

INVITATION TO TENDER**Project: Policy and Infrastructure****Contract: Institutional and capacity assessment of AFC as an apex DFI for green and sustainable financing in the agricultural sector**

The Financial Sector Deepening Trust (FSD Kenya) invites you to submit a tender for the above contract in accordance with the attached terms of reference.

1. Tenders may be submitted in any format and should encompass:

- a **A brief profile** of the consultant/firm highlighting relevant work specific to this assignment.
- b **Team composition**, role and experience
- c **Description of approach and methodology** for the assignment including work and deliverable schedule.
- d **Proposed level of effort** for each team member (specifying time in-country and off-site).
- e **Curriculum vitae** of proposed team members highlighting relevant experience relevant to this work and related references
- f **Breakdown of consultancy fee** to be submitted separately in line with clause 2.2
- g **Breakdown of reimbursable expenses** by activity to be submitted separately in line with clause 2.2.

2. Deadline for receipt of tenders

- 2.1 Your tender must be received **4:00pm, (East Africa Time), on 20th February 2026 and should be valid for 6 months. Tenders received after the due time and date will not be accepted.** Tenders should be submitted by e-mail using the addresses provided. Tender documents should be as concise as possible and should not exceed a total of **15 pages (excluding annexes)**.
- 2.2 The technical and financial proposals should be submitted separately to tenders@fsdkenya.org as detailed below:
 - The Technical proposal should be submitted with the following subject: **Technical proposal - AFC institutional and capacity assessment**
 - The Financial proposal should also be submitted with the following subject: **Financial proposal - AFC institutional and capacity assessment**
- 2.3 Under no circumstance are bidders to submit **both** technical and financial proposals as a single document, doing so will lead to disqualification.
- 2.4 If you have any **clarification questions relating to this tender**, please email us at tenders@fsdkenya.org no later than 10th February 2026. Responses to clarification questions shall be sent on 12th February 2026 and may be shared with other bidders (redacting any details of the bidder) to ensure a level playing field and that all bidders have access to the same information.



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fsdkenya.org

3. Joint proposals and consortium

3.1 Bidders may elect to form a consortium and submit a single unified proposal. All parties to the joint bid will be held jointly and severally liable for the obligation of the contract should they be selected as the preferred bidder. Bids submitted by the consortium must meet the following requirements:

- A statement of intent must be included as part of the bid submission formally notifying FSD Kenya of the joint bidding arrangement and listing all member entities.
- The joint consortium must appoint a lead member and include a **Power of Attorney** (or equivalent legal agreement) from all non-lead members, granting the lead member full legal authority to represent them in all matters related to this tender. This document must clearly define the scope of authority.
- The lead member must provide proof of authority for the individual who acts as the authorised signatory for all official communications, bid documents and eventual contract. This person will be the sole point of contact for the duration of the procurement process. Any changes to this arrangement must be timeously communicated to FSD Kenya supported by relevant documentation.

4. Evaluation of tenders

4.1 This procurement will be conducted as a combined Expression of Interest and invitation to tender process. Evaluation will be undertaken in two sequential stages. Only bidders that meet the minimum requirements under mandatory requirements in the terms of reference will have their proposals evaluated.

4.2 Tenders will be assessed in accordance with good commercial practice and will involve both a technical and commercial evaluation. A quality and cost-based selection (QCBS) will be applied in the evaluation of the tenders and the preferred bidder selected both based on a combination of technical and financial evaluations rather than just the lowest price. FSD Kenya aims to ensure the proposal provides the **best overall value for money**. The evaluation will therefore not be solely based on the lowest price but on the optimal combination of cost and quality over the contract's lifecycle. Bidders are encouraged to demonstrate how their proposal delivers maximum value, efficiency, and effectiveness.

4.3 Proposals will be ranked according to their combined technical (TS) and financial (FS) scores using the weights (T = the weight given to the technical proposal; F = the weight given to the financial proposal and S indicating the total score attained. $T + F = 100$ points. Indicated in the evaluation criteria section $S = TS \times T\% + FS \times F\%$.

