

## TERMS OF REFERENCE

### CALL FOR PROPOSALS: MOBILIZING INSURANCE CAPITAL FOR AFRICA'S GREEN INVESTMENTS - REGULATORY LANDSCAPE

#### 1. Introduction

Insurers play a crucial role as institutional investors due to their substantial asset bases. As institutional investors, insurance companies manage large pools of capital, which they invest across various asset classes to generate returns and ensure long-term financial stability. This investment capacity positions them uniquely to support and drive sustainable development initiatives, particularly through investments in green assets, however substantial portion of insurance capital is traditionally invested in government securities, reflecting the sector's focus on safety and stability.

Government bonds and treasury bills are favored by insurers because they have relatively low risk and predictable returns, which align with the need to meet long-term liabilities and maintain financial stability. This preference for government securities is often driven by regulatory requirements and investment guidelines that prioritize secure assets that generally do not attract regulatory haircuts. Consequently, a significant share of insurance capital is tied up in these instruments limiting opportunities for diversifying into other asset classes, including green and sustainable investments.

As Africa faces growing environmental and developmental challenges, there is an increasing recognition of the need to redirect insurance capital towards projects that not only yield financial returns but also contribute to sustainable development goals. The immense financial resources held by insurance companies provide an opportunity for advancing projects that tackle pressing environmental challenges, such as enhancing climate resilience and fostering renewable energy. By strategically directing investments into these areas, the insurance industry can play a pivotal role in addressing critical issues and driving substantial progress towards a more sustainable future for the continent.

Despite this potential, the regulatory landscape governing investments within the insurance sector presents a complex and varied framework across Africa. To capitalize on these opportunities, there is a growing need for regulatory frameworks and incentives that encourage the allocation of insurance capital into green and sustainable investments. By creating a supportive environment for such investments, regulators can help insurers diversify their portfolios beyond traditional government securities and drive substantial progress in addressing Africa's sustainability challenges.

It is important to understand and address these regulatory complexities. A comprehensive review of the existing regulatory frameworks is necessary to identify opportunities for streamlining and harmonizing regulations to support investments in green assets. By addressing regulatory barriers and providing clear, supportive guidelines, stakeholders can enable insurance companies to more effectively contribute to sustainable development and leverage their capital for impactful green investments.

FSD Africa is therefore seeking the services of a consultant to provide technical assistance to review and analyze the regulatory framework governing investments by insurance companies in sub-Saharan Africa, with the aim of identifying opportunities and challenges for enhancing the sector's contribution to sustainable development by mobilizing insurance capital to green assets. The selected countries are South Africa, Nigeria, Kenya, Zambia, Ghana, Namibia, Mauritius, Rwanda, Morocco, Uganda. The consultant will be expected to work closely with FSD Africa's Principal, Risk & Resilience.

#### 2. Background

##### Financial Sector Deepening Africa (FSD Africa)

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. Based 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.

### 3. Objectives and Scope

#### 3.1. Objective

Insurance sector can play a significant role in promoting sustainable development through investments in green assets. With substantial capital available, insurance companies have the potential to drive substantial change by investing in projects that enhance climate resilience, renewable energy, and sustainable agriculture. The objective of this consultancy is to understand the pre-existing regulatory landscape surrounding investments, potential areas of collaboration with policymakers in advancing responsive and adaptive policies and regulations that encourage investment in green investments.

#### 3.2. Scope of work

The consultant will be expected to:

1. Review and analyse the current regulations, guidelines, and policies in various African countries that govern insurance investments.
2. Identify challenges and barriers faced by insurance companies in investing in green assets, such as regulatory constraints, lack of incentives, or unclear guidelines.
3. Identify and evaluate opportunities for insurance companies to invest in green assets
4. Provide recommendations for regulatory improvements or new policies that could facilitate increased investment in green assets by insurance companies
5. Consult with relevant stakeholders, including insurance regulators, industry associations, insurance companies, and sustainability experts, to gather insights and validate findings.
6. Prepare a comprehensive report summarizing the findings, analyses, and recommendations
7. Present key findings and recommendations to relevant stakeholders, including policymakers and industry representatives.

