

Selection process #

TERMS OF REFERENCE

Consultancy 2. Support in the assessment of institutional capacities and needs for green bond issuance, the identification of the portfolio of eligible projects, and the elaboration of the bond framework, with their respective SPO.

REGIONAL

RG-T4426: Green Bond Initiative for Latin America and the Caribbean

[id number]

[Link to project]

1. Background and justification

- 1.1. Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social, and institutional development in Latin America and the Caribbean (LAC). It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2. During the Finance in Common Summit in Cartagena, Colombia in September 2023, the IDB established partnerships to Scale Up Development of Green Bond Markets, including a Joint Declaration for global enhancement of accountability and transparency to Globalize the GBTP. At the same event, the IDB also joined the Global Green Bond Initiative (GGBI) as Implementing Partner (IP) in LAC by signing a Joint Declaration together with the European Investment Bank (EIB), Cassa Depositi e Prestiti (“CDP”), the Spanish Agency for International Development Cooperation (“AECID”), Compañía Española de Financiación del Desarrollo (“COFIDES”), the European Bank For Reconstruction and Development (“EBRD”), KfW Group and PROPARCO to support strengthen green and sustainability bonds in the region.
- 1.3. The GGBI is part of a larger Sustainable Finance Advisory Hub, under current establishment by the European Commission for low- and middle-income countries, aiming at offering EU expertise and resources to promote cross-border sustainable capital flows. The Hub promotes a conducive environment for sustainable finance and the uptake of sustainability-related instruments. It will function as a single-entry point for demand-driven interventions in sustainable finance with support of the IP on implementing three pillars to facilitate sustainable cross-border financial flows to maximize impact.
- 1.4. The Technical Cooperation (TC) of Sustainable Finance Advisory Hub (RG-T4426) seeks to build a conducive environment for sustainable finance in Latin America and the Caribbean and promote the utilization of sustainability-related instruments with a view to contribute to mobilize financing, considering the regional context, while promoting alignment with international good practice and, to the extent possible, building on EU frameworks and standards, to scale up the mobilization of private capital towards sustainable investments, in support of the SDGs.
- 1.5. The OECD¹ identifies a US\$3.9 trillion annual funding gap for the achievement of Sustainable Development Goals (SDG) in developing countries, while the global financial sector holds US\$379 trillion in assets. Reallocating just 1.1% of these assets could effectively address the funding gap for achieving the SDGs.

¹ OECD. (2022). [Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity](#).

- 1.6. Green and sustainability bonds, mobilizing private capital at scale for high-impact projects, have global issuances totaling US\$2.2 trillion and US\$682 billion each, with a projected potential of US\$4.7 trillion to US\$5.6 trillion by 2035.
- 1.7. The green and sustainability debt market in Latin America and the Caribbean (LAC) is relatively small, representing less than 5% of global figures. Green Bonds issuances in the LAC region reached US\$5.3 billion in 2022, totaling US\$42.4 billion cumulatively, while sustainability bonds reached US\$54.4bn cumulatively.
- 1.8. Green Bonds diversify the investor base, offer flexibility to public sector issuers, and boost the reputation of emerging markets. Sovereign green bonds stimulate market growth and encourage national institutions and corporations to launch their own labelled bonds, resulting in increased issuance volumes (60%) and private external Environmental, Social and Governance (ESG) issuances (25%) three years after implementation.
- 1.9. Understanding the connection between green bonds and gender equality is crucial due to existing gender disparities. While integrating a specific gender project category into green bonds is not feasible, incorporating gender considerations into the framework can align bond proceeds with gender objectives, maximizing returns in the climate investment market.
- 1.10. Transparent disclosure of green bonds' use of proceeds and impacts is crucial. Currently, a limited number of green bonds undergo external verification of impacts and assurance of Use of Proceeds, with significant heterogeneity in post-issuance reporting. Sovereigns play a key role in promoting standards for green bond classifications and verification.
- 1.11. The Inter-American Development Bank Group (IDB) has delivered a holistic technical assistance to over 40 issuers, encompassing both public entities and private organizations, in the issuance of a total of 87 thematic bonds. Support to private entities was facilitated through the IDB Invest.
- 1.12. The IDB launched the Green Bond Transparency Platform (GBTP) in April 2021, promoting harmonization and standardization of reporting practices.
- 1.13. In this context, the IDB seeks to hire a specialized Consulting Firm (CF) to support the assessment of institutional capacities and needs for green bond issuance, the identification of the portfolio of eligible projects, and the elaboration of the bond framework, with their respective SPO.

