

**REGIONAL**  
**Regional Triangular collaboration assessment with China on Green Finance for**  
**Latin America and the Caribbean**  
**(RG-T3400)**

**TERMS OF REFERENCE**

**Supporting XXX (the ‘Beneficiary’) to issue Green Panda bonds.**  
**Consultancy Services for Providing an independent Second Party Opinion on**  
**green panda bond framework**

**Background and Justification**

Investment in low-carbon solutions will be essential for meeting global emission reduction targets under the Paris Agreement on climate change. Given the projected climate volatility over the coming decades, infrastructure, with its long lifetime, should be designed as climate resilient.

Green bonds are debt securities issued by private or public entities for enabling capital-raising and investment in projects with environmental objectives and benefits.

The rapid growth of the global green bond market has shown that capital markets provide a promising channel to finance climate investments.

With total issuance of US\$60.9 billion as of October 2018, China is now the world’s second largest green bond market. China’s green bond market, with clear rules, active market players, and supportive investors and policymakers, offers a great opportunity for foreign green bond issuers.

As for the green bond market in general, the green panda bond market will only really develop if it is able to provide investors with the level of transparency and standardization they require.

IDB developed and published the Green Panda Bond Handbook with the Climate Bonds Initiative to provide technical guidance on how to issue Green Panda Bonds in a Chinese regulatory environment.

Many countries in Latin America and the Caribbean (LAC) are increasingly promoting a transition towards more sustainable and inclusive economies. However, they face important challenges in the lack of an environment and limited financial resources to effectively support projects with environmental and social positive impacts. The absence of long-term bank financing for investment purposes in the region, in addition to slow-evolving financial legal and regulatory frameworks, have impaired the development of local capital markets, the traditional main source of investment finance in more developed economies. In this context, most governments in Latin America have traditionally resorted to their National Development Banks (NDBs) as an important source of long-term finance for social impact investments. Thanks to their capital endowments and their access to long-term funding from Multilateral Development Banks (MDBs) and bilateral financial institutions, these institutions have been able to fulfil their development finance mandate. However, to the extent that many of them are already quite active in terms of generating portfolios with positive environmental impact, and that there is growing interest by national and international

institutional and impact investors for acquiring green fixed-income securities, there is an opportunity for NDBs to diversify their traditional sources of long-term funding through the issuance of use-of-proceeds social bonds, backed by those portfolios.

[Beneficiary] has expressed interest in getting technical and logistical support, in order to structure a green panda bond issue to be placed in the Chinese market. As an initial stage of this process a first consultancy aimed at supporting [Beneficiary] in the identification of its eligible portfolio and the preparation of the bond framework.

The aim of this new consultancy is to provide an independent second party opinion on the framework while supporting [Beneficiary] in its efforts to build internal capacity on the subject. To this end, the IDB is seeking candidates with experience and international recognition in the certification of green bonds and a deep understanding of the Chinese panda bond market, low-carbon market sectors and their environmental outcomes.

## **Objectives**

The purpose of this consultancy is to provide (i) support to [Beneficiary] senior management in their Green bond project and (ii) provide an independent assessment of the integrity of the framework, capacity, information and criteria used to structure [Beneficiary] green panda bond, which will contribute to reassure investors that the bond will meet their requirements.

## **Key Activities**

The selected firm will be present the green panda bonds market characteristics and features

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' 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 ICMA's Green Bond Principles and relevant green bond principles and guidelines in China
- ESG analysis of the bond and its issuer

## **Expected Outcome and Deliverables**

Deliverable 1. Kick-off workshop

Deliverable 2. An independent second party opinion report. Public disclosure of the report by the firm will be subject to authorization by [Beneficiary].

## **Project Schedule and Milestones**

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.

## **Reporting Requirements**

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.

Regular progress reports will be provided to both the IDB and the Beneficiary, in the format and frequency accorded in working plan.

## **Acceptance Criteria**

The final version of the independent second party opinion report will be reviewed for approval by both the IDB and [Beneficiary]. Public disclosure of the report by the firm will be subject to authorization by [Beneficiary]. Both the IDB and [Beneficiary] will provide the contact of their staff in charge of approval (see below section 0).

## **Supervision and Reporting**

Technical responsibility of the consultancy will be in charge of Maria Netto, Financial Markets Lead Spec, IFD/CMF (202.623.2009; mnetto@iadb.org). All of the activities of the consultancy will be coordinated with the IDB.

