TERMS OF REFERENCE

CONSULTANCY TO UNDERTAKE A MARKET ASSESSMENT

Project: Facilitating an enabling environment for a Caribbean Green Bond Listing on the Jamaica Stock Exchange (JSE)
Location: Remote
Grant No.: LAC-RS-003
Consultancy type: Consultancy Firm
Duration of contract: 6 month period

1. BACKGROUND
Climate change is a serious threat for the island nations of the Caribbean and the over 40 million people who live there. Due to their small size, geographic location and vulnerable economies, they are highly vulnerable to the impacts of climate change, particularly increased intensity of hurricanes, sea level rising and higher temperatures and longer drought periods. Adapting to these adverse impacts of climate change will be an enormous challenge for these nations, requiring public and private sector coordination to transition to a low-carbon and climate resilient development. However, the public sector does not have adequate domestic funds to fund climate action and require support from the private sector to leverage the financial resources to fill the finance gap.

Over the last several years, innovative financial mechanisms e.g. green bonds, blue bonds, blended finance have received increasing attention by demonstrating the potential to unlock private investment for climate change projects. Green bonds have the potential to attract local and international institutional investors (e.g. investment funds, insurance companies, pension funds, sovereign wealth funds) who can leverage support for climate resilience and low carbon development.

In 2018, the Climate Change Division of the Ministry of Economic Growth and Job Creation (MEGJC) secured financing from the Green Climate Fund (GCF) Readiness and Preparatory Support Programme to mobilize the private sector towards low carbon and climate resilient development in Jamaica and other CARICOM States. Under this project, a draft regional scoping study was prepared which recommended exploring the bond market as a source of debt capital to finance innovative and new business opportunities for resilience. More specifically, a green bond market has the potential to attract local and international institutional investors who can leverage support for climate resilience and low carbon development.
In response to the recommendation of the regional scoping study, in 2019 the Climate Change Division of the Ministry of Economic Growth and Job Creation (MEGJC) and Jamaica Stock Exchange (JSE), with guidance from the GCF Private Sector Facility collaborated to develop a complementary GCF readiness request to facilitate an enabling environment for a Caribbean green bond listing on the Jamaica Stock Exchange.

The grant will assess the debt market and foster a conducive environment for a green bond market through building a green bond market ecosystem. A green bond market ecosystem will require participation of key market players. The main project beneficiaries will be potential issuers, brokers, verifiers and regulators and policy makers, as well as institutional investors (pension funds, banks, etc). The public is an indirect beneficiary as it will become aware of green bonds through informational videos and engaging with the market players.

The readiness grant is expected to add significant value to national processes that support the broader climate and development agenda outlined in the 2015 Paris Agreement and the 17 Sustainable Development Goals. It will support the implementation of the Climate Change Policy Framework which advocates developing a climate financing strategy, the mobilizing innovative financing for mitigation and adaptation and crowding-in the private sector. In the future, the country envisions the aggregation of project assets (from public and/or private sources) and refinancing through proceeds of green bonds which can accelerate implementation of the Nationally Determined Contributions (NDCs) in the Caribbean region.

The Ministry of Economic Growth and Job Creation now invites eligible Consultancy Firms (“Consultants”) to indicate their interest in providing technical support for the above-captioned assignment.

2. OBJECTIVE

Specific objective:
The overall objective of this consultancy is to assess the debt capital market structure for bonds in the Caribbean region, with special emphasis on Jamaica. Key tasks of the assignment are as follows:

3. SCOPE OF WORK

Under the supervision of the JSE’s Project Lead, the Consulting Firm is expected to undertake market research to examine the current status of Green Bond development, assess the appetite of prospective investors/issuers and identify potential projects for Green Bond use of proceeds.

- Review of current debt capital market structure for bonds
- Assess readiness level for green bond market and/or suitability for green bond growth and determine appropriate interventions, including engaging with relevant stakeholders:
Mapping of the market participants or players (e.g. stock exchanges, brokers, banks and other financial institutions, pension funds, rating agencies, real estates, etc.)