1. Objectives

- 1.14. The Inter-American Development Bank is looking for an CF to carry out to its clients an analysis of the institutional capacity and capabilities to issue thematic bonds or SLBs, and the identification of the portfolio of activities and projects that may be eligible for the issuance of a green bond according to the principles of green bonds established by ICMA, the taxonomy of the Climate Bond Initiative (CBI) and the taxonomy of the European Union (EU). As well as supporting the elaboration of the framework of reference for green bonds, with its different chapters, complying with best practices and international standards, as appropriate. The consultancy will also provide support throughout the Second Party Opinion (SPO) process.

3. Scope of services and key activities

- 3.1. The CF will hold a launching workshop where it will present its work plan and conduct a training on the requirements and activities of the green bonds.
- 3.2. The CF will perform an institutional diagnostic on the activities and internal capacities of the issuer related to financing green activities and projects.
- 3.3. The CF will propose a clear definition of what constitutes the bond eligible portfolio.
- 3.4. The CF will, where appropriate, carry out an analysis of the existing project portfolio and determine which segment is considered eligible under the proposed definition.
- 3.5. The CF will support the development of the green bond framework, following ICMA principles and market benchmarks.
- 3.6. The CF will support the beneficiary during the second party review.
- 3.7. The CF will work jointly with representatives from the institution and ensure capacity is created locally with regards to eligible portfolio segmentation.
- 3.8. The CF will participate in / organize relevant coordination virtual meetings.

3. Expected outcomes and deliverables

- 3.1. A working plan and chronogram, to be provided and agreed upon within 10 days of the contract signature.
- 3.2. A kick-off workshop (by videoconference) where it will present its work plan and conduct a training on the requirements of the green bond issuances.
- 3.3. Report with the institutional diagnostic on the activities and internal capacities of the issuer related to financing green activities and projects.
- 3.4. Eligible Portfolio Matrix.
- 3.5. Sustainable bond framework, approved by both the institution and IDB, ready to be submitted to a second party reviewer.
- 3.6. Support to institution and the IDB during the process of obtaining the Second Party Opinion.

3. Project Schedule and Milestones

- 3.7. Working plan and chronogram: within 10 days of the contract signature.
- 3.8. The rest of the activities will follow the chronogram agreed.

4. Reporting Requirements

- 4.1. (Define the schedule of deliverables and milestones for this project/contract. It is imperative that all milestones, tasks, and schedule information be as accurate as possible since consulting firms will need to consider these items in their proposals.)

3. Acceptance Criteria

- 4.2. Each deliverable will be reviewed for approval and validated by the IDB Team to be considered complete.
- 4.3. Products, deliverables, and reports will be considered finalized when approved by the IDB Project Team Leader (PTL).
- 4.4. The final outputs will be in English, Spanish or Portuguese if necessary.
- 4.5. Any publication or dissemination of information related to work performed hereunder will be subject to the relevant IDB policies and procedures.

5. Other Requirements

- 5.1. The IDB will be the sole owner of all the products derived from this consultancy, including the rights of reproduction, distribution, diffusion and publication of materials in all Languages. Any academic research project that uses products from this assessment. It must have the authorization of the IDB technical coordinators.

3. Supervision and Reporting

- 5.2. The responsibility of the consultancy will be overseen by the concerned specialist in CMF, ENE, HUD and/or TSP.
- 5.3. All the activities of this consultancy will be coordinated between the IDB Team and the CF.
- 5.4. As specified above in this document, for each project, beneficiary within the scope of this consultancy, reporting mode, frequency will be pre-agreed, between the IDB Team and the CF.

3. Schedule of Payments

- 9.1. Payment terms will be based on project milestones or deliverables.
- 9.2. The IDB does not expect to make advance payments, under consulting contracts unless, a

significant amount of travel is required.

- 9.3. The IDB wishes to receive the most competitive, cost proposal for the services described herein.
- 9.4. The IDB Official Exchange Rate indicated in the RFP, will be applied for necessary conversions of local currency payments.

| Payment Schedule | |
|---|-------------|
| Deliverable | Percentage |
| 1. Work Plan | 10% |
| 2. Report with the institutional diagnostic | 20% |
| 3. Eligible Portfolio Matrix | 25% |
| 4. Draft proposal – Framework | 25% |
| 5. SPO Assistance | 15% |
| TOTAL | 100% |

Selection process #

TERMS OF REFERENCE

Consultancy 3. Second Party Opinion on Thematic Bond Framework and Projects Eligibility for Sustainable Bonds.

