work will commence by September 2023 and be completed within 4-5 months.

The envisaged deliverables for this project are summarised in the table below. The successful bidder will be required to engage regularly with FSD Africa and ACMI on project progress, including on the direction of the curriculum. A timetable of check-in meetings will be agreed on initiation of the project.
<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Estimated timeline²</th>
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<tbody>
<tr>
<td>Inception report with revised timeline</td>
<td>Week 2</td>
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<tr>
<td>Report on rapid needs analysis and programme offer outline</td>
<td>Week 5</td>
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<tr>
<td>Refined curricula and supporting resources</td>
<td>Week 8</td>
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<tr>
<td>Pilot report on initial curriculum test</td>
<td>Week 12</td>
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<tr>
<td>Final report and recommendations on scale-up</td>
<td>Week 16</td>
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<tr>
<td>Final supporting materials (curricula and virtual resource centre content)</td>
<td>Week 16</td>
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6. INVITATION TO TENDER

FSD Africa is inviting tenders from a suitably qualified consultant/firm. Bids from consortia of consultants/firms are welcome.

Proposals should include:

a) Names and CVs of proposed project lead and other key team member(s) including qualifications and relevant experience in providing the kind of services required and an outline of team structure and respective roles and responsibilities. CVs should be tailored to the assignment and be no more than 4 pages each in length.

b) A concise description of the bidder’s understanding of the assignment as outlined in these terms of reference, including suggestions, if any, on additional or alternative relevant scope.

c) An outline of the approach the bidder intends to use to deliver the assignment successfully.

d) Succinct information about relevant assignments that team members have successfully delivered in the past three years.

e) A workplan and confirmation of ability to meet the proposed timelines, with alternative suggestions as required.

f) A detailed financial proposal. This should be activity-based, indicating fees and direct expenses for each key project phase/activity.

Proposals should not exceed 10 pages, excluding annexures (i.e. CVs, description of similar assignments etc.). Proposals should be sent by email to FSD Africa at bids@fsdafrica.org by 1200 EAT on September 11th 2023.

7. BASIS OF AWARD

FSD Africa will award a contract based on the following criteria and using the most economically advantageous tender approach.

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<th>Mandatory requirements</th>
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<tr>
<td>Expertise in carbon market development</td>
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<td>Access to or in-house technical capabilities across core sectors relevant to carbon in Africa</td>
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<td>Capabilities in professional development covering experiential and structured learning</td>
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<tr>
<td>Experience in venture building in emerging/developing economies (preferably in Africa)</td>
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² As indicated these are estimates. Bidders are invited to propose an alternative timeframe.
Assessment criteria | Weighting (%)  
--- | ---  
Relevant, demonstrated experience and capacity of the consultant | 30%  
Demonstrated understanding/interpretation of the task set out in the TORs | 20%  
Content, quality and originality of proposed response to the ToR | 30%  
Fee basis and total costs |  
FS = 30% x LB/BP where:  
FS = is the financial score | 30%  
LB = is the lowest bid quoted  
BP = is the bid of the proposal under consideration. |  
The lowest bid quoted will be allocated the maximum score of 30%. **Fee quoted must be inclusive of applicable withholding tax**  
Total | 100  

8. APPLICABLE TAXES

As per Kenya’s tax law, FSD Africa will pay the Consultant after withholding the appropriate taxes at the applicable rate between Kenya and the Consultant’s country of tax residence, considering any tax treaties in force. It is the responsibility of the Consultant to keep themselves apprised of these applicable taxes. However, the table below provides guidance on the applicable rates as per tax regimes.

| Country | WHT Rate  
--- | ---  
Kenya | 5%  
United Kingdom | 12.5%  
Canada | 15%  
Germany | 15%  
Zambia | 15%  
India | 10%  
Non-resident rate for citizens of EAC member countries | 15%  
All other countries | 20%  

9. CONTACTS

Questions or comments in respect of these terms of reference should be directed by email to: bids@fsdafrika.org on or before **12 noon (EAT)** on **Monday 24 August 2023**. Responses will be provided to all known bidders by **Tuesday 31 August 2023**.