

TERMS OF REFERENCE

PROVISION OF CONSULTANCY FOR THE DEVELOPMENT OF GREEN, SOCIAL and SUSTAINABLE BONDS FRAMEWORK

1. Introduction

Financial Sector Deepening Africa (“FSD Africa”) wishes to contract a consultant (the “Consultant”) to develop an environmental & sustainable Bond Framework (the “Services”). The Services will involve inter alia: developing a regulatory framework to guide the issuance of Green, Social and sustainable (GSS) bonds, based on international best practice. This is expected to facilitate the mobilization of long-term, patient, market-based financing for environmental & sustainable projects in Uganda.

2. Project Background

2.1. Project Context

Focus on climate finance has led to the emergence of GSS instruments aimed at meeting environmental and sustainability goals, globally and at a national level. In Uganda, development of a regulatory framework for GSS bonds is critical to ensure mobilization of capital to meet the national environmental & sustainability goals. Such a regulatory framework will ensure that capital for environmental & sustainable projects is mobilized in a transparent manner. Additionally, a GSS bonds framework is crucial to ensuring that issuance is conducted in a structured and standardized approach, which will cultivate the much-desired certainty.

3. FSD Africa

FSD Africa is a specialist development agency established in 2012 by the UK Government working to make finance work for Africa’s future. We work on the ground in over 30 African countries to mobilise “green plus” finance that will power economic and social development while delivering environmental gains and building Africa’s resilience. We work on policy and regulatory reform, capacity strengthening and improving financial infrastructure, and addressing systemic challenges in Africa’s financial markets to spark large-scale and long-term change.

3.1. About CMA

The Capital Markets Authority of Uganda (CMA) is an autonomous body, established in 1996 under the Capital Markets Authority Act (Cap 84) 1996, to promote, develop, and regulate the capital markets industry. The CMA is mandated by law to:

- a) To promote confidence in the capital markets;
- b) To ensure honesty and transparency in capital markets transactions;
- c) To carry out investor education;
- d) To protect investors; and
- e) To reduce systemic risk.

4. Project Objectives and Scope

4.1. Objectives

The primary purpose of the assignment is to develop a GSS Bond framework, that will guide issuances in Uganda.

4.2 Scope of Work

The scope of the exercise will involve:

- i. Undertaking a comprehensive review of international best practice with respect to the issuance of GSS instruments;
- ii. Examining the existing regulatory framework in Uganda for the issuance of bonds and identify any gaps, inconsistencies and revisions that are required to support GSS instruments. This should also include a review of the prevailing tax regime and identify areas of reform that may be required to support the issuance of GSS instruments;
- iii. Developing a draft report highlighting the issues referred to under clause ii. above
- iv. Developing a regulatory framework for the issuance of GSS instruments based on international best practice and having regard to local context;
- v. Providing focused training and conducting consultations with relevant stakeholders to obtain their views on the framework; and
- vi. Submitting a final report & regulatory framework for GSS instruments.

5. Deliverables

In line with the scope of work, the expected deliverables under this contract will include the following, organized in a sequence to facilitate milestone-based payments:

- i. An inception report clearly outlining the methodology and schedule within **10** working days of commencement of the assignment;
- ii. A draft report with findings and recommendations on the development of a facilitative framework for the issuance of GSS instruments as referred to under clause 4.2 (ii) above
- iii. A draft regulatory framework for the issuance of GSS instruments within **40** working days of commencement of the assignment;
- iv. Conducting of a focused training and stakeholder workshop and thereafter submission of an event report within **50** working days of commencement of the assignment; and
- v. A final report incorporating feedback from stakeholders, the final regulatory framework for the issuance of GSS instruments and a detailed implementation plan within **60** working days of commencement of the assignment.

6. Timelines

The consultant is expected to execute tasks under each set of deliverables within the specified timelines. Below is the updated timeline for each deliverable.

Deliverables	Timeline
Submission of an inception report	Within 10 working days of award of contract
Submission of a draft report & regulatory framework	Within ten 40 working days of award of contract
Stakeholder engagement workshops, focused training and submission of an event report	Within ten 50 working days of award of contract
Submission of a final report & regulatory framework	Within 60 working days of award of contract

7. Invitation to Submit Proposal

Qualified consultants are invited to submit proposals for this assignment. The proposal should include:

- Names and CVs of key individuals (maximum three sides of A4 paper each).
- Outline of team structure.
- Summary of experience in the operation and regulation of capital markets in emerging markets, having provided advisory services on debt capital markets with a specific focus on GSS instruments.
- Description of the consultant's understanding of the role and how they intend to fulfil the services within the suggested timeline.
- Estimated budget for both professional fees and reimbursable expenses.

Your proposal, which should not exceed 6 pages (excluding annexures), should be sent by email to FSD Africa at bids@fsdafrica.org by **1200 EAT on January 24, 2025**.

8. Basis of award

A contract will be awarded to the most economically advantageous tender based on the following criteria:

Mandatory requirements
The Consultant being independent of CMA Uganda and market intermediaries.
Evidence of the Consultant having undertaken at least three similar assignments preferably in Africa or other frontier/emerging markets
The lead Consultant should have at least 10 years' experience in the capital markets industry with specific experience related to debt capital markets & GSS instruments
Understanding/interpretation of the task set out in the TORs

Assessment Criteria	Weighting (%)
Relevant, demonstrated experience and capacity of individuals in this area:	25%
Understanding/interpretation of the task set out in the TORs	25%
Content, quality and originality of proposal	20%
Fee basis and total costs FS = 30% x LB/BP where: FS = is the financial score 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	30%
Total	100

9. Contact

Questions or comments in respect of these terms of reference should be directed by email to: bids@fsdafrica.org on or before 12 noon **January 16, 2025**, and feedback will be provided by **January 17, 2025, 5 pm (EAT)**.

10. 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 below table 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%