REGIONAL

RG-T4426: Green Bond Initiative for Latin America and the Caribbean

[id number]

[Link to project]

1. Background and justification

- 1.1. Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social, and institutional development in Latin America and the Caribbean (LAC). It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2. During the Finance in Common Summit in Cartagena, Colombia in September 2023, the IDB established partnerships to Scale Up Development of Green Bond Markets, including a Joint Declaration for global enhancement of accountability and transparency to Globalize the GBTP. At the same event, the IDB also joined the Global Green Bond Initiative (GGBI) as Implementing Partner (IP) in LAC by signing a Joint Declaration together with the European Investment Bank (EIB), Cassa Depositi e Prestiti (“CDP”), the Spanish Agency for International Development Cooperation (“AECID”), Compañía Española de Financiación del Desarrollo (“COFIDES”), the European Bank For Reconstruction and Development (“EBRD”), KfW Group and PROPARCO to support strengthen green and sustainability bonds in the region.
- 1.3. The GGBI is part of a larger Sustainable Finance Advisory Hub, under current establishment by the European Commission for low- and middle-income countries, aiming at offering EU expertise and resources to promote cross-border sustainable capital flows. The Hub promotes a conducive environment for sustainable finance and the uptake of sustainability-related instruments. It will function as a single-entry point for demand-driven interventions in sustainable finance with support of the IP on implementing three pillars to facilitate sustainable cross-border financial flows to maximize impact.
- 1.4. The Technical Cooperation (TC) of Sustainable Finance Advisory Hub seeks to build a conducive environment for sustainable finance in Latin America and the Caribbean and promote the utilization of sustainability-related instruments with a view to contribute to mobilize financing, considering the regional context, while promoting alignment with international good practice and, to the extent possible, building on EU frameworks and standards, to scale up the mobilization of private capital towards sustainable investments, in support of the SDGs.
- 1.5. The OECD² identifies a US\$3.9 trillion annual funding gap for the achievement of Sustainable Development Goals (SDG) in developing countries, while the global financial sector holds US\$379 trillion in assets. Reallocating just 1.1% of these assets could effectively address the funding gap for achieving the SDGs.
- 1.6. Green and sustainability bonds, mobilizing private capital at scale for high-impact projects, have global issuances totaling US\$2.2 trillion and US\$682 billion each, with a projected potential of

² OECD. (2022). [Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity](#).

- US\$4.7 trillion to US\$5.6 trillion by 2035.
- 1.7. The green and sustainability debt market in Latin America and the Caribbean (LAC) is relatively small, representing less than 5% of global figures. Green Bonds issuances in the LAC region reached US\$5.3 billion in 2022, totaling US\$42.4 billion cumulatively, while sustainability bonds reached US\$54.4bn cumulatively.
 - 1.8. Green Bonds diversify the investor base, offer flexibility to public sector issuers, and boost the reputation of emerging markets. Sovereign green bonds stimulate market growth and encourage national institutions and corporations to launch their own labelled bonds, resulting in increased issuance volumes (60%) and private external Environmental, Social and Governance (ESG) issuances (25%) three years after implementation.
 - 1.9. Understanding the connection between green bonds and gender equality is crucial due to existing gender disparities. While integrating a specific gender project category into green bonds is not feasible, incorporating gender considerations into the framework can align bond proceeds with gender objectives, maximizing returns in the climate investment market.
 - 1.10. Transparent disclosure of green bonds' use of proceeds and impacts is crucial. Currently, a limited number of green bonds undergo external verification of impacts and assurance of Use of Proceeds, with significant heterogeneity in post-issuance reporting. Sovereigns play a key role in promoting standards for green bond classifications and verification.
 - 1.11. The Inter-American Development Bank Group (IDB) has delivered a holistic technical assistance to over 40 issuers, encompassing both public entities and private organizations, in the issuance of a total of 87 thematic bonds. Support to private entities was facilitated through the IDB Invest.
 - 1.12. The IDB launched the Green Bond Transparency Platform (GBTP) in April 2021, promoting harmonization and standardization of reporting practices.
 - 1.13. In this context, the IDB seeks to hire a specialized Consulting Firm (CF) to support the assessment of alignment of the Framework, with the four core components of the Green Bond Principles (GBP) by International Capital Markets Association (ICMA).

2. Objectives

- 2.1. The Inter-American Development Bank is looking for a CF to provide to its clients an independent assessment of the alignment of the framework with the four core components of the GBP by ICMA. It should also confirm the eligibility, of the selected projects and expenditures.

3. Scope of services and key activities

- 3.1. Confirm, review the alignment of the Framework, with the four core components of the GBP.
- 3.2. Review the list of green Bond eligible projects to verify consistency, of eligible categories and expenditures in the Framework to the GBP.
- 3.3. Confirm that the selected projects, expenditures are expected to have a positive environmental impact.
- 3.4. Disclose the opinion on a publicly available platform, as agreed with the Beneficiary in English and Spanish.
- 3.5. Coordinate pre, post-issuance media outreach with the IDB, the Beneficiary per agreed communication strategy.
- 3.6. All the activities of the consultancy will be coordinated with the IDB.