## **Schedule of Payments**

- 1.1. 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.
- 1.2. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

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**TERMS OF REFERENCE**

**Consultancy Services for Institutional Diagnostic and Screening for [Beneficiary]**  
**Green Panda Bond aligned Loan Portfolio**

**Background and Justification**

Investment in low-carbon solutions will be essential for meeting global emission reduction targets under the Paris Agreement on climate change. Given the projected climate volatility over the coming decades, infrastructure, with its long lifetime, should be designed as climate resilient.

Green bonds are debt securities issued by private or public entities for enabling capital-raising and investment in projects with environmental objectives and benefits.

The rapid growth of the global green bond market has shown that capital markets provide a promising channel to finance climate investments. Green bonds have been the subject of increasing government, investor and media interest and expectations, driven by the prospect of matching large low-carbon investment requirements with the trillions of dollars in global bond markets held by institutional investors. The mix of issuers has expanded from the Multilateral Development Banks (MDBs) that pioneered the market to include local governments and agencies, utility companies, national development banks and other corporate issuers.

With total issuance of US\$60.9 billion as of October 2018, China is now the world's second largest green bond market. China's green bond market, with clear rules, active market players, and supportive investors and policymakers, offers a great opportunity for foreign green bond issuers.

The growth in the market and the range of issuers has led to the need for more transparency and standardization, in order to ensure the credibility and potential for growth of the green bonds market. A set of Green Bonds Principles (GBP) has been developed by a consortium of issuers, investors and intermediaries to ensure quality and transparency. The voluntary guidelines cover four aspects including: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) monitoring and reporting, including on impacts. Assurance to investors and stakeholders about the issuer's adherence to these principles is provided by independent entities (second party review).

As for the green bond market in general, the green panda bond market will only develop if it is able to provide investors with the level of transparency and standardization they require.

Many countries in Latin America and the Caribbean (LAC) are increasingly promoting low-carbon development strategies and mitigation action plans. But they face important challenges in the lack of an environment that is conducive to investing on low-carbon development and limited financial resources to effectively support the adoption of climate

change mitigation measures. The absence of long-term bank financing for investment purposes in the region, in addition to slow-evolving financial legal and regulatory frameworks, have impaired the development of local capital markets, the traditional main source of investment finance in more developed economies. In this context, most governments in Latin America have traditionally resorted to their National Development Banks (NDBs) as an important source of long-term finance for productive investments, and more recently for climate change mitigation and adaptation investments. Thanks to their capital endowments and their access to long-term funding from MDBs and bilateral financial institutions, these institutions have been able to fulfil their development finance mandate. However, to the extent that many of them are already quite active in terms of generating portfolios of climate-change-related investments, and that there is growing interest by national and international institutional and impact investors for acquiring green fixed-income securities, there is an opportunity for NDBs to diversify their traditional sources of long-term funding through the issuance of use-of-proceeds green bonds, backed by those portfolios.

This consultancy supports the Beneficiary in its efforts to raise private funds at adequate maturities in local and international capital markets through the issuance of green bonds. The Beneficiary will receive technical and promotional assistance required to: (i) structure their first green panda 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.

[Beneficiary] has expressed interest in receiving technical and logistical support, in order to structure a first green panda bond issue to be placed in the Chinese market.

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 the green loan portfolio of [Beneficiary] and its positive environmental impacts, in order to determine a set of loan sub-portfolios susceptible to be securitized through a green panda bond issuance. 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 the Chinese Panda Bond guidelines, low-carbon market sectors and their environmental outcomes.

## **Objectives**

The purpose is to support [Beneficiary] 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 or SDG-aligned bond issuance and (ii) help the beneficiary in preparing a green or SDG-aligned bond framework in order to facilitate a second party review and certification. The work shall be based on (i) the [Green Bond Principles](#), (ii) the [Climate Bond Initiative taxonomy for green bonds](#), (iii) the Chinese Green Bond Principles, and - when relevant - (iv) the [Climate Bonds Standards](#),.

## **Key Activities**

Perform an institutional diagnostic on [Beneficiary] activities related to financing climate

friendly and green 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 bond eligible portfolio, including the inclusion of these definitions in [Beneficiary]'s 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.

Help design the main features of what would be the bond framework presented for second party review and/or certification.

