REPUBLIC OF KENYA

MITI

MINISTRY OF INVESTMENTS, TRADE & INDUSTRY

KENYA DEVELOPMENT CORPORATION

Financing.Progress.Prosperity.

TERMS OF REFERENCE

FOR

Expert Consulting for the Establishment of a Green Investment Fund

FOR

KENYA DEVELOPMENT CORPORATION

Kenya Jobs and Economic (KJET) Transformation (KJET) Component 3.1

TABLE OF CONTENTS

GREEN INVESTMENT FUND EXPERT TERMS OF REFERENCE

1.0 INTRODUCTION

KDC is a development finance institution with the mandate to promote sustainable economic development by providing development finance, infrastructure finance, business support and advisory services to medium and large-scale industries, infrastructure projects and commercial undertakings in target sectors in Kenya and elsewhere. Our primary objective is to provide innovative financial solutions that support the Governments national development agenda, attract private sector investment and foster inclusive economic growth. For more details about KDC, please visit **https:/www/kdc.go.ke**

KDC has been entrusted with the critical role in implementing Component 3 of the Kenya Jobs and Economic Transformation (KJET) Project. KJETS seeks to benefit at least 45,000 Kenyans, including at least 6,800 women through new or improved job opportunities. Under this component, the World Bank aims to provide US$ 40 million to Kenya Development Corporation ('KDC') to help establish the GIF. The GIF aims to provide risk-adjusted, long-term, patient capital, including equity and mezzanine financing, to green and greening MSMEs. Private sector investors, IFIs and domestic institutional investors – including local pension funds, collective investment schemes and insurance companies – will be invited to contribute funding to the GIF. The GIF will be managed by an independent, competitively selected Fund Manager (or 'Manager').

The following Terms of Reference (TORs) outline the requirements and responsibilities for onboarding a Green Investment Fund (GIF) Expert to support KDC and facilitate the successful execution of Component 3 of KJET.

2.0 OBJECTIVE

The primary objective is to onboard a qualified GIF expert Consultant to provide strategic, technical, regulatory compliance and operational guidance in setting up, licensing and managing the GIF. The expert will ensure the GIF is structured, capitalized and deployed optimally to attract investors and achieve its ultimate goal of financing climate investments in Kenya. To ensure a smooth and effective transition from planning to execution, KDC seeks to engage an expert with deep expertise in fund management, green and climate finance, investment mobilization and operational strategy to support the establishment and launch of the GIF.

3.0 SCOPE OF WORK

3.1 Fund Operationalization and Management Setup

(i) Establish fund governance structures and ensure compliance with regulatory and best practice standards.

(ii) Support in finalization of GIF documentation including Private Placement Memoranda (PPM), Limited Partnership Agreements (LPA) and Investment Management Agreements (IMA).

(iii) Develop and implement fund management policies, operational frameworks, and investment procedures.

(iv) Support the selection and onboarding of the fund management team, including performing due diligence, defining roles and responsibilities.

(v) Advise on the optimal legal and financial structure for the domestic and feeder fund

(vi) Support Fund Manager in identifying regulatory requirements and preparing documentation for regulatory approvals and licensing for the GIF

(vii) Set up key operational systems, including investment monitoring, risk management, and ESG compliance frameworks.

3.2 Investor Mobilization and Strategic Partnerships

(i) Support the execution of capital-raising strategies, engaging with public and private sector investors, government institutions and climate financiers.

(ii) Support in structuring capital commitments and terms of the Limited Partners

(iii) Support in reviewing, refining and implementing the green screening criteria for GIF investee MSME and their alignment with green finance standards such as the IFC Performance Standards and Taxonomies

(iv) Develop and refine investor pitch materials, term sheets and deal structures to optimize fund attractiveness.

(v) Establish and manage strategic partnerships with local and international climate finance institutions.

3.3 Fund Launch, Investment Deployment and Pipeline Development

(i) Support the Fund Manager and KDC on the launch of the Fund

(ii) Refine the investment criteria and deal origination strategy to ensure alignment with GIF's objectives.

(iii) Provide technical support in strategic oversight in the initial deal pipeline assessment and due diligence of investable projects.

(iv) Establish mechanisms for portfolio tracking, impact measurement, and performance reporting.

3.4 Capacity Building and Knowledge Transfer

(i) Build the internal capacity of KDC's team through hands-on training on fund management, investment analysis, and investor relations.

