

## Technical Cooperation Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Supporting Bond Issuance in Latin America and the Caribbean in the framework of the European Union Global Green Bond Initiative
▪ TC Number:	RG-T4426
▪ Team Leader/Members:	Gallego Lizon, Tatiana (CSD/HUD) Team Leader; Braly-Cartillier, Isabelle Frederique (GPS/REM) Alternate Team Leader; Vasa, Alexander (IFD/CMF) Alternate Team Leader; Pomenta Bastidas, Patricia Elena (GPS/GCM); Fioravanti, Reinaldo Daniel (INE/TSP); Aleman, Marco Andres (VPC/FMP); Avila, Francy Dianela (CSD/HUD); Bernal Gonzalez Jonathan David (INE/TSP); Pineda Herrera Claudia Valeria (GPS/GCM); Dunbar, Gregory A (VPC/FMP); Marquez Cardenas Valentina (IFD/CMF); Gomez, Juan Carlos (CSD/CCS); Alarcon, Arturo (INE/ENE); Ariza Donado, Natalia (INE/TSP); Vila Saint Etienne, Sara (LEG/SGO); Chavez, Elizabeth (CSD/CSD); Leyva Munoz, Cesar (CSD/CSD); De Barros Torres Gabriel (CSD/HUD)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Governments and Sub-National Governments, State-Owned Enterprises (including public utilities), Public Development Banks (PDBs), and other public institutions from IDB borrowing member countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	European Commission Amended and Restated Framework Agreement(ECR)
▪ IDB Funding Requested: <sup>1</sup>	US\$3,286,824.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (including Execution):	48 months
▪ Required start date:	December 15th, 2025
▪ Types of consultants:	Firms and/or individual consultants
▪ Prepared by Unit:	CSD/HUD-Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CSD/HUD-Housing & Urban Development
▪ TC included in Country Strategy:	No
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Gender equality; Productive development and innovation through the private sector; Institutional capacity, rule of law, and citizen security; Transparency and integrity

<sup>1</sup> The European Commission will contribute EURO €3,000,000 equivalent to US\$3,516,900 (US\$3,286,824.40 direct costs plus US\$230,075.60 IDB administrative fee) to this TC, at the [InfoEuro](#) monthly exchange rate for 2025-10-12. These will be administered by the Bank as non-reimbursable financing for a Project Specific Grant (PSG), in accordance with document SC-114 and according to the terms of the Financial Framework Partnership Agreement (FFPA) between the European Commission and the IDB, dated September 29, 2020 (GN-2605-5).

## II. Objectives and Justification of the TC

- 2.1 **Justification.** The Organization for Economic Cooperation and Development (OECD)<sup>2</sup> identifies a US\$3.9 trillion annual funding gap for the achievement of Sustainable Development Goals (SDG)<sup>3</sup> in developing countries, while the global financial sector holds US\$379 trillion in assets. Reallocating just 1.1% of these assets held by banks, institutional investors or asset managers could effectively address the funding gap for achieving the SDGs.<sup>4</sup>
- 2.2 Bond issuance increases the supply of tradable securities, making the debt capital market more liquid. They also diversify funding sources, strengthening financial stability and resilience in the economy. Bonds can promote long term financing, enabling companies and governments to secure long-term funding for infrastructure, housing, and development projects, which is essential for economic growth. Successful bond issuances signal financial maturity and transparency, improving confidence in the issuer and the market as a whole.
- 2.3 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. Green and sustainability bonds diversify the investor base, offer flexibility to public sector issuers, and boost the reputation of emerging markets.<sup>5</sup> 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.<sup>6</sup>
- 2.4 While green and sustainability bonds remain a niche segment globally, they have seen notable expansion in the Latin America and Caribbean (LAC) region, broadening beyond traditional sectors such as energy and agriculture, to include real estate, infrastructure, forestry and transportation. This trend is reflected in the growing participation of state-owned enterprises—such as Mexico’s *Comisión Federal de Electricidad* or Chile’s *Metro de Santiago*—and Public-Private companies like Peru’s *Energía Eólica S.A.*, which are actively pursuing green financing through bond issuance.
- 2.5 Municipalities and regions across LAC are increasingly leveraging green and sustainable bonds to finance local investments in priority sectors such as transportation and water and wastewater infrastructure. In 2016, Mexico City issued the first municipal green bond in the region—valued at MXN 1 billion—to support projects in transport, water, and energy efficiency. This was followed by similar issuances from Buenos Aires City (2017), Córdoba (2022), and Mendoza (2024). At the regional level, several Argentinian provinces—including Jujuy (2017), Mendoza (2021), Buenos Aires (2021), Neuquén (2023), and Santa Fe (2024)—have explored green and sustainable bond issuance to finance initiatives in energy, water, social housing, urban mobility, and flood resilience. Additionally, state-level utility companies such as SABESP (São Paulo), COPEL (Paraná), and CEMIG (Minas Gerais) have entered the market with their own