4. Expected outcomes and deliverables

The CF will deliver a final SPO confirming the environmental benefits of the selected projects, the alignment of Green Bond Framework, with investor expectations, international best practices. Public disclosure of the report by the CF will be subject to authorization by the IDB.

- 4.1. A working plan and chronogram, to be provided and agreed upon within 10 days of the contract signature.
- 4.2. Draft version of the SPO.
- 4.3. Final version of the SPO in English and Spanish.

5. Technical requirements

- 5.1. The CF must have extensive knowledge of the socio-economic, political context of LAC. Knowledge, comprehensive understanding of public enterprises budgets in LAC countries will be considered a plus.
- 5.2. The CF must have significant years of experience in reviewing, providing second opinions, verifying the Green, Social, Sustainable Bond Frameworks of a wide variety of issuers, including sovereigns, development banks, private sector issuers, municipalities, public enterprises, multilateral institutions, in a variety of markets, including new and emerging markets.
- 5.3. CF must provide evidence of specific work experience similar to that consultancy and providing SPO. CF with track record of providing SPO for sovereign issuers in Emerging Markets and LAC are preferred.

6. Project Schedule and Milestones

- 6.1. Working plan and chronogram: within 10 days of the contract signature.
- 6.2. The rest of the activities will follow the chronogram agreed.

7. Acceptance Criteria

- 7.1. Each deliverable will be reviewed for approval, validated by the IDB Team to be considered complete.
- 7.2. Products, deliverables, reports will be considered finalized, when approved by the IDB Project Team Leader (PTL).
- 7.3. The final outputs will be in English, Spanish, or Portuguese if necessary.
- 7.4. Any publication, dissemination of information, related to work performed hereunder, will be subject to the relevant IDB policies and procedures.

8. Other Requirements

Spanish or Portuguese read, written, spoken in members of the CF is a must.

- 8.1. The CF must include in the work plan the delivery of the SPO in the languages required (English and Spanish or Portuguese).
- 8.2. The organization and personnel management, role of each one and required time according with the activities must include on the work plan.
- 8.3. CF must provide evidence of the years of experience of the team leader and rest of the team regarding similar works and providing SPO in the languages required, as well as, in the LAC region.
- 8.4. The CF should be aligned with the ICMA Guidelines for External Verifiers.
- 8.5. The CF should be able to start work immediately, upon signature of the contract, complete the work within an agreed time. The IDB, Beneficiary and the CF will mutually agree on the start date.
- 8.6. The CF will adhere to strict confidentiality standards, in relation to information shared by the issuer.
- 8.7. Work will be undertaken remotely, participating in meetings as necessary, by video conference facilities.
- 8.8. The final SPO must be delivered no later than 5 weeks after IDB request.
- 8.9. The selected CF must commit to have a team available, to work on the assignment starting at least 2 weeks following the Task Order signature of both parties.
- 8.10. The Selected CF must assign a focal point to attend IDB requests.

9. Supervision and Reporting

- 9.1. The responsibility of the consultancy will be The responsibility of the consultancy will be overseen by the concerned specialist in CMF, ENE, HUD and/or TSP.
- 9.2. All the activities of this consultancy will be coordinated between the IDB Team and the CF.
- 9.3. As specified above in this document, for each project, beneficiary within the scope of this consultancy, reporting mode, frequency will be pre-agreed, between the IDB Team and the CF.

10. Schedule of Payments

- 10.1. Payment terms will be based on project milestones or deliverables.
- 10.2. The IDB does not expect to make advance payments, under consulting contracts unless, a significant amount of travel is required.
- 10.3. The IDB wishes to receive the most competitive, cost proposal for the services described herein.
- 10.4. The IDB Official Exchange Rate indicated in the RFP, will be applied for necessary conversions of local currency payments.

| <i>DELIVERABLE</i> | % |
|--|-------------|
| <i>Paid upon delivery and IDB approval for final SPO report in English and Spanish</i> | 100% |
| TOTAL | 100% |

Selection process #

TERMS OF REFERENCE

Consultancy 4. Support the preparation and implementation of green bond issuances - External Reviews, Post-issuance Reports and Assurance verifications.