4.4 The weights given to the technical (T) and financial (F) proposals are **T = 80% and F = 20%**. The Bidder achieving the highest combined technical and financial score will be invited for negotiations.

5. Contractor due diligence requirements

5.1 Bidders should provide valid registration documents and tax compliance documentation from their country of jurisdiction.

5.2 FSD Kenya will undertake a due diligence assessment and screening of the preferred Bidder as part of background check and share a screening questionnaire to aid in processing the screening. FSD Kenya reserves the right to proceed or reject Bidder(s) depending on the outcome of this assessment and consider the next ranked bidder. The findings of this assessment will be kept confidential and used internally for the purposes of this evaluation.

6. Complaints and reporting

- 6.1 If you would like to lodge a complaint regarding this procurement process, please write to tenders@fsdkenya.org referencing the title of this procurement or to the Head of operations, lydiah@fsdkenya.org. FSD Kenya team will acknowledge receipt of the complaint in writing within three (3) working days and provide responses preferably within two weeks.
- 6.2 If you come across any issues of bribery, corruption or wrong doing on the part of FSD Kenya part during this procurement, please feel free to transparency@fsdkenya.org or fsd.whistleblower@bdo-ea.com, or through the toll free hotline **800-720-025** that is externally managed by the Trustees.

7. Conflict of interest

- 7.1 Tenderers (and any sub-contractors) must disclose in their Tender details of any circumstances, including personal, financial, and business activities that will, or might, give rise to a conflict of interest, if they were awarded this contract. Where Tenderers identify any potential conflicts, they should state how they intend to avoid such conflicts. FSD Kenya reserves the right to reject and tender which, in FSD Kenya's opinion gives rise, or could potentially give rise to, a conflict of interest.

8. Other information

- 8.1 FSD Kenya reserves the right to accept any tender (s) or to reject all tenders at any time. FSD Kenya also reserves the right to cancel this procurement at any point in time prior to award of the contract.

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INSTITUTIONAL AND CAPACITY ASSESSMENT OF AFC AS AN APEX DFI FOR GREEN AND SUSTAINABLE FINANCING IN THE AGRICULTURAL SECTOR

1. BACKGROUND

Financial Sector Deepening Kenya (FSD Kenya) is an independent trust dedicated to the achievement of a financial system that delivers value for a green and inclusive digital economy while improving financial health and capability for women and micro and small enterprises (MSEs). FSD Kenya works closely with the public sector, the financial services industry, and other partners to develop financial solutions that better address the real-world challenges low-income households, micro and small enterprises, and underserved groups such as women and youth face. Current FSD Kenya funders include the United Kingdom's Foreign, Commonwealth and Development Office (FCDO), The Gates Foundation, the Swedish International Development Cooperation Agency (Sida), the International Fund for Agricultural Development (IFAD) and the French Development Agency (AFD).

The Agricultural Finance Corporation (AFC) was established in 1969 by an Act of Parliament (the Agricultural Finance Corporation Act (Cap 323 Laws of Kenya) to provide affordable credit to actors in Kenya's agricultural value chains. The specific objective and mandate as set out in the Act is to "assist in the development of agriculture and agricultural industries by making loans to farmers, cooperative societies, incorporated group representatives, private companies, public bodies, local authorities and other persons engaging in agriculture or agricultural industries". With a network spread across the country, AFC's current mission is to provide sustainable financing through participative and collaborative financial and non-financial interventions, innovations, technology and products.

In the recent past, AFC has undergone a strategic refocusing with the objective of transforming into a sustainable and impactful market maker in Kenya's agricultural finance market. Part of this transformation has included a shift in its operating model to incorporate wholesale financing as one of its business models, adding on to its existing retail lending model. Under its wholesale financing model, AFC provides wholesale funds to SACCOs, microfinance institutions and anchor clients that in turn finance unserved and underserved segments in the agricultural value chains. In addition to wholesale financing, AFC has also implemented other new business models including warehouse receipt financing, mechanization financing and the provision of credit guarantees to de-risk agricultural enterprises.

