# **TERMS OF REFERENCE**

**Supporting XXX (the ‘Beneficiary’) to Issue Green Bonds**

**Consultancy Services for Financial diagnostic and Bond Structuring support**

**Country**

**Regional Green Bonds Program for Latin America and the Caribbean**

**(**[**RG-T3368**](http://www.iadb.org/en/projects/project-description-title,1303.html?id=RG-X1244)**)**

1. **Background and Justification**
   1. Green and sustainable bonds are a powerful way to mobilize private capital for climate and sustainability friendly projects and activities. The global market has been soaring in the last five years, with annual issuances going from US$13 billion in 2013 to more than US$150 billion last year. The financial sector and sub-national governments (provinces, municipalities etc.) are by far the largest pool of issuers globally.
   2. Latin America and the Caribbean (LAC) represented less than 5% of issuances last year. Issuances in the region have been mainly from Financial Institutions and concentrated in renewable energy. National Development Banks provide for an important opportunity to leverage and promote the green bond markets, accounting already for about 60% of the region issuances. Other potential governmental entities and players are gradually taking up an important role in the green bond market and could substantially further leverage green investments through bonds, including provinces, municipalities, sovereign or sub-sovereign entities.
   3. One of the objectives of this project is to support NDBs, Sovereign and Sub-sovereign entities in their efforts to raise private funds at adequate maturities in local and international capital markets through the issuance of green bonds. Beneficiaries will receive technical and promotional assistance required to: (i) structure their first green bond issue backed by their existing green loan portfolios, (ii) get the necessary second party independent review and verification of adherence with the chosen set of principles and/or standard; (iii) market those new securities; and (iv) disseminate the results of these experiences and share the lessons learned and best practices among other NDBs and relevant public and private stakeholders in the region
   4. XXX has expressed interest in getting technical and logistical support, in order to structure a first green bond issue to be placed in the national or international markets.
2. **Objectives**

* 1. As part of the initial stage of this process (see point (i) above), the aim of this consultancy is to undertake an initial institutional diagnostic to analyze the feasibility, opportunities and challenges of a fixed income emission from XXX. The output of the consultancy will be used to determine whether a bond issuance of this type for XXX is viable from a financial, legal and regulatory point of view. To this end, the IDB is seeking candidates with knowledge of the International and Domestic financial sectors and fixed income markets.

**Key Activities**

* 1. The selected firm will be required to perform the following activities:

1. Activity 1 – Work with XXX and any other relevant party (such as legal firms, regulatory authorities, investment banks, rating agencies etc.) to understand:

* The institution funding specificities and challenges
* The regulatory opportunities and challenges for XXX to issue a fixed income instrument and the instruments available to XXX
* The emission costs that XXX would have to support
* The rating that XXX could aim at obtaining and the necessity or not of a credit enhancement feature
* The financial viability of (i) a domestic fixed income emission and (ii) an international fixed income emission

1. Activity 2 – Present and discuss the results of this analysis during a workshop organized in XXX headquarters.
2. Activity 3 – Present the outcomes of the study and the workshop in a single report.
3. **Expected Outcome and Deliverables**
   1. The firm shall present:
      1. Its findings of activity 1 during the workshop described in Activity 2
      2. A report described in above Activity 3
4. **Project Schedule and Milestones**
   1. At the beginning of the consultancy the consultancy firm will provide a working plan proposal including a chronogram. This working plan will have to be approved by the IDB and the Beneficiary.
5. **Reporting Requirements**
   1. In order to ensure smooth coordination between the consultancy firm, the Bank and the Beneficiary, the consultancy firm will provide at the beginning of the consultancy, a working plan including a chronogram, to be validated by both the IDB and the Beneficiary.
   2. Regular progress reports will be provided to both the IDB and the Beneficiary, in the format and frequency accorded in working plan.
6. **Acceptance Criteria**
   1. The final version of the framework will be reviewed for approval by both the IDB and the Beneficiary. Both the IDB and the Beneficiary will provide the contact of their staff in charge of approval (see below section 8).
7. **Supervision and Reporting**
   1. Technical responsibility of the consultancy will be in charge of Maria Netto, Financial Markets Lead Spec, IFD/CMF (202.623.2009; [mnetto@iadb.org](mailto:mnetto@iadb.org)), and Maria Tapia, Climate Change Lead Spec, CSD/CCS (202 623-2062; [mtapia@iadb.org](mailto:mtapia@iadb.org)). All the activities of the consultancy will be coordinated with the IDB.
8. **Schedule of Payments**
   1. Payments will be realized as follows:

20% upon signature of the contract

80% upon completion of deliverable 2

* 1. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

**TERMS OF REFERENCE**

**Supporting XXX (the ‘Beneficiary’) to Issue Green Bonds**

**Consultancy Services for Preparation of Green Bond Framework**

**Country**

**Regional Green Bonds Program for Latin America and the Caribbean**

**(RG-T3368)**

1. **Background and Justification**
   1. Green and sustainable bonds are a powerful way to mobilize private capital for climate and sustainability friendly projects and activities. The global market has been soaring in the last five years, with annual issuances going from US$13 billion in 2013 to more than US$150 billion last year. The financial sector and sub-national governments (provinces, municipalities etc.) are by far the largest pool of issuers globally.
   2. Latin America and the Caribbean (LAC) represented less than 5% of issuances last year. Issuances in the region have been mainly from Financial Institutions and concentrated in renewable energy. National Development Banks provide for an important opportunity to leverage and promote the green bond markets, accounting already for about 60% of the region issuances. Other potential governmental entities and players are gradually taking up an important role in the green bond market and could substantially further leverage green investments through bonds, including provinces, municipalities, sovereign or sub-sovereign entities.
   3. One of the objectives of this project is to support NDBs, Sovereign and Sub-sovereign entities in their efforts to raise private funds at adequate maturities in local and international capital markets through the issuance of green bonds. Beneficiaries will receive technical and promotional assistance required to: (i) structure their first green bond issue backed by their existing green loan portfolios, (ii) get the necessary second party independent review and verification of adherence with the chosen set of principles and/or standard; (iii) market those new securities; and (iv) disseminate the results of these experiences and share the lessons learned and best practices among other NDBs and relevant public and private stakeholders in the region
   4. XXX has expressed interest in getting technical and logistical support, in order to structure a first green bond issue to be placed in the national or international markets.
   5. As part of the initial stage of this process (see point (i) above), the aim of this consultancy is to undertake an institutional diagnostic and screening of XXX green loan portfolio and its positive environmental and social impacts, in order to determine a set of loan sub-portfolios susceptible to be securitized through green bond issuances. To this end, the IDB is seeking candidates with knowledge of the financial sector and credit activities (first and second tier), experience in the certification of green bonds and a deep understanding of sustainable development projects or low-carbon market sectors and their environmental outcomes.
2. **Objectives**

* 1. The purpose is to support XXX in: (i) carrying out an analysis of its existing portfolio, in order to determine a potential sub-portfolio susceptible to be securitized through a green bond issuance and (ii) help the beneficiary in preparing a green bond framework in order to facilitate the green bond second party review and certification. The work shall be based on the Green Bond Principles and on the Climate Bonds Standards, when relevant.

1. **Key Activities**
   1. The selected firm will be required to:
   * Perform an institutional diagnostic on XXX activities related to financing climate friendly projects, and the way in which it generates portfolio in this type of projects and operate this line of business.
   * Propose a clear definition of what constitutes the green portfolio and/or eligible green projects, including the inclusion of these definitions in XXX systems for future reference.
   * Carry out an analysis of the existing loan portfolio and determine which segment is considered green under the proposed definition.
   * Carry out an analysis of the existing information systems in order to see how the identification and monitoring of the eligible projects is done or should be done, paving the way to smooth compliance with green bond common reporting requirements.
   * Work jointly with representatives from XXX and ensure capacity is created locally with regards to green portfolio segmentation.
   * Draft the green bond framework to be presented for second party review and/or certification.
2. **Expected Outcome and Deliverables**
   1. The firm shall present:
      1. A draft report including the basis for and findings of the above institutional and portfolio analysis/selection and – when relevant – recommendation for adjustments in XXX information system in order to identify and monitor the green portfolio.
      2. A green bond framework, approved by both XXX and IDB, ready to be submitted to a second party reviewer.
3. **Project Schedule and Milestones**
   1. At the beginning of the consultancy the consultancy firm will provide a working plan proposal including a chronogram. This working plan will have to be approved by the IDB and the Beneficiary.
4. **Reporting Requirements**
   1. In order to ensure smooth coordination between the consultancy firm, the Bank and the Beneficiary, the consultancy firm will provide at the beginning of the consultancy, a working plan including a chronogram, to be validated by both the IDB and the Beneficiary.
   2. Regular progress reports will be provided to both the IDB and the Beneficiary, in the format and frequency accorded in working plan.
5. **Acceptance Criteria**
   1. The final version of the framework will be reviewed for approval by both the IDB and the Beneficiary. Both the IDB and the Beneficiary will provide the contact of their staff in charge of approval (see below section 8).
6. **Supervision and Reporting**
   1. Technical responsibility of the consultancy will be in charge of Maria Netto, Financial Markets Lead Spec, IFD/CMF (202.623.2009; [mnetto@iadb.org](mailto:mnetto@iadb.org)), and Maria Tapia, Climate Change Lead Spec, CSD/CCS (202 623-2062; [mtapia@iadb.org](mailto:mtapia@iadb.org)) All of the activities of the consultancy will be coordinated with the IDB.
7. **Schedule of Payments**
   1. Payments will be realized as follows:

20% upon signature of the contract

40% upon completion of deliverable 1

40% upon completion of deliverable 2

* 1. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

**TERMS OF REFERENCE**

**Supporting XXX (the ‘Beneficiary’) to Issue Green Bonds**

**Consultancy Services for Providing Specialized Second Opinion on the Evaluation and Selection of the Green Portfolio Backing a Green Bond**

**Country**

**Regional Green Bonds Program for Latin America and the Caribbean**

**(RG-T3368)**

1. **Background and Justification**
   1. Green and sustainable bonds are a powerful way to mobilize private capital for climate and sustainability friendly projects and activities. The global market has been soaring in the last five years, with annual issuances going from US$13 billion in 2013 to more than US$150 billion last year. The financial sector and sub-national governments (provinces, municipalities etc.) are by far the largest pool of issuers globally.
   2. Latin America and the Caribbean (LAC) represented less than 5% of issuances last year. Issuances in the region have been mainly from Financial Institutions and concentrated in renewable energy. National Development Banks provide for an important opportunity to leverage and promote the green bond markets, accounting already for about 60% of the region issuances. Other potential governmental entities and players are gradually taking up an important role in the green bond market and could substantially further leverage green investments through bonds, including provinces, municipalities, sovereign or sub-sovereign entities.
   3. In [country], XXXX wants to join the trend and issue a [domestic/international] green bond in the coming weeks. The program supported XXX in the first phases of the projects, portfolio identification, bond structuring, drafting of a green bond framework. A second party opinion on the validity and appropriateness of the procedures undertaken for the bond issuance is now required. This must include a review on the issuer’s process of evaluation of these projects or project categories, the way in which the “greenness” of these projects has been determined, environmental and social standards, etc. The aim of this consultancy is to obtain this second party opinion. To this end, the IDB is seeking a firm with significant experience in LAC on the issuance on green bonds.
2. **Objectives**

* 1. The purpose of this consultancy is to provide an independent assessment of the integrity of the framework, capacity, information and criteria used to structure XXX green bond, which will contribute to reassure investors that the green bond will meet their requirements.

1. **Key Activities**
   1. The selected firm will be required to provide an independent review of the set of activities (upon request) related to the development and placement of the bonds, which may include one or a combination of the following:
   * Assessment of the issuer ‘s sustainability performance
   * Revision of use of proceeds criteria, management and reporting commitments
   * Review of the transparency and accuracy of the procedures for selecting projects-associated loans to be included in the bond
   * Qualitative assessment of the portfolio and verification of alignment with Green Bond Principles and – if relevant – with Climate Bond Standards
   * ESG analysis of the bond and its issuer
2. **Expected Outcome and Deliverables**
   1. The firm shall present an independent second party opinion report. Public disclosure of the report by the firm will be subject to authorization by the beneficiary.
3. **Project Schedule and Milestones**
   1. At the beginning of the consultancy the consultancy firm will provide a working plan proposal including a chronogram. This working plan will have to be approved by the IDB and the Beneficiary.
4. **Reporting Requirements**
   1. In order to ensure smooth coordination between the consultancy firm, the Bank and the Beneficiary, the consultancy firm will provide at the beginning of the consultancy, a working plan including a chronogram, to be validated by both the IDB and the Beneficiary.
   2. Regular progress reports will be provided to both the IDB and the Beneficiary, in the format and frequency accorded in working plan.
5. **Acceptance Criteria**
   1. The final version of the independent second party opinion report will be reviewed for approval by both the IDB and the Beneficiary. Public disclosure of the report by the firm will be subject to authorization by the Beneficiary. Both the IDB and the Beneficiary will provide the contact of their staff in charge of approval (see below section 7).
6. **Supervision and Reporting**
   1. Technical responsibility of the consultancy will be in charge of Enrique Nieto Ituarte, Financial Markets Lead Spec, IFD/CMF (202.623.2340; enriquen@iadb.org) and Maria Netto, Financial Markets Lead Spec, IFD/CMF (202.623.2009; mnetto@iadb.org), with support from Isabelle Braly-Cartillier, IFD/CMF (202.623.3409; isabelleb@iadb.org). All the activities of the consultancy will be coordinated with the IDB.
7. **Schedule of Payments**
   1. Payment will be realized in one transaction, for 100% of the contract value, upon delivery and approval by the IDB and the Beneficiary of the final independent second party opinion report.
   2. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