Undertake a portfolio analysis of market players (inclusive of climate change/green activities, services and/or operations)

Identify institutions in Jamaica and in the Caribbean\(^1\) interested in green bond issuance and underwriting

Identify limitations and business barriers experienced by institutions in Jamaica and by extension the Caribbean region in green bond issuance and underwriting – this should also build limitations and barriers identified in the regional scoping study

Initiate dialogue with Caribbean market players to determine demand and pipeline for bonds, as well as challenges and training needs

Identify what regulations would need to be instituted or adjusted to create a viable green bond market

Create a database of green pipeline projects (per sector)

### 4. DELIVERABLES

In providing the finalized report, the Consulting Firm will conduct interviews and surveys with:

(i) potential and existing issuers and investors, locally, regionally and the diaspora;
(ii) brokers and institutional investors (including listed companies); and
(iii) other key stakeholders to gauge their appetite for Green Bonds.

Specifically, the Consultant will produce the following reports and deliverables:

- Deliverable 1: Inception Report (inclusive of methodology, implementation plan, stakeholder mapping, resources required)
- Deliverable 2: Draft Local Debt Market and Green Bond Readiness Assessment report
- Deliverable 3: Final Local Debt Market and Green Bond Readiness Assessment report
- Deliverable 4: Draft Terms of Reference for International Consultancy to conduct international market assessment and creation of Green Bond roadmap.
- Deliverable 5: Facilitate Dissemination Workshop

### 5. PAYMENT SCHEDULE

The contract price is a fixed, output-based price and payments are to be made based on the key deliverables as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Deliverable</th>
<th>Payment Value (%)</th>
</tr>
</thead>
</table>

\(^1\) For the Caribbean perspective, countries to be targeted will include Barbados, Trinidad, Dominica and Saint Lucia
6. QUALIFICATIONS/MINIMUM REQUIREMENTS
The Consultancy Firm should have the following:
- At least five (5) years’ work experience with financial instruments and finance;
- Proven experience with the debt capital market, including green bond market and assisting with other green bond initiatives;
- The Firm should provide marketing research as a core service;
- The leader of the consultancy team must have a minimum of five (5) years relevant professional work experience;
- The firm must demonstrate experience in consultative research and producing high quality analyses;

The Consultancy Firm should have a team with the following Key Professionals:
- **Team Leader**
  - The Team Leader should have an advanced degree in Economics, Finance, Banking, Business Administration or any other relevant discipline. At least 7 years’ experience in the financial and banking (financing and credit provisions). Experience undertaking a similar assignment would be an asset. Experience working with Development Finance Institutions at the international and regional level. Certification in green finance or sustainable finance would be an asset.
- **Research Associate**
  - The Research Associate should have Bachelor’s degree in Economics, Finance, Banking, Business Administration or any other relevant discipline. At least 3-5 years’ experience in the financial and banking (financing and credit provisions). Experience working with Development Finance Institutions.

7. DURATION /TIMELINES
The work is expected to start once the contract is signed by the Consultant, it is expected to be completed in approximately 180 days (6 months).
8. REPORTING REQUIREMENTS
For execution of the technical components, the Consultant will work and report directly to the lead manager at the Jamaica Stock Exchange who will sign off on all deliverables.
For contractual and administrative arrangements including payments the Consultant will liaise and report directly to the Principal Director of the Climate Change Division of the Ministry of Economic Growth & Job Creation.

9. CONFLICT OF INTEREST
No Consultancy Firm involved in this assignment shall have conflict of interest. Accordingly, it is required that the Consultancy Firm
i. Provide impartial, objective and professional advice;
ii. Hold the interest of the Government and people of Jamaica as paramount;
iii. Provide advice that does not conflict with other assignments nor their corporate interests;
iv. Assigned to this activity not be in conflict with any prior or current obligations/assignments to/with other clients and must be in a position to complete the assignment in a manner consistent with ‘ii’ above.
v. Shall not be hired who has a close business or family relationship with a professional staff of this client that is involved (directly or indirectly) in any part in: 1) the preparation of the ToR related to this assignment; 2) the selection process for the award of contract and 3) the supervision of the contract.

10. SUBMISSION REQUIREMENTS
Please submit applications to the address below.

Ms. Una May Gordon,
Principal Director, Climate Change Division,
Ministry of Housing, Urban Renewal, Environment & Climate Change,
16A Half-Way-Tree Road, Kingston, Jamaica
Email: unamay.gordon@megjc.gov.jm