

“ARMSWISSBANK” CJSC

READINESS AND PREPARATORY SUPPORT PROGRAMME

**“SCALING UP GREEN FINANCE PRACTICES IN THE REPUBLIC OF ARMENIA”
PROJECT**

TERMS OF REFERENCE

Engagement of International Consulting Company for designing the Model Framework Structure and Content for the issuance of Green Bonds in Armenia (Green Bond Framework) and assistance to 2 competitively selected entities in negotiations with potential investors

Background

Within its strategy to promote enabling framework for introducing environment resilient practices, the Government of Armenia plans to significantly scale up the utilization level of green finance instruments and to secure a more pro-active participation of the financial and private sector in implementing interventions in climate adaptation and mitigation domains.

Within that overall strategy, the Government of Armenia through the Ministry of Environment (Designated National Authority) has requested support of Green Climate Fund (GCF) within the framework of “Readiness and Preparatory Support Programme” to implement comprehensive assessment of the constraints for further expansion of “green finance” practices, mapping of available instruments and to come up with comprehensive set of methodological, awareness raising and capacity building interventions. The Readiness Project will design a Green Finance Roadmap, as key political document outlining current state, existing impediments for green finance development and establishing comprehensive vision for green finance strategy contributing to implementation of Armenia’s NDCs and Paris Agreement. The Roadmap and further activities aimed at implementation of the activities proposed will benefit from Repository of “Green Finance Instruments” that will be compiled during project execution stage and further handed over to Central Bank for maintenance and updates upon completion of the Project. The main objective of the Readiness Project is to achieve paradigm shift in design and utilization of “green finance” instruments through incorporating into policies, operational modalities of national banks and non-banking financial institutions the climate-resilient approaches and guidelines, as well as regulatory simplification and introduction of policy incentives for designing respective on-lending facilities. To achieve this objective, interrelated chain of activity clusters, including assessment of baseline, regulatory review and simplification, assessment of best international practices, design of methodological baseline and further capacity building activities will be implemented.

The “ARMSWISSBANK” CJSC one of the leading Armenian banks that also seek accreditation with GCF (under direct access modality) has been awarded the contract for implementation of “Scaling up Green Finance Practices in the Republic of Armenia” Project.

Assignment Background

During the previous 4 phases of the Project implementation the following activities were carried out with the involvement of international and national consultants and professional consulting companies:

- Mapping of current practices and capacities of all existing commercial banks (17) and major non-banking financial institutions (5) aimed at identification of existing “green finance instruments” (including sources, requirements and conditions), understanding of regulatory practices and key constraints, as well as collecting and systemizing suggestions of beneficiaries on policy measures and instruments on how to further promote “green finance practices” in Armenia;
- Mapping of key “green finance instruments” deployed by key MDBs operating in Armenia understanding their vision of regulatory practices and key constraints, as well as collecting and systemizing suggestions of MDBs on best international practices (based on their experience of operations in other countries) facilitative towards further promotion of “green finance practices” in Armenia;
- Implementing quantitative survey of 282 beneficiaries of “green finance” instruments (119 SMEs and 163 households) aimed at establishment of the baseline for assessment of the responsiveness of the products and identification avenues for improvement;
- Conducting 2 webinars with key stakeholders to present results and discuss recommendations of the activities carried out within the framework of this phase.
- Review international best practices in “green finance instruments”, identification of recommended ones and provision of recommendations for their adaptation to Armenian realities,
- Delivery of a tailor made training Programme (9 sessions throughout 8th to 26th of April) on key methodological aspects of international best practices proposed for utilization in Armenia.
- Carrying out consultations deriving from Compendium of best practices and subsequent recommendations on the ones to be adopted in Armenia, as well as providing drafting services of necessary legal and regulatory acts.
- Provision of methodological guidance on advancing green finance guidelines and tools based on the standards applied by climate funds and other sources of green finance for partner banking institutions, as well as design of model guidelines and tools (including Environmental and Social Safeguards and Gender) that could be utilized by local financial institutions;
- Designing training curricula (with the overall duration of 30 hours) and delivery of the trainings on ESGs for mid-level managers of banks and non-banking financial institutions (30 participants);

Objective of the Assignment

The objective of the Assignment is to contribute towards advanced utilisation by Armenian banks and non-banking financial institutions of the opportunities to attract financing through issuance of the Green Bonds through design of the Model Framework Structure and Content for the issuance of Green Bonds in Armenia (**Green Bond Framework**) and assistance to 2 competitively selected entities¹ in negotiations with potential investors.