(ii) Undertaking capacity building of the GIF Fund Management Team

(iii) Develop a long-term sustainability strategy for GIF, ensuring self-sufficiency beyond the initial funding phase.

(iv) Provide advisory support on policy alignment and integration with national and international climate finance initiatives.

3.5 Developing Green Financing Strategies: Devise strategies to scale up green financing opportunities for Small and Medium Enterprises (SMEs). This involves identifying innovative financing mechanisms, such as green bonds or impact investment funds, and designing suitable products to meet the financing needs of SMEs.

3.6 Strengthening KDC's Capacity: Work towards strengthening KDC's capacity to promote green equity financing and sustainable development in Kenya. This will involve; (i) conducting organizational assessments, identifying capacity gaps, and developing capacity-building plans to enhance KDC's effectiveness as a key partner in implementing the KJET Project, (ii) conducting capacity-building workshops and training sessions to enhance the skills and capabilities of KDC employees in areas such as project management, financial analysis, and environmental sustainability, (iii) facilitating knowledge transfer and knowledge sharing among KDC staff, project partners, and other stakeholders. This includes documenting lessons learned, best practices, and success stories from green financing initiatives, and disseminating this knowledge through workshops, publications, online platforms, and other appropriate channels of communication and, (iv) responding to inquiries by KDC within timelines stipulated in the request.

3.7 Promoting Innovation: Identify and support initiatives that mitigate environmental impact and enhance climate resilience. This involves fostering partnerships between SMEs, research institutions, and technology providers to develop and deploy innovative solutions that contribute to long-term economic development and environmental sustainability.

3.8 Stakeholder Engagement: Engage with relevant stakeholders, including government agencies, industry players, and non-governmental organizations to create an enabling environment for green financing and sustainable development. This involves advocating for supportive policies, building partnerships, and raising awareness about the importance of incorporating environmental considerations into business practices.

3.9 Monitoring and Evaluation: Monitor and evaluate the impact of green financing initiatives implemented under Component 3 of the KJET Project. This includes tracking key performance indicators such as the GIF private capital mobilized and other key project development indicators as listed under the project documents, assessing outcomes, and providing regular reports to KDC to ensure accountability and inform decision-making.

4.0 REQUIREMENTS

4.1 An individual expert

4.2 Highest professional ethics to ensure technical quality and independence and avoid potential conflict of interests (especially in the fund manager selection process).

4.3 Qualified and experienced technical skills in sustainable finance, private equity funds, strategic investment funds and blended finance is a must.

4.4 At least 10 years of experience in similar projects in Kenya or locations comparable to Kenya.

4.5 Expertise in green finance, sustainable development and Kenya's SME sectors.

4.6 Expertise in private equity fund establishment and management in Kenya, including key considerations relevant for potential blended finance green funds.

4.7 Expertise in blended finance and the role that the public sector/ the government could play in establishing or supporting funds and in mobilizing private capital for green investment.

4.8 Strong analytical skills with proven ability to assess complex financial instruments.

4.9 Expertise in the investment appraisal including explicit elaboration on operationalization of the GIF.

4.10 Expertise in sustainable finance and management in Kenya and Africa including key considerations relevant for climatic resilience.

4.11 Strong knowledge of climate change and environmental issues in Kenya, particularly with reference to Kenya's climate and environmental targets, policies, plans and financing priorities.

4.12 Quality assurance and monitoring mechanism.

4.13 Financial stability, integrity, and compliance with regulatory requirement.

4.14 Strong partnerships and networks with relevant public and private stakeholders and understanding of how the various stakeholders work together.

5.0 KEY DELIVERABLES

The deliverables for the GIF Expert Consultant include: -

5.1 **Market Analysis report**: comprehensive report identifying and analyzing green investment opportunities

5.2 **Agile financing structure proposal**: Proposal for setting up an agile, patient financing structure to attract private capital for green investments, targeting SMEs to upscale their businesses

5.3 **Investments Strategy Recommendations**: Recommendations for developing investment strategies that integrate sustainability criteria and align with the objectives of the KJET project.

