

TERMS OF REFERENCE

MOBILISING INSURANCE CAPITAL FOR AFRICA'S GREEN INVESTMENTS (MICA)

Designing New Investment Products and Structures

1. Introduction

Insurance companies are among the most influential institutional investors, managing large pools of capital across diverse asset classes. Their financial strength positions them as critical enablers of economic growth and long-term development in countries where they operate. In Africa, insurance company assets under management (AUM) represent a substantial and growing share of domestic savings. According to the World Bank's Global Financial Development Database, insurance assets across Sub-Saharan Africa averaged 14–15% of GDP in recent years, though this varies widely by country. This financial strength positions them uniquely to support and accelerate sustainable development, particularly through investments in climate-resilient and green assets.

Currently, a large share of insurance capital in Africa is concentrated in traditional government securities, such as bonds and treasury bills. These instruments are preferred for their low risk, predictable returns, and strong alignment with insurers' need to meet long-term liabilities. While this conservative approach safeguards financial stability, it limits the sector's ability to diversify into other asset classes, especially those that can deliver measurable environmental and social impact.

As Africa confronts escalating climate and development challenges, the opportunity to redirect insurance capital towards green and sustainable projects has never been more urgent. The sector's substantial financial resources could be leveraged to advance investments that strengthen climate resilience, promote renewable energy, enhance sustainable agriculture, and support other critical low-carbon initiatives. By developing innovative green investment products, fostering stronger partnerships with development finance institutions, and aligning investment strategies with sustainability objectives, insurers can unlock new growth opportunities. Mobilising insurance capital in this way would channel both domestic and international funding into transformative projects helping to build a greener, more resilient, and more prosperous future for Africa.

Mobilising Insurance Capital for Africa (MICA) Programme will design innovative investment products that channel African insurance capital into climate-resilient and green projects. Through targeted research, market analysis, and stakeholder engagement, we will identify priority opportunities and develop fit-for-purpose investment structures that align with insurers' risk-return profiles while delivering measurable environmental and social impact. The project will validate the priority areas for deployment, engage with key stakeholders across the insurance and investment ecosystem, and initiate the design of investment solutions that can unlock large-scale capital flows into high-impact, sustainable projects

The programme will deliver two core outputs: first, comprehensive research, market analysis, and stakeholder engagement to identify viable green investment opportunities for insurance capital, assess barriers to entry, and prioritize thematic areas; and second, the design of innovative investment products and structures that align with insurers' risk-return profiles while generating measurable climate and social impact. This project will lay the groundwork for subsequent implementation and scaling, with expected impact measured in mobilised capital, climate assets developed and financed, avoided emissions, and strengthened resilience

FSD Africa is therefore seeking the services of a consultant or consulting firms to conduct targeted research, market engagement, and consultations to design specific de-risking interventions, build a strong local partner ecosystem and validating priority areas for investment. 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, Adaptation & 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

The overall objective of this assignment is to design innovative investment solutions and de-risking instruments that mobilise African insurance capital into climate-resilient and green sectors. Specifically, the consultancy will:

- Conduct research and stakeholder engagement to assess appetite, barriers, and opportunities for insurers' participation in green finance.
- Develop tailored de-risking instruments that mitigate barriers and unlock insurance capital for priority sectors.
- Produce an implementation roadmap for scaling the mobilisation of insurance capital into sustainable investments.

3.2. Scope of work

The consultant(s) will undertake the following activities:

Phase I: Research, Analysis, and Stakeholder Engagement

- Conduct secondary research and data analysis on investor landscape, pipeline readiness, and barriers to investment.
- Engage insurers, regulators, DFIs, project developers, and other institutional investors through interviews, focus groups, and surveys.
- Map green project pipelines across selected countries (South Africa, Nigeria, Kenya, Zambia, Ghana, Namibia, Mauritius, Rwanda, Morocco, Uganda).
- Develop a risk matrix highlighting project-level and systemic risks relevant to insurers.
- Organise workshops/webinars to disseminate findings and secure stakeholder buy-in.

Phase II: Design of De-risking Instrument

- Develop and assess de-risking options (guarantees, blended finance vehicles, risk-sharing mechanisms).
- Undertake scenario testing and financial modelling to assess commercial viability and scalability.
- Produce feasibility study and detailed instrument design options (governance, operational model, strategic focus).
- Develop a tailored risk taxonomy for climate and green investments for insurers.
- Draft implementation roadmap outlining sequencing, pilot design, and pathways to scale.
- Develop a stakeholder engagement strategy to secure buy-in from insurers, regulators, and DFIs.