---

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

<sup>3</sup> The SDGs are 17 global goals established by the United Nations within the 2030 Agenda, addressing diverse challenges for a balanced and integrated approach to global development by 2030. <https://sdgs.un.org/goals>

<sup>4</sup> OECD (2020). [Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet](#).

<sup>5</sup> OECD (2022). [Green, Social, Sustainability and Sustainability-Linked Bonds in Developing Countries: How Can Donors Support Public Sector Issuances?](#).

<sup>6</sup> Cunha, D., Craveiro, G., & Rossi, M. (2023). [Evidence of the knock-on effect of sovereign ESG bonds on corporate ESG bonds from Latin American and Caribbean \(LAC\) issuers](#).

bond issuances. For many cities and regions, issuing bonds in local currency through domestic markets has proven effective in mitigating foreign exchange risks.

- 2.6 Many LAC countries have made significant progress in the development of green and sustainable finance frameworks, with several of these having published green and sustainable taxonomies, ESG national frameworks, guidelines by the stock exchange and country's banking associations, and regulations for non-bank financial institutions [8]. Issuers in LAC face several key barriers to scaling the green bond market. These include: (i) limited institutional capacity to identify and develop a pipeline of eligible green projects; (ii) high upfront costs associated with structuring green issuances and managing the full project lifecycle; (iii) insufficient capacity for transparent, standardized monitoring and impact reporting;<sup>7</sup> (iv) recurring costs for post-issuance external verification; (v) lack of institutional integration of a green strategy within the issuer's operations; and (vi) limited staff expertise in green taxonomies and evolving sustainability frameworks. Sovereign entities play a critical role in advancing the market by promoting standards for green bond classification and verification.
- 2.7 The Inter-American Development Bank Group (IDB) has delivered holistic technical assistance to over 40 issuers, encompassing both public entities and private organizations, in the issuance of a total of 92 thematic bonds. Support to private entities was facilitated through the IDB Invest. The IDB also launched the Green Bond Transparency Platform (GBTP) in April 2021, promoting harmonization and standardization of reporting practices.<sup>8</sup>
- 2.8 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),<sup>9</sup> and joined the Global Green Bond Initiative (GGBI) as Implementing Partner (IP)<sup>10</sup> in LAC, signing a Joint Declaration with the European Investment Bank, Cassa Depositi e Prestiti, the Spanish Agency for International Development Cooperation, Compañía Española de Financiación del Desarrollo, the European Bank For Reconstruction and Development, KfW Group and PROPARCO to support strengthen green and sustainability bonds in the region.
- 2.9 The GGBI Technical Assistance (GGBI - TA) is part of the European Commission's Sustainable Finance Advisory Hub<sup>11</sup> for low- and middle-income countries. The Hub aims to mobilize EU expertise and resources to foster cross-border sustainable capital flows. It promotes an enabling environment for sustainable finance and encourages the adoption of sustainability-related instruments. As a single-entry point for demand-driven interventions,

<sup>7</sup> Climate Bonds Initiative (2021) [Post-issuance Reporting in the Green Bond Market 2021](#).

<sup>8</sup> Vasa, A., et al. (2022). [A novel database for green bonds to support investment analysis and decision making, research, and regulatory decisions: The Green Bond Transparency Platform](#).