Work jointly with representatives from [Beneficiary] and ensure capacity is created locally with regards to eligible portfolio segmentation.

### **Expected Outcome and Deliverables**

A draft report including the basis for and findings of the above institutional and portfolio analysis/selection and – when relevant – recommendation for adjustments in [Beneficiary] information system in order to identify and monitor the green-aligned portfolio.

A green panda bond framework, approved by both [Beneficiary] and IDB, ready to be submitted to a second party reviewer.

### **Project Schedule and Milestones**

The work plan and schedule will be agreed with the IDB and firm and presented by the consulting firm no more than five days after the signing of the contract.

### **Reporting Requirements**

All reports must be in English.

Every report must be submitted to the Bank in an electronic file. The report should include cover, main document, and all annexes. Zip files will not be accepted as final reports, due to Records Management Section regulations.

### **Acceptance Criteria**

Each product will be presented to the IDB team and the executing agency team for comments and review. Only the final version approved by the IDB may result in payment.

### **Other Requirements**

N/A

### **Supervision and Reporting**

The consulting firm will be reporting to Maria Netto and Enrique Nieto, Financial Markets and Climate Change Specialists (IFD/CMF) supported by Isabelle Braly-Cartillier (IFD/CMF)

### Schedule of Payments

Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

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

<b>Payment Schedule</b>	
<b><i>Deliverable</i></b>	<b>%</b>
1. <i>Upon signature of contract</i>	20%
2. <i>Completion of deliverable 1</i>	40%
3. <i>Completion of deliverable 2</i>	40%
<b>TOTAL</b>	100%

## REGIONAL

### **Evaluación de la colaboración regional triangular con China sobre finanzas verdes para América Latina y el Caribe (RG-T3400)**

#### **TERMINOS DE REFERENCIA**

#### **Consultoría internacional para apoyar el [beneficiario] en sus proyectos de diseño de una estrategia de verde**

##### **Contexto:**

Establecido en 1959, el Banco Interamericano de Desarrollo (" BID " o " Banco") es la principal fuente de financiamiento para el desarrollo económico, social e institucional en América Latina y el Caribe. Proporciona préstamos, subvenciones, garantías, asesoramiento sobre políticas y asistencia técnica a los sectores público y privado de sus países prestatarios.

El BID viene desarrollando facilidades de apoyo para los Bancos Nacionales de Desarrollo (BND) cuyo objetivo es proveer asistencia técnica a los BND para que se inserten en forma más efectiva en el marco de políticas públicas para la transición a economías sustentables. El objetivo es que los BND que beneficien de estos apoyos fortalezcan su conocimiento y capacidades institucionales para participar más activamente en esta transición.

El BID viene apoyando a BND hace muchos años en el fortalecimiento de sus capacidades en estos temas. Al día de hoy, más de diez instituciones han recibido apoyo en la definición de estrategias, diseño de sistemas de manejo de riesgos A&S o desarrollo de líneas de financiamiento verdes.

A finales de 2015, el gobierno de China creó un "Grupo de Trabajo sobre Financiamiento Verde de China" dirigido por el 'People's Bank of China' (PBOC) y compuesto por varias Instituciones Financieras (IFI) y ministerios como el Ministerio de Hacienda y el Ministerio de Protección Ambiental. El Grupo de Trabajo emitió en agosto de 2016 una "Guía para construir un sistema financiero verde" que incluía un paquete de regulaciones de mercados financieros, incentivos de mercado y fondos/recursos dedicados, tales como:

- Desarrollo de estándares nacionales para bonos verdes (catálogo), incluyendo el requisito de un sistema obligatorio de divulgación de información ambiental para empresas y emisores de bonos
- Operaciones de segundo piso a las IFI por el PBOC
- Fondos verdes nacionales y subnacionales ofrecidos a través de IFI
- Programas especializados de garantías verdes
- Subsidios de tasas de interés para préstamos verdes
- Desarrollo de mecanismos de seguros verdes y regulación solicitando un seguro obligatorio de responsabilidad por contaminación

El BID, a través de su División de Conectividad, Mercados y Finanzas (IFD/CMF), trabaja cada vez más con los reguladores de los mercados financieros y los bancos nacionales de desarrollo para integrar el cambio climático y las preocupaciones ambientales en sus negocios mediante el



desarrollo de estrategias financieras orientadas para promover las finanzas verdes en la región de ALC y eventualmente catalizar las inversiones privadas en esta área con el apoyo del financiamiento climático internacional. Al igual que China, los reguladores de los mercados financieros y los BND en ALC están en una posición única para involucrar a las IFI y los inversores privados, alinear el financiamiento del desarrollo con las acciones de mitigación prioritarias nacionales y canalizar el financiamiento climático internacional para promover e incrementar las inversiones en proyectos verdes.