REGIONAL

RG-T4426: Green Bond Initiative for Latin America and the Caribbean

[id number]

[Link to project]

1. Background and Justification

- 1.1. Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social, and institutional development in Latin America and the Caribbean (LAC). It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2. During the Finance in Common Summit in Cartagena, Colombia in September 2023, the IDB established partnerships to Scale Up Development of Green Bond Markets, including a Joint Declaration for global enhancement of accountability and transparency to Globalize the GBTP. At the same event, the IDB also joined the Global Green Bond Initiative (GGBI) as Implementing Partner (IP) in LAC by signing a Joint Declaration together with the European Investment Bank (EIB), Cassa Depositi e Prestiti (“CDP”), the Spanish Agency for International Development Cooperation (“AECID”), Compañía Española de Financiación del Desarrollo (“COFIDES”), the European Bank For Reconstruction and Development (“EBRD”), KfW Group and PROPARCO to support strengthen green and sustainability bonds in the region.
- 1.3. The GGBI is part of a larger Sustainable Finance Advisory Hub, under current establishment by the European Commission for low- and middle-income countries, aiming at offering EU expertise and resources to promote cross-border sustainable capital flows. The Hub promotes a conducive environment for sustainable finance and the uptake of sustainability-related instruments. It will function as a single-entry point for demand-driven interventions in sustainable finance with support of the IP on implementing three pillars to facilitate sustainable cross-border financial flows to maximize impact.
- 1.4. The Technical Cooperation (TC) of Sustainable Finance Advisory Hub seeks to build a conducive environment for sustainable finance in Latin America and the Caribbean and promote the utilization of sustainability-related instruments with a view to contribute to mobilize financing, considering the regional context, while promoting alignment with international good practice and, to the extent possible, building on EU frameworks and standards, to scale up the mobilization of private capital towards sustainable investments, in support of the SDGs.
- 1.5. The OECD³ identifies a US\$3.9 trillion annual funding gap for the achievement of Sustainable Development Goals (SDG) in developing countries, while the global financial sector holds US\$379 trillion in assets. Reallocating just 1.1% of these assets could effectively address the funding gap for achieving the SDGs.

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- 1.6. Green and sustainability bonds, mobilizing private capital at scale for high-impact projects, have global issuances totaling US\$2.2 trillion and US\$682 billion each, with a projected potential of US\$4.7 trillion to US\$5.6 trillion by 2035.
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- 1.9. Understanding the connection between green bonds and gender equality is crucial due to existing gender disparities. While integrating a specific gender project category into green bonds is not feasible, incorporating gender considerations into the framework can align bond proceeds with gender objectives, maximizing returns in the climate investment market.
- 1.10. Transparent disclosure of green bonds' use of proceeds and impacts is crucial. Currently, a limited number of green bonds undergo external verification of impacts and assurance of Use of Proceeds, with significant heterogeneity in post-issuance reporting. Sovereigns play a key role in promoting standards for green bond classifications and verification.
- 1.11. The Inter-American Development Bank Group (IDB) has delivered a holistic technical assistance to over 40 issuers, encompassing both public entities and private organizations, in the issuance of a total of 87 thematic bonds. Support to private entities was facilitated through the IDB Invest.
- 1.12. The IDB launched the Green Bond Transparency Platform (GBTP) in April 2021, promoting harmonization and standardization of reporting practices.
- 1.13. Issuing a bond is just the first step in the journey of developing and fostering sustainable finance. As highlighted, it is essential to ensure that the funds are correctly allocated to the intended objectives. The post-issuance process involves guaranteeing the allocation of resources, as well as monitoring and proving the expected positive socio-environmental impacts. In this context, the IDB seeks to hire a specialized consultancy to support in building the resource allocation report from the sustainable issuance, as well as their first impact report, also related to the same issuance.

2. Objectives

- 2.1. The objective of this consultancy is to provide technical support to the ISSUER in preparing the allocation and impact reports for the sustainable thematic issuance conducted in DATE. The main objectives include: (i) analyzing international best practices; (ii) providing technical support in preparing the allocation and impact reports; and (iii) supporting the external verification process and ensuring compliance for disclosure.

3. Scope of Services

- 3.1. The IDB requests a proposal for specialized technical consultancy as indicated in the objective. The service execution will be divided into three phases: (i) Conduct international benchmarking to identify best practices; (ii) Construct allocation and impact reports, in continuous partnership with the ISSUER team; and (iii) Support the external verification process and enable the reporting of information on standardized platforms according to specific templates and models.

4. Expected Activities

- 4.1. The selected company must execute the project according to the plan and the activities listed below:

4.2. Preliminary Phase. Present a detailed schedule for activity execution

4.3. First Phase - Benchmarking of reports from other sovereign issuances

- 4.3.1. Analyze and compare up to 10 examples of issuance reports, including their scopes, content, and presentation formats.
- 4.3.2. Prepare and conduct a virtual meeting to present the benchmark to the working group, aiming to collect perceptions and suggestions for the structure of the Brazilian issuance report.