<sup>9</sup> Four international development organization -the European Investment Bank, AFD (French Development Agency), KfW, and Spanish Agency for International Development Cooperation - endorsed a Joint Declaration for the global enhancement of accountability and transparency in the green and sustainability bond market, and work collaboratively on the globalization of the [Green Bond Transparency Platform \(GBTP\)](#).

<sup>10</sup> Implementing Partners are main EU, United Nations, and Multi-lateral Development organizations (Asian Development Bank, African Development Bank, European Investment Bank, Global Green Growth Institute, Inter-American Development Bank, PIDG and GIZ) with existing connections at country and regional level collaborating with the Sustainable Finance Advisory Hub to execute technical assistance activities in sustainable finance based on requests from stakeholders in EU partner countries.(Annex IV). [Global Green Bond Initiative strengthened by a new strategic partnership to foster green capital markets \(eib.org\)](#).

<sup>11</sup> Detailed description of the Sustainable Finance Advisory Hub can be found in the Common Provisions document in Annex IV: European Commission. (2023). Sustainable Finance Advisory Hub Common Provisions For All Contribution Agreements. The Common Provisions are an integrated part of the Contribution Agreement between the EU and IDB, with the purpose to finance the implementation of the TA GGBI in LAC. The European Commission Amended and Restated Framework Agreement (ECR) precedes the Common Provisions, and in case of conflict, the former shall prevail.

the Hub supports the implementation of three strategic pillars designed to facilitate sustainable cross-border financial flows and maximize impact, with the support of the IP.

2.10 **Pillar 1** of the TA aims to support partner countries in developing sustainable finance frameworks tailored to local contexts, while drawing on European Union (EU) and international best practices. This approach enhances global interoperability, identifies commonalities, and reinforces the 'do no harm principle. It also promotes market transparency and integrity, helping to prevent SDG- and greenwashing. **Pillar 2** focuses on maximizing synergies and alignment with the Global Gateway strategy and related regional priorities,<sup>12</sup> as well as the two other components of the GGBI initiative—the GGBI fund and the Green Coupon Facility. Activities under this pillar will be closely coordinated with key stakeholders, including the European Commission's Directorate-General for International Partnerships (DG INTPA), Directorate-General for Neighborhood and Enlargement Negotiations (DG NEAR), relevant EU Delegations, and GGBI fund manager. **Pillar 3** seeks to connect issuers and lenders of sustainability-related financial products and thematic loans, leveraging EU experience in policy, guidelines and procedures to foster market development. Within this framework of Pillar 2, the IDB is expected to provide TA to the GGBI, particularly—but not exclusively—to first-time green bond issuers. This support will accompany issuers throughout the issuance process, contributing to the development and deepening of green and sustainability bond markets in the LAC region.<sup>13</sup>

2.11 **Objective.** The objective of this Technical Cooperation (TC) is to foster an enabling environment for sustainable finance in Latin America and the Caribbean, enhancing the ability of public issuers to tap into capital markets through issuance of green bonds with credible frameworks. The TC seeks to mobilize financing in alignment with regional priorities, while drawing on international best practices and, where feasible, leveraging EU frameworks and standards. Ultimately, the initiative aims to scale up private capital mobilization for sustainable investments in support of the SDGs.

2.12 The IDB will implement the GGBI - TA to strengthen sustainable finance ecosystems and build capacity for transactions with credible sustainability features. The TA will support financing activities—particularly, but not exclusively—for first-time green bond issuers, including cities, regions, and state-owned enterprises.<sup>14</sup> This support will accompany issuers throughout the issuance process, thereby contributing to the development and deepening of green and sustainability bond markets in the region. In addition, the TA aims to enhance the credibility and attractiveness of sustainable investments by reducing transaction costs, minimizing market fragmentation, and facilitating cross-border sustainable capital flows.

