



## **ESG TECHNICAL ASSISTANCE FOR AFRICAN INSURANCE COMPANIES**

### **TERMS OF REFERENCE (TOR)**

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## **1. Introduction**

FSD Africa is seeking Expressions of Interest from insurance companies that are looking for technical support in integrating sustainable insurance principles into their business operations.

The ambition is to facilitate a group of African ESG champions and industry leaders who are not only taking meaningful ESG action in their own businesses but who are also advocates for sustainable practices, influencing the sector at large.

We are looking for insurance companies that demonstrate a robust commitment to environmental, social, and governance (ESG) principles at the CEO level, have a willingness to allocate their own resources to sustainable projects, and are active participants in the Nairobi Declaration on Sustainable Insurance.

The technical assistance offered will be flexible and designed to accommodate companies' different needs. This can include assistance with ESG strategy development and/or implementation, with creating new sustainable products, with new ESG aligned investments or with a comprehensive program that encompasses both ESG strategy and opportunity development.

## **2. Objectives of the Technical Assistance**

As environmental, social, and governance considerations continue to be pivotal to the resilience and responsibility of businesses, the insurance sector in Africa stands at the forefront of a transformative opportunity. The prospects for insurance companies on the continent to help drive green resilient economic growth are multifaceted. There is an opportunity to pioneer new underwriting businesses that cater to the emerging demands in disaster risk, agriculture, and energy – sectors that are pivotal to Africa's economic fabric and face heightened risks in light of global climate change. Insurers can capitalise on these needs by offering innovative products that enhance resilience and de-risk investment. There are also emerging opportunities to deploy insurance company assets into green investments in areas such as renewable energy or resilient infrastructure.

In view of these opportunities, the Technical Assistance (TA) programme is strategically designed to enhance the capacity of African Insurance in two main areas: firstly, the crafting and implementation of robust ESG strategies and secondly the development of innovative sustainable products or investment opportunities. The aim is to empower companies in becoming beacons of ESG excellence, advocating for and driving substantial, positive change across the insurance industry in Africa.

The Technical Assistance is thus aimed at supporting the following:

### **1. ESG Strategy Development and Implementation**

The TA is designed to empower insurance companies to establish and enhance their Environmental, Social, and Governance frameworks, aligning with international best practices

for a sustainable future. It is focused on developing customised ESG strategies that are not only aligned with each company's unique operational landscape but also address the specific environmental and social challenges of their regions. Through comprehensive capacity-building efforts, we aim to equip these firms with the necessary skills and knowledge to internalise ESG principles effectively.

## **2. ESG Opportunity Development**

We will assist insurance companies in the identification and development of innovative, sustainable insurance and investment products that address pressing ESG concerns, catering to the economic, and community needs in the different geographies.

Preference will be given in the application process to companies that have already identified specific ESG projects that they want to invest in.

## **3. Management**

This Technical Assistance will be implemented by consultants selected through a competitive process under the management of the Senior Manager, Climate Finance in the FSD Africa Risk and Resilience team. To link this with the ongoing work under the Nairobi Declaration on Sustainable Insurance, the TA process will produce a ESG Toolkit for other insurers to use and the learnings will be shared as case studies in the NDSI working groups.

## **4. Duration of the assignment**

The Technical Assistance for integrating Environmental, Social, and Governance (ESG) practices within selected insurance companies is envisaged to span a substantive period, reflecting the depth and breadth of the engagement required. The assignment is structured to be implemented over a period of 9-12 months. This duration accommodates the multifaceted nature of the work. The exact timeframe will be dependent on the agreed TA being provided to each company. It will conclude with a rigorous phase of monitoring, evaluation, and reporting to ensure that the ESG initiatives are not only implemented effectively but also poised for sustained impact. This timeline reflects our commitment to achieving lasting ESG integration that aligns with the overarching goals of the NDSI and the sustainable development aspirations of the African insurance sector.

The phases of the programme are likely to include the following:

### **1. Set-up**

- Establishing core working teams and governance
- Conducting baseline ESG assessments
- Engaging key stakeholders
- Agreeing specific objectives and roadmap with milestones
- Setting KPIs

## 2. Implementation

- Capacity building and training (consultant)
- Implementation according to roadmap (insurer)
- Ongoing technical support (consultant)
- MEL including reporting against project milestones and KPIs

## 3. Conclusion and evaluation

- Stocktake of progress and key learnings
- Identification of next steps and future priorities
- Production of final materials e.g. playbooks

Timelines for the implementation of the technical assistance will be uniquely structured for each insurance company, reflecting the specific nature of the support being provided. These timelines are not designed to run in parallel but will be individually tailored based on the agreed-upon technical assistance plan for each company, ensuring a bespoke approach that aligns with their distinct requirements and objectives.