**TERMS OF REFERENCE**

**Developing a Financial Mechanism for green bonds aggregation**

**Consultancy Services for Financial Design and Structuring support**

**Country**

**Regional Green Bonds Program for Latin America and the Caribbean**

**(RG-T3368)**

1. **Background and Justification**
   1. Green and sustainable bonds are a powerful way to mobilize private capital for climate and sustainability friendly projects and activities. The global market has been soaring in the last five years, with annual issuances going from US$13 billion in 2013 to more than US$150 billion last year. The financial sector and sub-national governments (provinces, municipalities etc.) are by far the largest pool of issuers globally.
   2. Latin America and the Caribbean (LAC) represented less than 5% of issuances last year. Issuances in the region have been mainly from Financial Institutions and concentrated in renewable energy. National Development Banks provide for an important opportunity to leverage and promote the green bond markets, accounting already for about 60% of the region issuances. Other potential governmental entities and players are gradually taking up an important role in the green bond market and could substantially further leverage green investments through bonds, including provinces, municipalities, sovereign or sub-sovereign entities.
   3. One of the objectives of this project is to support NDBs, Sovereign and Sub-sovereign entities in their efforts to raise private funds at adequate maturities in local and international capital markets through the issuance of green bonds. Beneficiaries will receive technical and promotional assistance required to: (i) structure their first green bond issue backed by their existing green loan portfolios, (ii) get the necessary second party independent review and verification of adherence with the chosen set of principles and/or standard; (iii) market those new securities; and (iv) disseminate the results of these experiences and share the lessons learned and best practices among other NDBs and relevant public and private stakeholders in the region
   4. The IDB has identified as one of the key barriers for green bonds markets in the LAC region the small size of many potential transactions, especially when originated by sub-national and municipal entities, as well as the high perceived risks from investors.
2. **Objectives**

* 1. To overcome the barrier as per 1.4 on the lack of access to capital markets for many potential issuers in LAC given the small size of their prospective green and sustainable bonds, as well as the high risk perceived by investors, the aim of this consultancy is to undertake an initial institutional diagnostic to analyze the feasibility, opportunities and challenges of designing a new financial mechanism (fund or facility) that the IDB could offer in support to beneficiaries to help them accessing capital markets. The financial mechanism could include structuring, credit enhancement or blended finance instruments that the IDB already regularly implements in SG and NSG transactions.

1. **Key Activities**
   1. The selected firm will be required to perform the following activities:
2. Activity 1 – Work with IDB:

* The funding specificities and processes of the IDB lending and treasury operations, including SG and NSG departments.
* The regulatory opportunities and challenges for the IDB to structure and support the financial mechanism.
* The rating that securities issued by the facility/fund could aim at obtaining and the necessity or not of a credit enhancement feature.
* The financial viability of fund/facility mechanism considering transaction costs and prospective risk/return characteristics of securities to be issued.

1. Activity 2 – Present and discuss the results of this analysis during a workshop organized in IDB headquarters.
2. Activity 3 – Present the outcomes of the study and the workshop in a single report.
3. **Expected Outcome and Deliverables**
   1. The firm shall present:
      1. Its findings of activity 1 during the workshop described in Activity 2
      2. A report described in above Activity 3
4. **Project Schedule and Milestones**
   1. At the beginning of the consultancy the consultancy firm will provide a working plan proposal including a chronogram. This working plan will have to be approved by the IDB.
5. **Reporting Requirements**
   1. In order to ensure smooth coordination between the consultancy firm, the Bank and the Beneficiary, the consultancy firm will provide at the beginning of the consultancy, a working plan including a chronogram, to be validated by the IDB.
   2. Regular progress reports will be provided to the IDB, in the format and frequency accorded in working plan.
6. **Acceptance Criteria**
   1. The final version of the framework will be reviewed for approval by the IDB, that will provide the contact of their staff in charge of approval (see below section 8).
7. **Supervision and Reporting**
   1. Technical responsibility of the consultancy will be in charge of Tapia Bonilla, Maria [mtapia@IADB.ORG](mailto:mtapia@IADB.ORG) and Frisari, Giovanni Leo [giovannif@IADB.ORG](mailto:giovannif@IADB.ORG) All of the activities of the consultancy will be coordinated with the IDB.
8. **Schedule of Payments**
   1. Payments will be realized as follows:

20% upon signature of the contract

80% upon completion of deliverable 2

* 1. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.