5. Second Phase – Construction of allocation and impact reports

- 5.1.1. Preparation for the reporting process
- 5.1.2. Conduct an initial virtual training to cover the report's scope, importance, data collection schedule, and expected involvement of Ministries.
- 5.1.3. Conduct virtual update and follow-up meetings on data collection and report preparation with, aiming to clarify common doubts and support the process.

6. Allocation Report Preparation

- 6.1. Develop a proposed structure for the report, including a summary and a list of contents to be included.
- 6.2. Validate the structure with the working group.

6.3. Financial Data Allocation

- 6.4. Based on the survey conducted during the framework construction, review the existing portfolio identify expenses eligible for allocation. As the allocation is virtual, a retroactive exercise will be conducted to identify budget actions that align with the framework's criteria and indicative allocation thresholds. As outlined in the framework, allocation data will include:
- 6.5. Amount disbursed per expenditure category, in line with the "Use of Proceeds" section of the framework, both in absolute terms (US\$) and relative terms (% of the total bond).
- 6.6. Amount disbursed by nature of expenditure (current expenses, investments, and financial investments), both in absolute terms (US\$) and relative terms (% of the total bond).
- 6.7. Amount disbursed for recent (reimbursement) and current expenses, both in absolute terms (US\$) and relative terms (% of the total bond).
- 6.8. Amount disbursed per expenditure category in relation to the total expenses associated with other funding sources (%), identifying the proportion of co-financing.
- 6.9. - Remaining balance of unallocated liquid resources, both in absolute terms (US\$) and relative terms (% of the total bond).
- 6.10. - Consolidate allocation data in a spreadsheet with graphical visualizations.
- 6.11. - Present the portfolio's executed expense data to the working group to define the possible virtual allocation composition (e.g., how many US\$ and % will be environmental or social expenses, and which budgetary actions or programs will be included).
- 6.12. - Based on the virtual allocation validation, structure the financial data of the selected programs and actions, organizing the numbers, and writing the main results.

Impact Report Preparation

- 6.13. - (Non-financial data on the benefits associated with allocation)
- 6.14. - Review the information collection spreadsheet related to impact indicators already prepared by the Treasury.
- 6.15. - Support in contacting Ministries to request data related to impact indicators associated with the selected budgetary programs and actions. The Ministries will assess the availability of data for the

- indicators suggested in the framework, signaling to the consultancy the existence/limitations/timeframe. As outlined in the framework, impact information should include:
- 6.16. - Qualitative information about the impacts and results associated with the disbursed amount for each expenditure category, according to the "use of proceeds" section of the framework.
 - 6.17. - Quantitative information about the impacts and results associated with the disbursed amount for each expenditure category. At least one quantitative indicator will be reported per activity category. Examples of indicators to be used in this report can be found in Table 3 of the framework.
 - 6.18. - Information related to the compliance of expenses with the eligibility criteria outlined in the "use of proceeds" section of the framework.

Third Phase – External Verification and GBTP Reporting

- 6.19. Support during the external verification of the allocation report
- 6.20. Assist in the external evaluation process, participating in meetings and reviewing information

5. Expected Deliverables

- 6.21. P-1: Project execution schedule
- 6.22. P-2: Allocation Report
- 6.23. P-3: Impact Report
- 6.24. P-4: Published external opinion and information posted on the GBTP

6. Project Schedule and Milestones

- 6.25. At the beginning of the consultancy, the selected company will provide a proposed work plan, including a project schedule and milestones. This work plan must be approved by the IDB and the beneficiary.

7. Reporting Requirements

- 6.26. Final products must be presented to the IDB and the beneficiary according to the project schedule and in the format agreed upon in the work plan.

8. Acceptance Criteria

- 6.27. All final products will be open for review and comments by the beneficiary and the IDB. They will be considered accepted when the comments made are formally accepted by both parties.

9. Supervision and Reporting

- 6.28. The beneficiary, through the designated technical focal point, will be responsible for presenting all documents requested by the selected company for the consultancy services execution. Before presenting the documents, the beneficiary agrees that the contractor must sign a Confidentiality Agreement, committing to maintaining the confidentiality of the work and handling information considered confidential.

- 6.29. The responsibility of the consultancy will be overseen by the concerned specialist in CMF, ENE, HUD and/or TSP.