2.13 The beneficiaries of this TC will include all public issuers in IDB member countries in the region, such as sovereign institutions (e.g., Ministries of Finance, in coordination with other relevant authorities), subnational governments, national development banks, and state-owned enterprises—including public utilities. Eligible beneficiaries in the horizontal capacity-building and awareness program will be public and private local issuers, local stock exchanges, investors, and market authorities in Latin America and the Caribbean. Indirect beneficiaries include private sector stakeholders, such as corporate green bond issuers, stock exchanges and institutional investors. In addition to complementing other

---

<sup>12</sup> Strategic priorities for the LAC region are outlined in the [EU-LAC Global Gateway Investment Agenda](#).

<sup>13</sup> Annex IV. European Commission. (2023). Sustainable Finance Advisory Hub Common Provisions For All Contribution Agreements.

<sup>14</sup> Technical Assistance may also look into supporting the issuance sustainability bonds.

bond market initiatives referenced in this document, this TC will also align and support IDB's sub-sovereign finance and credit enhancement initiatives.<sup>15</sup>

2.14 **Impact/Value Added.** Beyond supporting individual transactions, this Technical Cooperation (TC) aims to drive systemic change by enabling public sector issuers in LAC to expand their access to ESG markets. By improving access to sustainable finance, the TC seeks to attract a broader and growing base of domestic and international investors. It also contributes to the development of a more transparent and robust financial ecosystem, with enhanced disclosure of the socio-environmental impacts of investments. This TC presents a strategic opportunity to fully leverage the capabilities of both IDB and IDB Invest by fostering connections between issuers and investors and promoting market development in emerging areas such as sub-sovereign and public company financing. To enhance synergies, IDB teams will collaborate closely with their IDB Invest counterparts—who may integrate IDB teams into their processes—as part of the design of new transactions, ensuring bond issuances are structured to attract investor interest; and, where appropriate, the selection design of horizontal capacity-building and awareness programs.

2.15 Through targeted capacity building, this Technical Assistance (TA) will equip local issuers in LAC—particularly subnational governments and state-owned entities—with the skills and knowledge needed to successfully structure and issue green and sustainable bonds in the short to medium term. As the Implementing Partner in the region, the IDB will provide expert guidance on global practices and international standards, helping issuers navigate complex procedures and ensure credible, high-quality issuances. By enhancing the attractiveness of sustainable investments, the TA will contribute to mobilizing private capital toward impactful projects aligned with the SDGs. In addition, the TA will support the development of a dynamic and resilient green bond market in LAC, ultimately advancing environmental sustainability, economic growth, and social development across the region.

2.16 **IDB Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy, Transforming for Scale and Impact 2024-2030 (CA-631), and is aligned with the objectives of: (i) Bolstering Sustainable Regional Growth, as it aims to support the adoption of sustainable accountability mechanisms and the alignment of green financial instruments with best practices; and (ii) Addressing Climate Change, as it supports the design of sustainable and transparent instruments that facilitate investments in productive and environmentally sustainable activities, and the mobilization of capital to foster effective Public-Private synergies that contribute to the achievement of countries' climate commitments. The TC is also aligned with the operational focus areas of: (i) Institutional Capacity, Rule of Law and Citizen Security,<sup>16</sup> as it seeks to enhance transparency and build the capacity of sovereign, sub-sovereign, state owned enterprises, and public sector agencies; (ii) Productive Development and Innovation through the Private Sector, given the catalytic effect that aim to achieve through green capital mobilization to the region; and (iii) Sustainable resilient infrastructure as it supports the design of sustainable and transparent instruments that facilitate investments in productive and environmentally sustainable assets.

2.17 **Complementarity to Programs.** This TC builds on the outcomes of previous initiatives that have demonstrated the role of bonds in advancing sustainable finance and capital market development in LAC. Notable examples include the recently closed (i) "IDB Green and Sustainable Finance Program for LAC" ([ATN/CF-18899](#)-

---

<sup>15</sup> 2025. IDB for Cities and Region. Proposal for a Sub-Sovereign Finance Program at IDB (GN-3264-4).

<sup>16</sup> The focus of this TC is on the institutional capacity element of the operational focus area.