Mediante este nuevo programa de asistencia técnica, IFD/CMF tiene como objetivo (i) promover el intercambio de conocimiento entre los reguladores de los mercados financieros y los NDB de China y ALC; y (ii) apoyar hasta los NDB/reguladores en el desarrollo de la capacidad institucional y pilotear la replicación metodologías y modelos desarrollados por China adaptándolos a los contextos locales.

**El equipo:** El Sector de Instituciones para el Desarrollo (IFD) es responsable de conceptualizar, preparar, apoyar la ejecución y supervisar las operaciones del Banco relacionadas a la gobernanza, fortalecimiento y reforma del sector público, descentralización, temas económicos y fiscales, y el desarrollo de mercados de capital e instituciones financieras, y competitividad a escala nacional, regional y local.

#### **Lo que harás:**

- 1) Contexto en [País Beneficiario] de retos en materia de inversión en proyectos verdes.
- 2) Lineamientos para identificar proyectos de inversión considerados como verdes y sustentables
  - Proveer los lineamientos para identificar proyectos de inversión considerados como verdes y sustentables, dentro del rumbo de negocios de [beneficiario], basados en estándares y mejores prácticas internacionales
  - Recomendar, en su caso, las tecnologías que deberían ser elegibles al programa de financiamiento BID con [beneficiario] bajo criterios de viabilidad y rentabilidad esperada basado en las condiciones actuales en [país beneficiario].
  - Identificar qué instrumentos financieros existen en [beneficiario] para financiar este tipo de proyectos.
- 3) Definición del mercado potencial para [beneficiario]
  - Apoyar a [beneficiario] en identificar las tecnologías identificadas en Parte 2 actualmente financiadas por ellos y el volumen de financiamiento otorgado a estas inversiones sustentables.
  - Identificar, con insumos de [beneficiario], subsectores en el ámbito agropecuario para incrementar el financiamiento de [beneficiario] de las tecnologías identificadas, e inversiones estimar el tamaño de mercado (número de clientes y volumen de inversión potencial), con base en la experiencia de la [beneficiario] y considerando la posible oferta de otras instituciones que intermedian los fondos de [beneficiario].
  - Identificar las barreras principales, en su caso.
  - Recomendar requisitos que se deberán solicitar a intermediarios financieros rurales con los que [beneficiario] trabaja desde el segundo piso para colocar inversiones de las tecnologías identificadas.

- 4) Estimación de impacto económico y ambiental
  - Proveer insumos sobre las inversiones identificadas que permiten una estimación de la rentabilidad de los proyectos potencialmente financiables dentro de las tecnologías identificadas (VPN, TIR, repago de la inversión).
  - Proveer insumos sobre las inversiones identificadas que permiten una estimación reducciones potenciales de emisiones de carbono.
  - Proveer insumos sobre las inversiones identificadas que permiten una estimación reducciones potenciales de consumo de energía y otros recursos.
  - Proveer insumos sobre las inversiones identificadas que permiten una estimación reducciones potenciales en la vulnerabilidad frente el cambio climático, cuando estos apliquen
  - Propuesta de medios de verificación de los impactos.
- 5) Evaluación del potencial de colaborar con entidades de China.

**Entregables:**

- Entregable 1: Primer borrador de actividades descritas en numerales 1 (contexto) y 2 (lineamientos).
- Entregable 2: Primer borrador de reporte de caracterización del mercado potencial (numeral 3).
- Entregable 3: Primer borrador de estimación de impacto económico y ambiental (numeral 4 y 5).
- Entregable 4: Reporte final de los tres entregables anteriores y la presentación de los resultados ante de [beneficiario], en coordinación con el BID.