## 5. Criteria for Insurer Selection

The selection criteria for the insurance/reinsurance companies to receive Technical Assistance for ESG integration will include the following:

Assessment criteria	Weighting (%)
Commitment at the Executive Level: Demonstrable commitment to ESG principles from the company's top management, particularly the CEO.	15 %
Readiness and capacity to allocate resources (both financial and human resources) to the development and execution of the proposed ESG initiatives, as this commitment to resource sharing not only enhances the potential of achieving sustainable outcomes but also enables us to extend the reach and impact across a broader scope of ESG activities.	20 %
Strong preference will be given to companies that have already identified potential ESG projects, although this is not a pre-requisite for selection. Where proposed, the feasibility, quality and scalability of the company's ESG-related projects will be key assessment criteria.	35 %
FSD Africa is keen to ensure a diverse representation of companies from different countries and markets across Africa to promote the widespread adoption of ESG standards, therefore, variability in geographical scope will be considered.	30 %
<b>Total</b>	<b>100%</b>

A crucial element of this participation is the willingness to share results and experiences in global or NDSI forums. This openness is vital because our goal is to catalyse change that extends well beyond the confines of the program, fostering a broader movement towards sustainable practices within the industry.

These criteria are designed to select insurance companies that not only have the potential to successfully integrate ESG principles into their business models but can also serve as role models and catalysts for broader industry change towards sustainability and social responsibility.

## **6. Invitations to Submit a Proposal**

The proposal to participate in the ESG Technical Assistance program should include the following components:

1. Executive Summary: A concise overview of the proposal, highlighting the key points, objectives, and why the company is seeking to participate.
2. ESG Commitment Statement: A declaration from the company's top management, such as the CEO, expressing the firm's commitment to ESG principles and detailing the strategic importance of ESG for the company. The statement should also include approval to share (non-commercially sensitive) lessons learnt from the program in the form of a case study.
3. ESG Support Requested: A comprehensive outline of the areas in which the company is requesting technical assistance, including the objectives, expected impact, and how this will address ESG needs and gaps previously identified. Refer to section 2 for details of the areas of support available.
4. Resource Allocation Plan: A description of the financial, human, and material resources the company is willing and able to dedicate to the development and implementation of ESG initiatives. This should include:
  - a. FTE with names and roles of the individuals;
  - b. Financial contribution to the cost of the support requested.
5. Capacity for Implementation - evidence of the company's capacity to execute ESG projects, such as organisational structure, expertise, operational capabilities, and any partnerships or collaborations.
6. Company Profile: Detailed information about the company, including its history, size, market position, and any previous ESG activities or accomplishments.
7. Annexes: Any additional supporting documents that might strengthen the proposal, such as letters of support, certifications, or additional data on the company's ESG performance.
8. Contact Information: Full contact details for the person or team responsible for the proposal, for any follow-up or clarifications needed.

The proposal shall not exceed a total of 10 pages (excluding annexes). It must be sent by email to FSD Africa at [bids@fsdafrica.org](mailto:bids@fsdafrica.org) by **12:00 PM EAT** on/before **15 April 2024**.

## 7. Contact

Questions or comments in respect of these terms of reference should be directed by email to: [bids@fsdafrica.org](mailto:bids@fsdafrica.org) on or before 12:00 PM EAT 02 April 2024 and feedback will be provided by 04 April 2024 to all bidders.

## 8. About FSD Africa

[FSD Africa](#) is a specialist development agency making finance work for Africa's future. Headquartered in Nairobi, 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.

FSD Africa is one of the founding signatories of NDSI, reinforcing its dedication not just in word but in action. Furthermore, FSD Africa acts as the secretariat of the Declaration, a position from which it steers efforts, fosters synergies, and tracks advancements within the industry. This strategic involvement of FSD Africa is instrumental in ensuring that the aspirations encapsulated in the NDSI are translated into measurable impact, thereby steering the African insurance sector towards a future aligned with global sustainability targets.