[RG](#)), which supported social bond issuances in Colombia; and (ii) “Regional Green Bonds Program for Latin America and the Caribbean” ([ATN/AC-17318-RG](#); [ATN/MC-17316-RG](#), [ATN/OC-17317-RG](#)), which facilitated issuances in Brazil, Chile, Colombia and Costa Rica. This TC also complements: (i) the recently approved, “Amazonia Bonds Initiative” ([ATN/PS-21136-RG](#)); , “Regional Project for Developing the Knowledge Base and Build Capacities to Enable the Mobilization of Capital Market Investments in Bioeconomy in the Amazon” ([ATN/GN-21541-RG](#)); and (ii) the on-going “Unlocking Institutional Investors’ Participation in Local Green Bond Markets and Direct Investments” ([ATN/SX-19937-RG](#)), and “Regional Green Bond Partnership for LAC” ([ATN/CF-21123-RG](#)), which in partnership with KfW is supporting the development of the green capital market in the LAC region by promoting transparency and quality standards.<sup>17</sup> This TC also builds on: (i) successful and on-going sovereign bond structuring for energy and transport companies in the region; and (ii) on-going sub-sovereign structuring initiatives under “Enhancing Creditworthiness and Capacities for Subnational Pilot Program” ([ATN/OC-20923-RG](#), [ATN/OC-20924-RG](#)).

2.18 The TC also complements advances of (i) the LAC Debt Group, a forum of Sovereign debt management officers which ultimately decide on issuances in capital markets,<sup>18</sup> the Green Coalition of Public Development Banks<sup>19</sup> and existing tools for harmonization such as the Green Bond Transparency Platform; and (iii) the “IDB for Cities and Regions: A Sub-Sovereign Finance Program for LAC” (GN-3264-4) and the “Regional Platform of Finance Secretaries of Cities on Climate Change in Latin America and the Caribbean” ([ATN/OC-21441-RG](#)).

2.19 **Lessons learned.** Since 2017, the IDB has supported the issuance of fifty-four (54) public thematic bonds—including green, social, sustainability, and sustainability-linked bonds—by national governments,<sup>20</sup> development finance institutions<sup>21</sup> and utilities,<sup>22</sup> mobilizing over US\$40 billion in capital market financing. Key lessons from previous interventions include: (i) **Support for first time issuers** is critical, particularly during the roadshow phase and broader promotion of thematic bonds to private sector investors; (ii) **Expanding the range of public entities** involved in bond issuance helps establish proof of concept and creates a demonstration effect that encourages replication by private sector actors; and (iii) **Holistic support**—from institutional strengthening and capacity building to origination and impact reporting—is essential for effective impact measurement and broader market development. This includes improving visibility and accessibility of publicly available data, refining reporting frameworks for consistency, and addressing methodological gaps. These lessons are highly valuable to new and emerging areas of work, such as subnational entities and state-owned enterprises (SOEs).

### **III. Description of Activities/Components and Budget**

3.1 The Project seeks to address the challenges outlined above and contribute to the development of sustainable finance and capital markets in Latin America and the Caribbean, through two core components:

3.2 **Component 1. Horizontal capacity-building and awareness program (EUR 1,000,000/ US\$1,172,300.00).** This component will strengthen the capabilities of both public sector actors in LAC by continuously refining strategies, building local

<sup>17</sup> OECD (2023). [Green, Social and Sustainability Bonds In Developing Countries: The Case For Increased Donor Co-Ordination](#).

<sup>18</sup> [Financial Markets Initiatives: LAC Debt Group](#).

<sup>19</sup> Green Coalition of Development Banks operating in the Amazon Region: [www.green-coalition.com](#).

<sup>20</sup> Governments of Colombia, Chile and Ecuador, Uruguay, Brazil and Argentina.

<sup>21</sup> Bancoldex, *Banco do Brasil*, BDMG, BICE, COFIDE, Findeter and FIRIA.

<sup>22</sup> Electrobras and *Instituto Costarricense de Electricidad*.

expertise, and engaging stakeholders effectively to access the green bond market. It will also help reduce the reporting burden, making participation in sustainable finance more accessible and efficient.