Scope of Work

The selected Consultant will provide advisory services as described below in connection with the preparation of a Green Bond Framework. This shall entail performing the following activities:

1. *Develop draft framework structure and content:*

- Research, develop and recommend structure for the Green Bond Framework as based on the Climate Bond Standard of Climate Bonds Initiative;
- Research, develop and propose a Green Definition (Taxonomy) as aligned with the Climate Bond Standard;
- Research, develop and propose appropriate indicators and processes to facilitate project screening, evaluation and reporting as based on Issuer's core business activities;
- Research, develop and propose process structure and documentation outlining the Issuer's management and use of proceeds in alignment with the Climate Bonds Standard.
- Identify reporting requirements in alignment with the Climate Bonds Standard and develop and propose reporting content, structure, and location.

2. *Confirming the draft framework structure and content with the DP*

- Organize workshops meetings with the DP's representatives, confirm the framework structure and content as well as obtain comments;
- Finalize the Green Bond Framework, incorporating feedback received during the workshops and meetings.

3. Selection of Activity Beneficiaries

- Comprehensive set of selection criteria are designed and agreed with the DP;
- Competitive selection procedure is carried out and 2 entities selected (final approval will be endorsed by the NDA);

¹ Could be either banks willing to finance/refinance its green portfolio or private sector entity seeking attraction of funds for implementation of the green project/s.

4. *Integrate the framework with existing governance structure:*

- Identify relevant existing governance structures and documentation;
- Support the selected entities to link the key components of the Framework to relevant governance structures and documentation;
- Support the selected entities in the development of any new required processes and documentation relevant to the integration of the Framework. This will include:
 - Development of Eligibility and Screening Toolkit;
 - Development of GHG calculations tool;
 - Development of GHG footprint simplified calculator, detailing of eligible categories into simple (List of eligible technologies) and complex projects;
 - Development of the list of parameters to collect from sub-borrowers and principles of its integration to formulate and disclose impact reporting figures;

5. *Sourcing and guiding the selected entities in selecting a third-party reviewer:*

- Research providers of independent verification and present result to selected entities' management;
- Support the selected entities in shortlisting and selecting a third-party reviewer for pre- and post-issuance verification;
- Facilitate meetings between the selected entities' representatives and independent verifications providers;

6. *Organizing and coordinating a virtual 5 workshops to present the developed products and instruct executives and experts in context*

Selection Criteria

I. Technical Proposal – 70%

1. Expertise of the Firm – 30%

- Minimum 5 years of work experience and at least 5 assignments (minimum 3 of which in other comparable countries) in providing advisory support to banks in issuance of the green bonds;
- Institutional track record on successful delivery of high-level expert advice to banks, governments and/or international organizations in the relevant fields

2. Description of approach, methodology and work-plan – 40%

3. Qualification of proposed staff – 30%

Prospective bidders are invited to nominate teams, composition of which from their experience fits the best for the implementation of the Assignment.

II. Financial Proposal - 30%

Financial proposals should be submitted with clear indication of: 1) daily charge out rates multiplied by number of working days (identified in the RFP), 2) total sum for the assignment, and 3) containing the statement that all applicable taxes are included.

Evaluation of proposals

Only financial proposals of bidders received 70 and more points for their technical proposal will be considered.

The procedure for evaluation of Financial Proposals is the following - the lowest Financial Proposal (F_m) will be given a financial score (S_f) of 100 points. The financial scores (S_f) of the other Financial Proposals will be computed as follows: $S_f = 100 * F_m/F$, where S_f is the financial score, F_m is the lowest price, and F is the price of the relevant Financial Proposal.

Proposals will be ranked according to their combined technical (S_t) and financial (S_f) scores using the weights (T = the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; $T + P = 1$) indicated in the Data Sheet:

$$S = S_t \times T\% + S_f \times P\%$$

The Consultant that achieved the highest combined technical and financial score will be invited for negotiations.

Timeframe, deliverables and reporting

The overall duration of the “Scaling up Green Finance Practices in the Republic of Armenia” Project is 24 months.

Required services will have to be delivered during January – June 2022.

Submission Requirements

Technical Proposal comprised from overview of the expertise of the firm, description of approach, methodology and workplan, as well as qualifications of proposed staff should be submitted by 10/02/2021 at 18:00 Yerevan time to the following e-mail address: procurement.gcf@armswissbank.am. Financial Proposal should be submitted by 10/02/2021 at 18:00 Yerevan time to the following e-mail address: priceoffer.gcf@armswissbank.am.

Financial proposal should include fee component only, which should be all inclusive. Type of the contract is lump-sum. Financial proposals should include timeline of payments against deliverables.

Services proposed shall be reviewed and evaluated based on completeness and compliance of the Proposal and responsiveness with the requirements of this RFP.

The Proposal that complies with all of the requirements meets all the evaluation criteria and offers the best value for money shall be selected and awarded the contract. Any offer that does not meet the requirements shall be rejected.

Please Note: "ARMSWISSBANK" CJSC will not provide feedback on the evaluation process to unsuccessful candidates.