5.4 **Innovative Financial Instruments**: Design innovative financial instruments or mechanisms to support Green SMEs in upscaling businesses, managing climatic shocks, and implementing plan

5.5 **Stakeholder Engagement Plan**: Develop a plan for engaging appropriate stakeholders, including government agencies, development partners, financial institutions, SMEs, and other partners, to mobilize support for Green Investment Fund

5.6 **Training and Capacity Building**: Develop training and capacity-building programs to enhance the knowledge and skills of KDC staff and other stakeholders in green finance and investments

5.7 **Progress reports and presentations**: Regularly prepare and present progress reports to KDC leadership and key stakeholders abreast of the project activities and status as well as get feedback from the stakeholders.

5.8 **Project implementation**: Continuous support and guide KDC and other project partners during the implementation phase, including assistance with project monitoring, and evaluation

5.9 **Knowledge Sharing and Best Practices**: Document lessons learned, best practices, and success stories from green financing initiatives to inform future projects and initiatives within Kenya.

5.10 **Annual Evaluation Report:** Prepare a comprehensive report summarizing the consulting firm's contributions, achievements, challenges encountered, and recommendations for sustaining and growing the GIF.

6.0 TIME FRAME

The estimated duration for this assignment in twelve (12) months.

7.0 REPORTING

The Consultant will report to the Director General, KDC and work closely with the Project Implementation Unit.

8.0 TECHNICAL PROPOSAL

Below are key requirements, qualifications, and experience criteria for the Consultant:

8.1 Contact Information: Name, contact details and registered office address.

8.2 Legal Documentation: Registration, licenses and tax compliance certificate.

8.3 Consultant Profile: Name, specify the number of years of experience in Green Investments including a summary and expertise and sample of clients in the financial sector. (Minimum of years of experience required is 5 years).

8.4 Personnel Profiles: Curriculum Vitae (attach CV).

8.5 Provide any comments or suggestions on the Terms of Reference:

8.6 Expert in Green Finance and Sustainable Development: Have a proven track record in providing technical assistance and capacity-building support in the areas of green finance, climate resilience and sustainable development. This includes demonstrated experience in designing and implementing strategies to mobilize capital for green projects, promote innovation, and enhance sustainability within SMEs.

8.7 Sectoral Experience: Possess in-depth knowledge and experience working within the SME sector, particularly in businesses relevant to green financing and sustainable development. This includes familiarity with the challenges and opportunities facing SMEs in adopting sustainable practices and accessing finance for green projects.

8.8 Technical Expertise: Have a wealth of experience to provide technical support, and knowledge to provide specialized support and capacity building tailored to the needs of KDC and its stakeholders.

8.9 Proven Track Record: Demonstrate a track record of successfully delivering similar projects in Kenya or other comparable contexts. This includes evidence of past engagements where the Consultant has provided technical support, capacity building and advisory services to government agencies, development organizations and private sector entities in the field of green finance and sustainable development.

8.10 Financial Stability: Demonstrate financial stability and integrity, with transparent and accountable financial management practices. This includes compliance with relevant regulatory requirements, ethical standards, and procurement procedures, as well as a commitment to transparency and accountability in all aspects of project delivery.

8.11 Strong Partnerships and Networks: Should have established partnerships and networks with relevant stakeholders, including government agencies, financial institutions, industry associations, and non-governmental organizations. These partnerships should enable the firm to leverage resources, expertise and facilitate collaboration to support the implementation of Component 3 of the KJET Project effectively.

8.12 Approach and Methodology: In detail describe the approach and methodology for green investment financing, to unlock capital flows towards sustainable and impactful green projects, driving positive environmental and social outcomes while delivering attractive financial returns for the clients and investors.

9.0 EVALUATION CRITERIA

9.1 The Consultant will be selected in accordance with the World Bank Procurement Regulations for IPF Borrowers, July 2026 updated August 2018 and November 2020 which can be found **here**.

9.2 Attention is drawn to Section III, paragraphs 3.14, 3.16 and 3.17 of the World Bank Procurement Regulations for IPF Borrowers, July 2026 updated August 2018 and November 2020 setting forth the World Bank's policy on conflict of interest.

10.0 FEES

10.1 The Consultant's fee for the services shall be subject to the Public Procurement and Disposal Act and the attendant regulations and any other applicable regulations.

10.2 The fee shall be payable upon completion of the assignment.

11.0 SUBMISSIONS OF PROPOSALS

11.1 Interested consultants should submit their proposals to:

The Project Director

Project Implementation Unit (PIU)

State Department of Investment Promotion (SDIP)K-JET Project

kjetgif@investmentpromotion.go.ke

The deadline for submissions is **8th April 2025 at 5pm East African Time**