- 3.3 The objective of this activity is to raise awareness and build a foundation for identified prospective issuers on green bond instruments, including through collection of evidence that might feed into research activities. This activity will inform potential issuers about the GGBI initiative and its offerings. Where relevant, it will engage private sector – experts such as local, regional, or European stock exchanges or other key market authorities – to provide dedicated trainings and technical assistance. This activity will also support the development of local currency debt market development in LAC and promote the growth of the sub-sovereign issuance market.
- 3.4 **Component 2. Transaction-based Support to Green and Sustainable Bonds issuances (EUR\$1,803,740 / US\$2,114,524.40).** This component will provide comprehensive support to prospective and existing issuers throughout the entire green bond issuance cycle.<sup>23</sup> The funding will help stimulate interest and build expertise among new issuers, while enhancing the credibility of their instruments through alignment with recognized best practices in reporting and transparency. Support will cover both pre- and post-issuance milestones, including the development of robust frameworks to facilitate market entry and success, as well as assistance with obtaining second-party opinions. By the end of the program, issuers are expected to demonstrate increased market readiness and, where possible, continue issuing green bonds independently.
- 3.5 This activity will assist issuers in identifying, prioritizing, and selecting bankable green and sustainable projects to build an eligible portfolio and develop credible framework documents for bond issuance. Support will be provided through: **(i) Preliminary studies:** this activity will include support to identify potential issuers (sovereign, sub-sovereign and corporate) with preliminary analyses including market opportunities and benefits, particularly in relation to the GGBI fund; **(ii) Sustainability strategies:** this activity will assist identified issuers in developing coherent sustainability strategies to frame green bond or sustainability bond issuance; **(iii) Bond frameworks:** this activity will assist identified prospective issuers in developing and formalizing their green and sustainable bond framework. It will draw from international best practices, including EU experience; **(iv) Eligible pipelines:** this activity will support potential issuers in developing, identifying and prioritizing bankable projects for green and sustainable bond issuance in line with their green bond frameworks. It could include relevant, specific activities to enhance project quality including the potential aggregation of small-sized projects, if feasible;<sup>24</sup> **(v) Increasing attractiveness:** this activity will seek to include stakeholder engagement and non-deal roadshows/outreach with local and international investors for identified issuers; and **(vi) Monitoring, reporting, external verification:** this activity supports green and sustainable bond issuers in accessing Monitoring, Reporting, and Verification (MRV) services. At the pre-issuance stage, it facilitates access to certifications such as Pre-Issuance Certifications and Second Party Opinions (SPOs). At the post-issuance stage, it provides support for use-of-proceeds assurance and impact report verification, ensuring transparency and the availability of credible external reviews throughout the bond lifecycle.

---

<sup>23</sup> Technical Assistance may also look into supporting issuing sustainability bonds. Associated aspects such as gender equality might also be evaluated case by case.

<sup>24</sup> All activities financed through this component will not be a direct reflection of any IDB selection process, nor any attempt at steering the decision of its borrowing member countries (or any of its entities) with regards to an associated financial operation.

3.6 **Budget.** The European Union (EU), under the European Commission Amended and Restated Framework Agreement (ECR), expects to commit EUR3,000,000.00 to this project, which is equivalent to US\$3,516,900 based on the monthly exchange rate EUR/US\$1.1723, as of October 10<sup>th</sup>, 2025. The total cost of the operational components for Technical Assistance and capacity building activities is US\$3,286,824.40 (EUR2,803,740.00), plus an administrative fee equivalent to US\$230,075.60 (EUR196,260.00).

Indicative Budget in (EUR/USD)\*

Component	Activity	EUR	US\$	Total Funding (US\$)	Share Direct Costs %
Component 1. Horizontal capacity-building and awareness program	Capacity Building for green bond market development	1,000,000.00	1,172,300.00	1,172,300.00	33%
Component 2. Transaction-based Support to Green and Sustainable Bonds issuances	Transaction-based pipelines and framework development	1,803,740.00	2,114,524.40	2,114,524.00	60%
<b>Direct Costs Total</b>		2,803,740.00	3,286,824.40	3,286,824.00	93%
IDB Fee (7%)		196,260.00	230,075.60	230,075.60	7%
<b>Total (Direct Costs + Fee)</b>		3,000,000.00	3,516,900.00	3,516,899.00	100%