In recognition of its transformation, AFC was selected as the apex institution to implement the Green Finance Facility (GFF) under the Rural Kenya Financial Inclusion Facility (RK-FINFA) Project. RK-FINFA is a six-year development project financed jointly by the IFAD and the Government of Kenya to support the transformation of rural and smallholder agriculture through private sector-led development by improving access to affordable and appropriate financial services by smallholder farmers and micro, small and medium enterprises. The GFF is established as a facility to provide wholesale capital to rural oriented SACCOs, microfinance banks (MFBs) and microfinance institutions for on-lending to smallholder farmers and rural micro enterprises for financing activities and projects in climate change adaptation and mitigation, improved environmental management and improved efficiencies in the use of natural resources. AFC's allocation under the GFF is KShs 1.080bn with three Microfinance Banks and five SACCOs already contracted for wholesale financing for on-lending to retail borrowers.

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AFC's role under the GFF is pivotal to address two key interrelated challenges. First, Kenya's agricultural sector is highly vulnerable to climate change and climate variability. The dependence on rain-fed agriculture and the occurrence of extreme weather events including flooding and drought have significantly impacted production and productivity, with direct effects on Kenya's food security and cascading effect on the economy. At the same time, the agricultural sector has an important impact on land use and land cover including deforestation and forest degradation as large swathes of land are cleared and converted into farmland. Second, while finance plays a pivotal role in greening Kenya's economic growth and has been identified as a critical enabler for climate change mitigation and adaptation, the financing of green investments remains limited due to several factors. By one measure, Kenya's total annual financing gap is estimated at USD 5.13bn.¹ Further downstream, survey data shows that households' access to formal finance for green investments remain low.²

Discussions with key potential wholesale borrowers of the GFF indicate strong demand for capital for innovative green investments. Leading financial institutions consider green financing as a key strategy in their future operations, and some are already offering green products to their clients. A key medium-term target of the GFF is to proactively increase the capital base through additional investments by other financiers with a green agenda including development finance institutions, green investment funds and UN funded programmes. This is largely informed by the recognition of the potential scale of demand and the financing gap and the imperative to scale the GFF operations and the role of AFC in financing green investments in the agricultural sector. **The ability and success of AFC to qualify for and mobilize capital from investors and institutions focused on green investments requires it to align its operations and capacity with international best-practice and global standards in green and sustainable financing. This will also require AFC to obtain suitable sustainability accreditation and to develop a Green Financing strategy.**

In line with these ambitions, FSD Kenya with funding from the French Development Agency (AFD) is seeking the services of a consultancy firm to support AFC to become investor-ready to attract and mobilize green and sustainable finance in the agricultural sector.

This consultancy is financed under the Memorandum of Understanding (MoU) signed in May 2025 between the National Treasury (NT) of the Republic of Kenya and AFD, which formalises the reallocation of the unutilised balance from the Microfinance Sector Support Credit (MFSSC) to the RK-FINFA project. It contributes directly to the implementation of Sub-component 3.1 of the RK-FINFA project ("Enabling rural finance environment"), which aims to promote the creation of a conducive policy and institutional environment for increased rural financial intermediation and agricultural transformation in Kenya. In accordance with the MoU, AFD funds are hosted by FSD Kenya and the National Treasury, and managed through the Directorate of Budget, Fiscal and Economic Affairs (BFEA) as the lead implementing agency of the RK-FINFA project.

¹ <https://thedocs.worldbank.org/en/doc/7580561ec99e5e3c7adc68efebfab1dc-0320052023/original/kenya-climate-and-nature-financing-options-analysis.pdf>

² <https://www.centralbank.go.ke/finaccess/>

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2. OBJECTIVE

The primary objective is to conduct an institutional and capacity assessment and a gap analysis of the Agricultural Finance Corporation to evaluate its readiness and effectiveness as a sustainable and commercially viable Development Finance Institution for promoting green and sustainable financing in Kenya's agricultural sector.