Deliverables

The deliverables under this contract are as follows:

- a) Inception Report: Outline the approach, methodology, and work plan.
- b) Phase I Deliverables:
 - Consolidated report on investor landscape, pipeline readiness, and barriers.
 - Interview/engagement database and stakeholder consultation notes.
 - Risk matrix for insurance participation in green projects.
 - Workshop/webinar proceedings and consensus reports.
- c) Phase II Deliverables:
 - Feasibility study on design options.
 - Detailed instrument design report (governance, operational, strategic model).
 - Risk taxonomy tailored to insurers and institutional investors.
 - Implementation roadmap for pilot and scaling.

Timelines

The project shall be implemented under an 8-month consultancy contract as per the deliverables above and the workplan set.

Deliverable	Timeline
Inception Report & Workplan	Within 2 weeks of contract signing
Market & Landscape Report	By end of Month 5
Feasibility Study & Instrument Design Options	By end of Month 6
Implementation Roadmap & Stakeholder Engagement Strategy	By end of Month 7
Final Consolidated Report & Presentation	By end of Month 8

4. Invitation to Tender

FSD Africa are inviting proposals from suitably qualified consultants.

Your proposal should contain:

- CV of the consultants 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.

- FSD Africa is deliberate in its contribution towards the SDGs. To this end, we encourage our suppliers to make an effort where possible to consider including team members living with disabilities.
- In our efforts to promote financial inclusion in Africa, we also encourage suppliers to propose/include personnel based in Africa in your diverse teams.
- 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 by noon (EAT) on 15th October 2025 under a subject line reading 'Invitation to tender: Mobilising Insurance Capital for Africa's Green Assets – Designing New Investment Products and Structures'.

Applications received after the deadline will not be considered.

5. Basis of award

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

- Strong understanding of African financial markets, regulatory frameworks, and institutional investment dynamics.
- Demonstrated experience in designing de-risking instruments, guarantees, or innovative financing mechanisms.
- Experience conducting market analysis, feasibility studies, and stakeholder engagement in multiple African countries.
- Excellent analytical, communication, and report writing skills.
- Undertaken at least 3 comparable assignments in the last 10 years with client references
- Experience in similar work in Sub-Saharan Africa or other emerging economies or comparable markets.

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 by 12:00PM (EAT) on 17th October 2025 under a subject line reading 'Invitation to tender: "MICA"'. Applications received after the deadline will not be considered

Selection will be made based on the following criteria:

Item	Timeline	Weighting (%)
Experience and technical competence	Proven experience in insurance, climate finance, sustainable investment, and/or blended finance (Experience in the broader financial sector but without specific experience in the insurance market will be considered but will earn a maximum of 15 points.)	20%
	Strong understanding of African financial markets, regulatory frameworks, and institutional investment dynamics	10%
	Quality of your proposed approach and methodology – 5%	25%

	Understanding/interpretation of the task set out in the terms of reference including a detailed work plan -20%	
Sustainability considerations	<p>Supplier's demonstration of sustainability value add:</p> <p>Bidders that demonstrate localisation, gender, environmental and ethical considerations will be assigned merit points/scored favourably compared to their competitors.</p> <p>Localisation: demonstrated use of African based consultants/team members - 5%</p> <p>Gender: prioritisation of women & underrepresented groups -5%</p> <p>Environmental safeguards and ethical considerations (a commitment to sustainability through eco-friendly practices, products/services as well as ethical practices such as fair treatment of employees)-5%</p>	15%
Methodology	<p>Most economically advantageous, where the computation will be based using the formula below</p> <p>$FS = 30\% \times LB/BP$ 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 30%. Fee quoted must be inclusive of applicable withholding tax</p>	30%
TOTAL		100%

6. Contact

Questions or comments in respect of these terms of reference should be directed by email to: bids@fsdafrica.org on or before **12noon (EAT) 8th October 2025** and feedback will be provided **12noon (EAT) 10th October 2025**.

7. 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%

For countries with Double Taxation Agreements with the Kenyan government, the agreement will apply in the treatment of all applicable taxes.

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

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