\* Based on the exchange rate of Euros in Dollars of 1.1723 (October 2025 – Source: [InfoEuro](#))

3.7 European Commission expects to commit EUR3 million to this project. Financing will be provided by the European Commission according to the terms of the Financial Framework Partnership Agreement (FFPA) between the European Commission and the IDB, dated September 29, 2020 (GN-2605-5), through a Project Specific Grant. A PSG is administered by the Bank according to the Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs) (Document SC-114). As contemplated in these procedures, the commitment by the EU will be established through a separate Contribution Agreement. Under such agreement, the resources for this project will be administered by the Bank, and the Bank will charge an administration fee up to 7% of the contribution, which is identified in the budget of this project. The totality of the administration fee will be charged upon the Bank's receipt of the first payment.

#### IV. Executing Agency and Execution Structure

4.1 The TC, as an initiative of the Bank, will be executed by the Housing and Urban Development Division (CSD/HUD), in collaboration with other divisions at IDB, including CMF, ENE, TSP, and others, as deemed necessary. The project team, led by staff members, will be complemented by a group of consultants.

4.2 CSD/HUD will be responsible for the overall administrative and technical oversight of the proposed technical assistance. The execution and disbursement period will also be managed by CSD/HUD, spanning from Q1 2026 to Q4 2029. Given the highly technical nature of the activities outlined in this TC, rigorous quality control and monitoring of consultant deliverables will be essential. To ensure high standards, all materials

developed by consultants will undergo peer review by IDB specialists and, where relevant, by external market experts.

- 4.3 Prior to initiating TC activities in beneficiary countries, formal non-objection must be obtained from the respective member country. This approval should be secured through the official liaison designated by the member country to interact with the Bank.
- 4.4 **Prioritization of TC beneficiaries** will be guided by multiple criteria, including the alignment of bond issuances with national (and, where applicable, subnational) climate plans or sustainability strategies of the respective countries or public sector entities. The selection process will also assess institutional capacity to establish, implement, and monitor impact targets throughout the bond's lifecycle. Priority will be given to issuers with potential to strengthen their institutional capabilities – particularly those focused on environmental objectives and use-of-proceeds-type issuances – in line with donor requirements, as outlined in Annex A, "Common Provisions for identifying prospective beneficiaries". Furthermore, to ensure strategic selectivity and optimal deployment of the IDB instrument across public sector clients, beneficiary selection will be coordinated with IDB country representatives, with the aim of promoting balanced geographic coverage across the LAC region.
- 4.5 **Procurement.** The Bank will be responsible for the selection and hiring of any consulting services. All activities to be executed under this TC have been included in the Procurement Plan (see Annex III) and will be contracted in accordance with the 2020 EU-IDB Financial Framework Partnership Agreement (FFPA) which establishes exceptions to such policies (approved by the Bank under the "Proposal for the FFPA between the European Commission and the Inter-American Development Bank" [GN-2605-5, paragraphs 4.14 and 4.15]) in order to: (i) allow goods, works or services originating from or rendered by nationals from IDB non-member countries be eligible for procurement activities under this operation, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations. The EU publishes the list of eligible countries (or any updates thereto) as an annex to the "Practical Guide to Contract Procedures for EU External Actions" (PRAG), which is available on its Internet website; (ii) extend the retention period of project documentation required for executing agencies and the Bank, from three years to five or more years; and (iii) prevent awarding contracts to entities, individuals or groups of individuals subject to EU restrictive measures. The funding for this operation will be used to hire consultancy services, as well as to pay for travel costs of consultants and the organization of dissemination and capacitation events (non-consultancy services). All products from this TC will be the intellectual property of the Bank.
- 4.6 **Results Monitoring and Reporting.** In addition to regular TC progress monitoring updates established under IDB's Guidelines, the project team will prepare an annual progress report consistent with the provisions outlined in the Contribution Agreement with the EU and the stipulations for Implementing Partners Reporting of the Common Provisions. This will include, among others, information on (i) results achieved against the program's results matrix; (ii) a summary of activities carried out; (iii) the work plan for the upcoming 12-month period; and (iv) a financial section detailing expense tracking and reporting at the activity level, based on the approved budget structure. The annual progress report will be submitted by the Bank during the first quarter of each calendar year. The Bank will also convene launching, midterm and final review meetings during execution with the beneficiaries and their consultants for each of the phases contemplated in the design and implementation of their respective systems and for each of the main milestones of implementation. Additionally, prior to the end of the

disbursement period, the project team will conduct a reflective qualitative assessment of the program to evaluate the achievement of outcome and output indicators and to extract lessons learned for future standard-setting initiatives, aligning with the provisions outlined in the Contribution Agreement with the European Union.