3. SCOPE OF WORK

This Terms of Reference covers the **Phase One** of a phased strategy to position AFC as an apex DFI for green and sustainable agricultural financing. ***This phase will provide a comprehensive appraisal of AFC's institutional, governance, regulatory, and operational framework, as well as an analysis of the market for green and sustainable finance in Kenya's agricultural sector. The objective is to identify AFC's strengths, weaknesses, and opportunities, and to define the reforms and capacity-building needs required for AFC to act as an effective apex institution in green and sustainable financing.***

Findings from Phase One will inform Phase Two, which will focus on developing and implementing a Green Finance Strategy, a Capacity Development Programme, and governance and operational frameworks to position AFC as an apex institution for green and sustainable financing. ***This phase will operationalize the recommendations of the institutional and market assessment by translating them into concrete strategies, systems, and capacity-building actions that strengthen AFC's readiness to mobilize and manage sustainable finance resources.*** Phase Two will be implemented under a separate Terms of Reference and consultancy arrangement. ***Implementation of Phase Two will be subject to a formal no-objection from AFD, based on the satisfactory completion and endorsement of the phase 1 assessment report.***

Specific scope of work for Phase One and tasks for the consultant shall include:

3.1. Institutional assessment of AFC's current mandate, governance structure, operational design and operational frameworks and assess the required alignment with the role as an apex DFI for green and sustainable financing. This assessment should at minimum examine:

- AFC market and financial performance including product base and business models.
- Formal governance and management structures including supervisory oversight
- Resource base required to support growth, including financial, staff, brand and market position, competitive advantage(s) balance sheet, etc.
- Control base, including structures and systems used to organize resources, organizational structure, technology, management and enterprise systems
- Governance, operational, commercial and financial and credit policies and procedures.

Reference should be made to AFC's performance against the standards agreed by the African Association of Development Finance Institutions.

3.2. Conduct a market analysis to evaluate the opportunities for green financing in the agricultural sector and assess the potential expanded role that AFC could play as an apex financier. This should include: an analysis of market

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actors and the sources of green and sustainable wholesale financing in the agricultural sector; a comparative analysis of AFC's strengths and gaps relative to other DFIs and financial institutions, and opportunities for AFC to leverage partnerships; a rapid assessment of AFC's plan to transition into wholesale financing with the target of raising the wholesale lending portfolio from 10% to 65% as stated in the Strategic Plan for the period 2023-2027; and, the related risk management and organizational implications.

- 3.3.** Conduct a review of AFC's emerging Environmental & Social Management System (ESMS) with a focus on smallholders, climate-smart agriculture and gender. This should include an assessment of AFC's current impact monitoring and measurement framework, and the identification of gaps and capacity required to establish a robust measurement framework that aligns with relevant SDG targets and that enhance AFC's ability to report and monitor its sustainable financing interventions.
- 3.4.** Conduct an analysis of the proposed merger with the Commodities Fund and see how this would affect AFC's ability to attract external financing. Review the new organization of AFC suggested by the National Treasury and see if it must be adapted to maintain the objective of external financing.
- 3.5.** Conduct a review of the policy, legal and regulatory framework with a view to identify potential reforms consistent with AFC's current and future role as a recognized entity capable of attracting and deploying sustainability-linked financing in the agricultural sector.
- 3.6.** Based on the findings from the market analysis, institutional and capacity assessment and legal and regulatory review, conduct a benefit and feasibility analysis of candidate accreditation standards/sustainability certification frameworks and recommend a suitable and appropriate status and governance framework (including rules for appointment, board management, decision-making and autonomy...), to facilitate partnerships between AFC and sustainability-orientated investors in line with identified market opportunities and gaps.
- 3.7.** Based on the gap analysis, market, institutional and legal review, develop:
 - a) A comprehensive action plan to address, amongst others, the institutional, governance, operational and supervisory gaps identified in the gap analysis, including the resources and capacity required to make meaningful and viable progress towards a sustainable DFI in the agricultural sector.
 - b) A comprehensive Green Finance and Sustainability Strategy for AFC, integrating climate-related opportunities, risks, monitoring, evaluation, and reporting frameworks. This should be in line with the accreditation standard/sustainability certification identified in 3.6 above.