10. Payment Schedule

- 6.30. Payment conditions will be based on the project stages and the results achieved. The amounts will be paid within 30 calendar days after delivering the reports indicated in item 5. The official IDB exchange rate indicated in the RFP will be applied for the necessary payment conversions to local currency.

| Payment Schedule | |
|---------------------|-------------|
| <i>Deliverables</i> | % |
| P1 | 20% |
| P2 | 30% |
| P3 | 30% |
| P4 | 20% |
| TOTAL | 100% |

TERMS OF REFERENCE

Consultancy 1. Support the Capacity Building and Innovation for Green Bond markets Development (4 packages, multiple clients)

RG-T4426 “Green Bond Initiative for Latin America and the Caribbean”

1. Background and justification

- 1.1 Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social, and institutional development in Latin America and the Caribbean (LAC). It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2 During the Finance in Common Summit in Cartagena, Colombia in September 2023, the IDB established partnerships to Scale Up Development of Green Bond Markets, including a Joint Declaration for global enhancement of accountability and transparency to Globalize the GBTP. At the same event, the IDB also joined the Global Green Bond Initiative (GGBI) as Implementing Partner (IP) in LAC by signing a Joint Declaration together with the European Investment Bank (EIB), Cassa Depositi e Prestiti (“CDP”), the Spanish Agency for International Development Cooperation (“AECID”), Compañía Española de Financiación del Desarrollo (“COFIDES”), the European Bank For Reconstruction and Development (“EBRD”), KfW Group and PROPARCO to support strengthen green and sustainability bonds in the region.
- 1.3 The GGBI is part of a larger Sustainable Finance Advisory Hub, under current establishment by the European Commission for low- and middle-income countries, aiming at offering EU expertise and resources to promote cross-border sustainable capital flows. The Hub promotes a conducive environment for sustainable finance and the uptake of sustainability-related instruments. It will function as a single-entry point for demand-driven interventions in sustainable finance with support of the IP on implementing three pillars to facilitate sustainable cross-border financial flows to maximize impact.
- 1.4 The Technical Cooperation (TC) of Sustainable Finance Advisory Hub (RG-T446) seeks to build a conducive environment for sustainable finance in Latin America and the Caribbean and promote the utilization of sustainability-related instruments with a view to contribute to mobilize financing, considering the regional context, while promoting alignment with international good practice and, to the extent possible, building on EU frameworks and standards, to scale up the mobilization of private capital towards sustainable investments, in support of the SDGs.
- 1.5 The OECD⁴ identifies a US\$3.9 trillion annual funding gap for the achievement of Sustainable Development Goals (SDG) in developing countries, while the global financial sector holds US\$379 trillion in assets. Reallocating just 1.1% of these assets could effectively address the funding gap for achieving the SDGs.
- 1.6 Green and sustainability bonds, mobilizing private capital at scale for high-impact projects, have global issuances totaling US\$2.2 trillion and US\$682 billion each, with a projected potential of US\$4.7 trillion to US\$5.6 trillion by 2035.
- 1.7 The green and sustainability debt market in Latin America and the Caribbean (LAC) is relatively small, representing less than 5% of global figures. Green Bonds issuances in the LAC region reached US\$5.3 billion in 2022, totaling US\$42.4 billion cumulatively, while sustainability bonds reached US\$54.4bn cumulatively.
- 1.8 Green Bonds diversify the investor base, offer flexibility to public sector issuers, and boost the reputation of emerging markets. Sovereign green bonds stimulate market growth and encourage national institutions and corporations to launch their own labelled bonds, resulting in increased issuance volumes (60%) and private external Environmental, Social and Governance (ESG) issuances (25%) three years after implementation.

⁴ OECD. (2022). [Global Outlook on Financing for Sustainable Development 2023: No Sustainability Without Equity](#).

- 1.9 Understanding the connection between green bonds and gender equality is crucial due to existing gender disparities. While integrating a specific gender project category into green bonds is not feasible, incorporating gender considerations into the framework can align bond proceeds with gender objectives, maximizing returns in the climate investment market.
- 1.10 Transparent disclosure of green bonds' use of proceeds and impacts is crucial. Currently, a limited number of green bonds undergo external verification of impacts and assurance of Use of Proceeds, with significant heterogeneity in post-issuance reporting. Sovereigns play a key role in promoting standards for green bond classifications and verification.
- 1.11 The Inter-American Development Bank Group (IDB) has delivered a holistic technical assistance to over 40 issuers, encompassing both public entities and private organizations, in the issuance of a total of 87 thematic bonds. Support to private entities was facilitated through the IDB Invest.
- 1.12 The IDB launched the Green Bond Transparency Platform (GBTP) in April 2021, promoting harmonization and standardization of reporting practices.
- 1.13 In this context, the IDB seeks to hire a specialized Consulting Firm (CF) to support the Capacity Building and Innovation for Green Bond markets Development.