#### Deliverables

The deliverables under this contract are as follows:

- Inception Report: Outline the approach, methodology, and work plan.
- Regulatory Landscape Report:
  - Detailed analysis of current regulations and policies
  - Assessment of opportunities and challenges for green investments.
- Policy and Regulatory Recommendations Report: policy and regulatory recommendations for enhancing insurance sector investments in green assets.
- Presentation: presentation to stakeholders.

#### 4. Timelines

The project shall be implemented under a 5-month consultancy contract as per the deliverables above and the workplan set.

Item	Timeline
Inception Report	Within two weeks of signing the contract
Regulatory Landscape Report	End of the third month from the date of contract signing
Policy and Regulatory Recommendations Report	End of the fourth month from the date of contract signing

Presentation and Final report

Two weeks before the end of the 5-month consultancy period

## 5. Invitation to Tender

FSD Africa are inviting proposals from suitably qualified consultant(s).

Your proposal should contain:

- CV of the consultant not exceeding 3 pages.
- A summary of your experience in providing the kind of technical support called for in these Terms of Reference
- A description of your understanding of the role of the selected consultant(s) as outlined in the Terms of Reference and a workplan highlighting how you intend to fulfil the services within the suggested timeline.
- Samples of similar work to demonstrate capacity to carry out the assignment and testimonials from previous clients and/or employers.
- An estimated budget for both professional fees and reimbursable expenses- see Annex 1

Submitted proposals should not exceed 10 pages (excluding annexures). The review will be based on the main proposal. This should be sent by email to FSD Africa at [bids@fsdafrica.org](mailto:bids@fsdafrica.org) by 12PM (EAT) on 18th November 2024 under a subject line reading ‘Call for Proposals: Mobilizing Insurance Capital for Africa’s Green Assets - Regulatory Landscape’.

Applications received after the deadline will not be considered.

## 6. Basis of award

### Mandatory requirements

- Proven experience in regulatory analysis and policy development, particularly in the financial or insurance sector
- Undertaken at least 3 comparable assignments in the last 10 years.
- Experience in similar work in Sub-Saharan Africa or other emerging economies or comparable markets.
- Knowledge of the African insurance industry and regulatory environment.
- Relevant qualifications in sustainable finance or green investments, or any other related field.
- Understanding/interpretation of the task set out in the TORs including detailed work plan

### Assessment criteria

Item	Timeline	Weighting (%)
Experience	<p>Proven experience in regulatory analysis and policy development, particularly in the financial or insurance sector</p> <p>Experience in the broader financial sector but without specific experience in the insurance market will be considered but will earn a maximum of 25 points.</p>	30

	Experience in similar work in Sub-Saharan Africa or other emerging economies or comparable markets	10
	Knowledge of the African insurance industry and regulatory environment	10
Skills and qualification for proposed team members	At least a master's degree or equivalent post-graduate and/or professional qualifications in Sustainable Finance, Policy, Economics, Actuarial Science, or any other related field.	10
Methodology	Understanding/interpretation of the task set out in the TORs including a detailed work plan	20
Fee basis and total costs	<p>Most economically advantageous, where the computation will be based using the below formula</p> <p><math>FS = 20\% \times LB/BP</math> where:</p> <p>FS = is the financial score</p> <p>LB = is the lowest bid quoted</p> <p>BP= is the bid of the proposal under consideration.</p> <p>The lowest bid quoted will be allocated the maximum score of 20%. Fee quoted must be inclusive of applicable withholding tax</p>	20
<b>TOTAL</b>		<b>100</b>

## 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 noon (EAT) 8 November 2024** and feedback will be provided by on **12 November 2024**

## 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. The table below, however provides guidance on the applicable rates as per tax regimes

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

### Annex 1: Proposed Fee Schedule

Costs should be shown separately in the format set out below. Fees proposed by tenderers should be inclusive of all taxes

<b>Consultancy fees*</b>	<b>Days</b>	<b>Fee USD/GBP</b>	<b>Total USD/GBP</b>
XX			
XX			
<b>Total remuneration</b>			<b>0.00</b>
<b>Reimbursement costs**</b>	<b>Unit</b>	<b>Cost USD/GBP</b>	<b>Total USD/GBP</b>
XX			
XX			
<b>Total reimbursement cost</b>			<b>0.00</b>
<b>Total proposed costs</b>			<b>0.00</b>
<i>*Fees incl of all taxes</i>			
<i>**Expenses to be reimbursed on actual costs as per FSD Africa's travel policy</i>			