4. DELIVERABLES

PHASE 1:

- 4.1.** *Inception report* – setting out the proposed methodology to be followed, timelines for delivery, plan for stakeholder engagement, and key policy issues that need to be agreed on from the outset. The inception report should not be framed so much in the traditional sense of expressing an understanding of

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the TOR. Rather, it should contain the key areas of focus, gaps, advice that needs to be considered from the outset. It should be accompanied by a work plan detailing the time to be taken. There will be a draft inception report, and once comments are incorporated, a final version. In preparing the work plan, the consultant will factor in two workshops (kick off and final validation workshop) and ten working days for stakeholder feedback to the draft report.

- 4.2. Market analysis report**
- 4.3. Institutional, governance and capacity assessment and regulatory review report:** a comprehensive and detailed report covering all aspects of phase 1 of the scope of work under these Terms of Reference.
- 4.4. Comprehensive action plan and a green finance and sustainability strategy** that integrates green and sustainable financing principles across AFC operations.
- 4.5. Description of the programme of Capacity building and knowledge transfer**
- 4.6. Roadmap for accreditation/certification**
- 4.7. Periodic implementation reports and briefs detailing the actions implemented.**

NOTE: Submission of the stated deliverables (drafts and final versions) shall follow AFD's standard governance process, including the presentation of draft outputs to AFD management and validation sessions with key stakeholders. These sessions shall be jointly organized by the consultant, AFC, and AFD. The schedule of meetings for presentation and validation of the draft outputs will be agreed upon during the inception stage.

5. CONDUCT OF THE WORK

The consultants will be contracted by FSD Kenya on behalf of AFC. While reporting to FSD Kenya on a contractual basis, the consultant shall consider AFC as the ultimate and principal client. The assignment will require direct and regular engagement with the AFC Managing Director and the relevant members of the management team.

The consultant will be reporting jointly to a steering committee chaired the AFC Managing Director with representation from the RK-FINFA Project, AFD and FSD Kenya. The frequency of check-in and reporting meetings will be established at the inception phase of this assignment. There will be regular engagements with other key agencies (notably National Treasury, the Ministry of Agriculture, the Central Bank of Kenya and the other relevant stakeholders), at a senior level. These engagements will be crucial as work progresses in order to keep validating the work, address emerging concerns and ensure strong buy-in. The consultants will be expected to draw from previous and on-going relevant work undertaken by IFAD, AFD, AFC and FSD Kenya and other institutions to avoid duplication and leverage synergies. There will be combination of desk-based work at the initial stage but this will quickly transit to regular and intensive in-country visits. All reports and background work provided by FSD Kenya must not held confidentially and should be circulated to any other parties, unless with prior written approval from FSD. AFC as the end client and FSD Kenya as the contracting entity will jointly sign off on all the deliverables as listed in these Terms of Reference to facilitate payment by FSD Kenya.

The assignment shall be implemented in accordance with the **Project Implementation Manual (PIM)** of the RK-FINFA project, as approved by the Government of Kenya and IFAD in August 2022. Any subsequent revisions of the PIM communicated to AFD and the Project Management Unit (PMU) shall be duly taken into account during execution.

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The **RK-FINFA PMU** and **IFAD** will review all deliverables to ensure alignment with the project's overall framework and complementarity with other RK-FINFA components. **AFD** will be consulted and will provide its **no-objection** on key deliverables, including the Terms of Reference, the inception report, and the Phase 1 outputs.

6. PROCUREMENT PROCESS

FSD Kenya shall conduct all procurement processes related to this assignment on behalf of AFC, in accordance with its internal procurement procedures and with the provisions of the Memorandum of Understanding (MoU) signed in May 2025 between AFD and the National Treasury of the Republic of Kenya. The procurement process shall also comply with AFD's procurement guidelines and ensure that all procedures are fair, transparent, equitable, competitive and cost-effective.