2 Objectives

Contribute to strengthen LAC's public and private sector capabilities, build local expertise, engage stakeholders effectively to enter the green bonds market, and reduce reporting burden, by i) supporting local stock exchanges to develop training programs for green and sustainable bonds issuers involving the participation of relevant stakeholders. ii) Organize dedicated roundtables with key stakeholders, including local and international stock exchanges to share lessons learned in origination, best practices in reporting, and incentive strategies for issuers to adopt best practices in issuing bonds through knowledge exchange events.

3 Key activities

3.1 Kick off and strategy

Organize a kick-off meeting to align objectives and expectations in collaboration with the IDB teams. Working plan and chronogram will be agreed by all parties after the kick-off meeting.

Design a detailed strategy that contributes to: i) Raising awareness of the market and requirements, ii) Improve pre-issuance and reporting readiness of potential issuers, and iii) disseminate policy and market relevant knowledge. Ensure that the activities developed are aligned with the results matrix and targets.

3.2 Trainings

Facilitate the provision of training by standard and guidelines setters. This activity will facilitate online and in person synchronic certified trainings and contribute to a design that is tailored made to the LAC region context, by standard setting institutions and other main actors in the market. Trainings to be delivered under this activity may be focused on Green Bonds principles and reporting, and Taxonomies, depending on the demand of potential public sector issuers in the region. This activity will be delivered with the collaboration of key partners such as the Climate Bonds Initiative (CBI) or International Capital Market Association (ICMA).

Coordinate all logistical activities needed for a successful implementation of activities, in coordination with the IDB.

Implement post training surveys to collect insight directly from participants and develop a final report with learning outcomes and lessons learned for future similar trainings.

3.3 High level dialogues

Create an in-person high level open forum to promote high level policy dialogue on sustainable finance and green bonds and new issuances in the region. This activity would support the development of documents with recommendations on green financing in the Americas or other relevant topics.

Translate all materials to Spanish and English.

3.4 Monitoring and reporting

To ensure a proper execution of the consultancy organize recurrent meetings including, midterm and final review meetings/conferences with the IDB for each of the phases contemplated in the design and implementation of the component 3.

Fulfill all the annual and periodical monitoring requirements established by the Bank.

4 Expected Outcome and Deliverables

- 4.1 Final version of the work plan and strategy for implementation incorporating all feedback received from the IDB Team;
- 4.2 Training programs delivered;
- 4.3 High level dialogue facilitated;
- 4.4 Final reports delivered and approved.

5 Project Schedule and Milestones

| Deliverable |
|---|
| <i>Final version of the work plan and strategy for implementation incorporating all feedback received from the IDB Team</i> |
| <i>Training programs delivered</i> |
| <i>High level dialogue facilitated</i> |
| <i>Annual and final reports delivered and approved</i> |

6. Project Schedule and Milestones

- 6.1. The CF will provide a work plan, interim report for approval and discussion by the IDB Green

Team.

- 6.2. Milestones to be developed will be included, in the complete proposal, will be revised in a kick of meeting with the IDB Green Team.

7. Acceptance Criteria

- 7.1. Each deliverable will be reviewed for approval, validated by the IDB Team to be considered complete.
- 7.2. Products, deliverables, reports will be considered finalized, when approved by the IDB Project Team Leader (PTL).
- 7.3. The final outputs will be in English, Spanish or Portuguese if necessary.
- 7.4. Any publication, dissemination of information, related to work performed hereunder, will be subject to the relevant IDB policies and procedures.

8. Supervision and Reporting

- 8.1. 5.2. The responsibility of the consultancy will be overseen by the concerned specialist in CMF, ENE, HUD and/or TSP.
- 8.2. All the activities of this consultancy will be coordinated between the IDB Team and the CF.
- 8.3. As specified above in this document, for each project, beneficiary within the scope of this consultancy, reporting mode, frequency will be pre-agreed, between the IDB Team and the CF.

9. Schedule of Payments

- 9.1. Payment terms will be based on project milestones or deliverables.
- 9.2. The IDB does not expect to make advance payments, under consulting contracts unless, a significant amount of travel is required.
- 9.3. The IDB wishes to receive the most competitive, cost proposal for the services described herein.
- 9.4. The IDB Official Exchange Rate indicated in the RFP, will be applied for necessary conversions of local currency payments.

| Payment Schedule | |
|---|----------|
| <i>Deliverable</i> | % |
| <i>Final version of the work plan and strategy for implementation incorporating all feedback received from the IDB Team</i> | 10% |
| <i>Training programs delivered</i> | 40% |
| <i>High level dialogue facilitated</i> | 30% |
| <i>Annual report delivered and approved</i> | 20% |