**Cronograma de pagos:**

- a) Primer pago por el 20% del monto del contrato a la entrega a satisfacción del BID y [beneficiario] del entregable 1.
- b) Segundo pago por el 20% del monto del contrato a la entrega a satisfacción del BID y [beneficiario] del entregable 2.
- c) Tercer pago por el 30% del monto del contrato a la entrega a satisfacción del BID y [beneficiario] del entregable 3.
- d) Tercer pago por el 30% del monto del contrato a la entrega a satisfacción del BID y [beneficiario]del entregable 4.

El entregable 1 se espera concluya a 1 mes de la firma de contrato y los entregables 2 y 3 se espera concluyan a más tardar 2 meses de la firma del contrato.

**Habilidades que necesitarás:**

- **Educación:** Maestría o equivalente en economía, energía, finanzas, ingeniería, ciencias ambientales, o disciplinas relacionadas al sector agropecuario.
- **Experiencia:** Mínimo de diez (10) años de experiencia profesional y un mínimo de cinco (5) años de experiencia relacionada a financiamiento, tecnologías sustentables agropecuarias, habiendo participado en el diseño, estructuración, o análisis de proyectos para empresas.
- **Idiomas:** Fluidez en español.

### **Competencias generales y técnicas:**

- Conocimiento de instituciones financieras, y de políticas y prácticas agropecuarias en [país beneficiario].
- Excelentes habilidades de redacción, y habilidades de comunicación tanto verbal como escrita; capacidad comprobable para transmitir conceptos complejos y de elaborar reportes claros, concisos, y relevantes.
- Capacidad de aplicar los estándares y metodologías apropiadas a un contexto de proyecto específico para identificar caminos creativos y prácticos para superar situaciones difíciles.
- Capacidad para trabajar dentro de un ambiente de equipo multidisciplinario y con mínima supervisión.

### **Resumen de la oportunidad:**

- **Tipo de contrato y modalidad:** Consultor de Productos y Servicios Externos (PEC)-Monto global - Local.
- **Duración del contrato:** X meses.
- **Fecha de inicio:** XXX
- **Ubicación:** Las oficinas del Consultor, oficina de la [beneficiario] y/o lugares donde se llevan a cabo los proyectos, esto último en caso de ser necesario.
- **Persona responsable:** La responsabilidad técnica y administrativa de esta consultoría estará a cargo de la División de Conectividad, Mercados y Finanzas (IFD/CMF).
- **Requisitos:** Debes ser ciudadano/a de uno de los 48 países miembros del BID y no tener familiares que trabajen actualmente en el Grupo BID.

**Nuestra cultura:** Trabajando con nosotros, estarás rodeada por un grupo diverso de expertos en todo tipo de campos de desarrollo, incluyendo transporte, salud, género y diversidad, comunicaciones y más.

**Sobre nosotros:** En el Banco Interamericano de Desarrollo, estamos dedicados a mejorar vidas. Desde 1959, hemos sido una fuente importante de financiamiento a largo plazo para el desarrollo económico, social e institucional en América Latina y el Caribe. Sin embargo, hacemos más que prestar. Nos asociamos con nuestros 48 países miembros para proporcionar a América Latina y el Caribe investigaciones de vanguardia sobre temas de desarrollo relevantes, asesoramiento de políticas para informar sus decisiones y asistencia técnica para mejorar la planificación y ejecución de proyectos. Para ello, necesitamos personas que no sólo tengan las habilidades adecuadas, sino que también sean apasionadas por mejorar vidas.

**Pago y Condiciones:** La compensación será determinada de acuerdo a las políticas y procedimientos del Banco. El Banco, en conformidad con las políticas aplicables, podrá contribuir a los gastos de viaje y mudanza. Adicionalmente, los candidatos deberán ser ciudadanos de uno de los países miembros del BID.

**Consanguinidad:** De conformidad con la política del Banco aplicable, los candidatos con parientes (incluyendo cuarto grado de consanguinidad y segundo grado de afinidad, incluyendo conyugue) que trabajan para el BID, BID Invest, o FOMIN como funcionario o contractual de la fuerza contractual complementaria, no serán elegibles para proveer servicios al Banco.

**Diversidad:** El Banco está comprometido con la diversidad e inclusión y la igualdad de oportunidades para todos los candidatos. Acogemos la diversidad sobre la base de género, edad,

educación, origen nacional, origen étnico, raza, discapacidad, orientación sexual, y religión. Alentamos a aplicar a mujeres, afrodescendientes y a personas de origen indígena.