The procurement plan shall be agreed upon among FSD Kenya, AFC, the RK-FINFA Project Management Unit (PMU) and IFAD, to ensure alignment with the RK-FINFA project framework and complementarity with its other components.

AFD shall issue a no-objection on the Terms of Reference prior to the launch of the procurement process and shall be informed of the evaluation results and the proposed contract award. FSD Kenya shall share with AFD the evaluation reports, technical and financial proposals of the selected consultants, and the draft contract for review and feedback where relevant. All procurement documentation and related communications shall be managed in accordance with AFD's requirements for visibility, audit and traceability of expenditures financed under AFD funds

7. REQUIREMENTS

The work under these terms of reference should be conducted by a consultancy firm that meets the following mandatory requirements:

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Mandatory requirements
<p>The firm must have strong demonstrable experience in any of the following areas:</p> <ul style="list-style-type: none"> • Agricultural or development finance • Green and sustainable finance, including climate change mitigation and adaptation strategies, green financing instruments and technical assistance for the attainment of relevant sustainability certification for financial institutions. • Institutional capacity assessments • Organisational gap analysis and transformation
<p>Team qualifications and expertise: Team leader should have an advanced degree in either finance, economics, public policy, agricultural finance, sustainable finance or any related field. The team leader must have led a similar assignment within the last five years. In addition, the firm must provide one or more experts in the following areas:</p> <ul style="list-style-type: none"> • Institutional development expert • Climate/green finance expert, with experience in ESG and sustainable finance • Agricultural finance expert, with expertise in agricultural business modelling • Financial sector governance expert • Other team members with expertise in law, capacity building, agricultural and green finance <p>All experts must have minimum 7 years of relevant experience. All key personnel must always be available for the assignment and provide letters of commitment.</p>
<p>The firm must have undertaken a similar assignment within the last 5 years and must have wide experience in aligning financial institutions with global sustainability standards</p>
<p>Local presence and operations in Kenya will be an added advantage. For international firms, partnerships with firms with local presence and operations in Kenya will be an added advantage.</p>
<p>Consultancy fee and reimbursable fees</p>

Evaluation criteria	
Criteria, sub-criteria, and point system for the evaluation of Technical Proposals	Points
1 Experience of the Firm	
1.1 Minimum 7 years' experience conducting institutional assessments, capacity assessments, or gap analysis for DFIs or financial institutions	10
1.2 Minimum 5 years' experience in climate/green finance, sustainability finance or climate readiness assessments	5
1.3 Proven experience of at least one similar assignment over the last five years.	5
2 Description of Approach and methodology	
2.1 Quality of the proposed technical approach and methodology	20
3 Team composition	
3.1 Qualification and experience of the proposed team. Bidders to include CVs and supporting certifications and relevant recommendation of ALL KEY PERSONNEL. Lead Consultant/team leader: the team leader must possess a minimum advanced degree in either finance, economics, public policy, agricultural finance, sustainable finance or any related field and must have led a similar assignment within the last five years. In addition, the firm should provide one or more experts able to perform the following roles and functions:	20

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	<ul style="list-style-type: none"> • Institutional development expert • Climate/green finance expert, with experience in ESG and sustainable finance • Agricultural finance expert, with expertise in agricultural business modelling • Financial sector governance expert <p>Other team members with expertise in law, capacity building, agricultural and green finance</p>	
4	Delivery schedule	20
4.1	Proposed team and work plan that is realistic and covers the full scope of work and aligns with the TOR deliverables. Bidders must indicate team composition and number of person-days per activity, demonstrating feasibility, logical mapping of expertise to tasks with clear mapping of level of effort per expert.	20
	Total Points for the four (4) technical criteria (St)	80
	The minimum technical score St required to pass for financial proposal to be scored is	65
	<p>Financial Evaluation</p> <p>The formula for determining the financial scores is the following: $FS = 100 \times FL / FP$, in which FS is the financial score, Fm is the lowest price and FP the price of the Proposal under consideration.</p> <p>The weights given to the Technical (T) and Financial (F) Proposals are: T = 80% and F = 20%</p>	20