

REQUEST FOR EXPRESSIONS OF INTEREST
CONSULTING SERVICES

Country: Regional
Project #: RG-T3368
Selection #: RG-T3368-P027
Selection Method: Framework
Funding - TC #: ATN/AC-17318-RG
Sector: Institutions for Development (IFD)
Division: Connectivity, Markets and Finance (IFD/CMF)
TC Name: Regional Green Bonds Program for Latin America and The Caribbean (LAC)
Description of Services: Support in the Development of SPO for ESG Ratings for Public Thematic Bond Issuers

Technical Cooperation Document

The Inter-American Development Bank (IDB) is executing the above mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest (REOI). Expressions of Interest must be delivered using the IDB Portal, for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: April 7th, 2022 at 5:00 p.m. EST (Washington D.C.).

The consulting services (Services) include the Support in the Development of Second-Party Opinions (SPO) for Environmental, Social and Governance (ESG) Ratings for Public Thematic Bond Issuers and the estimated timeframe for the performance of such services will depend on each individual Task Order.

Eligible Consulting Firms (CF) will be selected, in accordance with the procedures set out in the IDB: [Policy for the Selection, Contracting of CF for Bank-Executed Operational Work](#) (GN-2765-4). All eligible CF as defined in the Policy may express an interest. If the CF is presented in a Consortium, it will designate one of them as a representative, the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible CF to indicate their interest, in providing the services described above in the [Draft Summary](#) of the intended Terms of Reference (TOR) for the assignment. Interested CF must provide information, establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible CF may associate in a form of a Joint Venture, sub-consultancy agreement to enhance their qualifications, such association or Joint Venture shall appoint one of the CF as the representative.

Interested eligible CF may obtain further information, during office hours from 9:00 a.m. to 5:00 p.m. EST (Washington D.C.) by sending an email to: eduardoj@iadb.org.

Best regards,

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TERMS OF REFERENCE

Support in the Development of SPO for ESG Ratings for Public Thematic Bond Issuers

Regional

RG-T3368

ATN/AC-17318-RG

[Technical Cooperation Document](#)

Regional Green Bonds Program for Latin America and The Caribbean

RG-T3964

ATN/CF-18899-RG

[Technical Cooperation Document](#)

IDB Green, Sustainable Finance Program for Latin America and The Caribbean

1. Background and Justification

- 1.1. Established in 1959, the Inter-American Development Bank (IDB) is the main source of financing for social, economic, institutional development in Latin America and the Caribbean (LAC). It provides loans, grants, guarantees, policy advice, technical assistance to the public and private sectors of its borrowing countries. To address, support member countries in inclusive, environmentally sustainable productive development. The Connectivity, Markets and Finance Division (IFD/CMF) assists member countries to overcome, the financing barriers that limit their productive development. Areas of work include financial inclusion, financial, fiscal risk management, financial transparency, housing finance, public debt management, green finance, among others.
- 1.2. Under its mandate, the IFD/CMF is continuously monitoring the evolution of the financial, capital markets, seeking to support an enabling environment, in LAC toward sustainable development. In international capital markets, investment analysts increasing focus, on the impact of Environmental, Social and Governance (ESG) factors in their decision-making process. That would include how these factors impact the credit worthiness, financial performance of assets and overall portfolio. Nevertheless, incorporating ESG matters into their frameworks, also means integrating sustainability into a broad business strategy, governance and policies. Such trend helps investors to assess risks, opportunities posed by private, public companies' performance, in critical areas such as climate change, environmental impact, diversity and inclusion.
- 1.3. Therefore, taking ESG into perspective usually means, that some investors will also seek credentials in terms of policy, economic outlook and reputation from issuers. To support decision-taking of a diverse set of investors, reorienting capital flows as 'ESG rating market', has evolved to stand as an important source of information, besides other available ESG assessment tools, developed directly by market analysts or employed by support of third-party market players. Thematic bonds are any type of instrument, in which the proceeds will apply exclusively to financing or refinancing in part or in their entirety, new or existing eligible green, social, sustainable projects, sustainability-linked activities/performances that are aligned, with the four basic components of the Green, Social, Sustainable, Sustainability-Linked Principles of the International Capital Markets Association (ICMA).
- 1.4. Since 2016, the IDB has been supporting the public sector in the issuance of green, social, sustainable bonds that represent a very powerful instrument, for the mobilization of private investment flows, towards sustainable investments planned and executed by public sector entities. The IDB stands ready to support more potential public sector issuers in LAC, with great potential to finance sustainable projects, including sovereign government, subnational entities, utilities and public finance institutions. Based in this context, the IDB has identified the need of Consulting Firms (CF) that can support the structuring of thematic bonds, by developing Second-Party Opinions (SPO) and/or ESG ratings oriented to public sectors issuers in LAC.