4.7 As Implementing Partner of the TA, IDB will organize launching, midterm and final review meetings/conferences during execution with the beneficiaries and their consultants for each of the phases contemplated in the design and implementation of their respective systems and for each of the main milestones of implementation. Additionally, Bank staff involved in country-specific transactions will coordinate with relevant EU Delegations as needed to ensure alignment and effective collaboration.

## V. Major issues

5.1 Major risks and mitigation measures are described in the following table.

Type	Level	Likelihood	Description	Mitigation measures
<b>Development</b>	Medium high	Medium	Inability to identify, raise issuers' interest/engagement and/or ability to successfully participate in the program's activities	IDB has strong experience and network in the target context and has already identified preliminary demand for green bond issuance support. IDB will proactively approach potential issuers (subnational entities, SOEs, countries) through its representations, different departments, and/or contacts in the Lac debt group with debt managers officers (DMOs).
<b>Donor related risks</b>	Medium high	Medium	Inability/delays in agreeing a pipeline with the Donor (EC GGBI) or change in priorities from the EC could hamper the execution of the TC	IDB will manage this risk by putting in place strong coordination with the Donor, with the support of GPS.
<b>Country/counterparty risks</b>	Medium high	Medium	Target issuers' inability to issue Green Bonds due to inadequate credit rating and policy and/or political-related disruptions	IDB will manage this risk by (i) Targeting multiple geographies in Latin America and issuers to diversify the risk; and (ii) Engagement with target clients to evaluate the possible provision of credit enhancements, such as guarantees.
<b>Reputational</b>	Low	Low	Issuers' involvement in corruption or green washing could feed back to IDB and EU Commission	IDB will mitigate this risk by: (i) Hiring renowned independent Second Opinion or certification providers; (ii) Supporting ESG ratings and/or supporting the building of ESG risk management capabilities; and

Type	Level	Likelihood	Description	Mitigation measures
				(iii) Foster reporting via the GBTP which is already supported by regional and international partners such as Nasdaq, Luxembourg Stock Exchange among others.
<b>Financial</b>	Low	Low	The expected mobilization effect does not materialize, and EU Commission would need to put in additional funds.	IDB will sign letters of agreement with targeted public issuers who will commit to contribute time and resources for the successful issuance of green bonds.
<b>Environmental and social</b>	Low	Low	The project will not directly involve any environmental or social issues	IDB will seek to enhance awareness and capabilities for identifying environmental/climate/social issues

## VI. Exceptions to Bank policy

6.1 This project does not foresee exceptions to Bank policy, except those already approved by the Board in the EU-IDB Framework Agreement (GN-2605-5).<sup>25</sup>

## VII. Environmental and Social Aspects

7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

### Required Annexes

[Results Matrix\\_44307.pdf](#)

[Terms of Reference\\_29540.pdf](#)

[Procurement Plan\\_35489.pdf](#)

---

<sup>25</sup> Exceptions under the EU-IDB Framework Agreement (GN-2605-5) include: (i) to allow goods, works or services originating from or rendered by nationals from IDB non-member countries be eligible for procurement activities under this operation, provided that the country of origin of the goods and the nationality of the suppliers, contractors and service providers is recognized as eligible by the EU under its applicable regulations. The EC publishes the list of eligible countries (or any updates thereto) as an annex to the "Practical Guide to Contract Procedures for EU External Actions" (PRAG), which is available on its Internet website; (ii) to extend the retention period of project documentation required for executing agencies and the Bank, from three years to five or more years and (iii) prevent awarding contracts to entities, individuals or groups of individuals subject to restrictive measures.