2. Objectives

- 2.1. IFD/CMF is seeking through this Framework Agreement, to support the public thematic bond issuers like Governments, Subnational Government Entities, National Development Banks (NDB), utilities to obtain an ESG rating for their institutions and/or a SPO for their thematic bond issuances.
- 2.2. Another objective of this Agreement is to be able to have the expected services be provided within a twenty-four (24) months period upon signature of contract awarded.

3. Scope of Services

- 3.1. Provide to the IDB an SPO for a thematic bond issuance and/or an ESG rating for a thematic bond issuer.
- 3.2. These Task Orders will be executed in the timeframe agreed between the IDB and the CF.

4. Key Activities

To develop the key activities under the Framework Agreement, specific Terms of Reference (TOR) will be developed per each Task Order, however the documents expected to be developed, are described as follows:

4.1. SPO

- The SPO provides an expert assessment of a Green, Social, Sustainability, Sustainability-Linked Bond framework against the [ICMA principles](#).
- The SPO strengthens the credibility of the issuer, improves the attractiveness of the bond, by demonstrating alignment with ICMA principles to investors, other market stakeholders.
- Enhanced transparency facilitates the engagement of issuers, with investors sharing common impact goals.
- The SPO analyses the strengths, as well as opportunities for improvement, in the bond framework, provides recommendations to the issuer, on how to further strengthen its policies, systems and tools.

4.2. ESG Rating

- ESG Rating is designed to measure a company's resilience, to long-term industry material ESG risks.
- ESG Ratings help investors identify, understand financially material, ESG risks at the security and portfolio level.
- They are based on a two-dimensional materiality framework, that measures a company's/bond issuer exposure to industry-specific material risks and how well they are managing those risks.
- ESG ratings are comprised of three things: corporate governance, material ESG issues and idiosyncratic issues.

5. Expected Outcome and Deliverables

- 5.1. For each document either SPO or ESG rating the CF must present the following:
 - Work plan including key dates, team description, provider's methodology and activities to implement.
 - Draft version of the SPO or ESG Ratings.
 - Final version of the SPO or ESG Ratings.
- 5.2. The list above is an indicative list, in each Task Order under this Framework Agreement, the TOR will describe the specific deliverables for each document.

6. Project Schedule and Milestones

- 6.1. To carry out these Task Orders, the CF will submit a work plan for approval, by the IDB on each case.
- 6.2. The services to be delivered will be according to the defined timeline, schedule and deliverables as per each TOR according to business needs.

7. Reporting Requirements

To carry out these Task Orders, the CF will submit a work plan for approval, by the IDB on each case.

8. Acceptance Criteria

- 8.1. All the documents, products developed by the CF will be approved by the IDB's Project Team Leader

responsible of the consultancy.

- 8.2. This approval will be confirmed via e-mail, if necessary the IDB will consult with the beneficiary, to review the documents, products developed and provide inputs or/and non-objection.

9. Other Requirements

- 9.1. The final SPO documents must be delivered at least 6 weeks, after the IDB request.
- 9.2. The final ESG rating documents must be delivered at least 3 months, after the IDB request.
- 9.3. 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 by both parties.
- 9.4. The selected CF must assign a focal point to attend IDB requests.
- 9.5. The assigned CF team must have experts fluent in English, Spanish, Portuguese read, spoken and written.
- 9.6. The CF can submit a proposal for projects in Spanish or Portuguese only.

10. Supervision and Reporting

- 10.1. The technical responsibility of the Task Orders will be overseen by the Project Team Leader, responsible of the consultancy.
- 10.2. All the activities of the Task Orders will be coordinated between the IDB and the CF.

11. Schedule of Payments

- 11.1. The IDB at its own discretion, may issue Task Orders as a result of a competitive or non-competitive selection process, in accordance with the Policy for the Selection, Contracting of Consulting Firms for Bank-Executed Operational Work (GN-2765-4).
- 11.2. Payments of individual Task Orders linked to this Framework Agreement, will be issued based on the actual demand.
- 11.3. Payment terms, conditions will be based on project milestones or deliverables, as specified in the TOR and Task Order requests.
- 11.4. The IDB does not expect to make advance payments, under consulting contracts unless, a significant amount of travel is required.
- 11.5. The IDB wishes to receive the most competitive cost proposal, for the services described herein.