TERMS OF REFERENCE

“CABEI’s Social Bond Framework”

Quotation Request
No. 070/2020

September, 2020
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Institutional Information

The Central American Bank for Economic Integration (CABEI) is a multilateral development bank that aims to promote economic integration and balanced economic and social development in the Central American region, which includes the founding countries and the non-founding regional countries, serving and aligning itself with the interests of all its members.

CABEI was founded in 1960 as the financial arm of Central American integration and development; it is a unique organization, both as a result of the breadth of the fields of competence in which it carries out its operations and for its objective and foundational principles. Since then, CABEI has been led by visionaries, whose leadership has brought to fruition the ends for which CABEI was established.

CABEI has 15 member countries:
- Founding countries: Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.
- Non-founding regional countries: Panama, Dominican Republic and Belize
- Extra-regional countries: Mexico, Republic of China (Taiwan), Argentina, Colombia, Spain, Cuba and Korea.

CABEI is headquartered in Tegucigalpa, Honduras with regional offices in Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. For further information visit the CABEI website, www.bcie.org.

Conditions of the Terms of Reference

This Terms of Reference document is property of CABEI, and its content may not be reproduced by mechanical or electronic means, nor redistributed without the consent of the Institution.

In a reciprocal fashion, CABEI agrees not to copy or disclose the information provided by the bidders in response to this process.

These Terms of Reference do not oblige any natural or legal person to submit a proposal. In the same way, the presentation of proposals by the bidders does not compel CABEI to enter into any contract.

The present Terms of Reference, as well as the technical and economic proposal of the selected bidder, will form part of the annexes of the Contract to be signed for the required services.
1. REQUIRED SERVICE

1.1 Background

The Social Bonds Market has grown significantly since the first initiative of Social Bond Guidelines was published by the International Capital Markets Association (ICMA) in 2016. The amount of social bonds’ issued increased from US$2.2 billion in 2016 to US$20 billion in 2019\(^1\). Moreover, during the first half of 2020, the amount of social bond issuances has increased up to US$22.4 billion (US$ 8.8 billion in 2019), which is equivalent to a growth rate of 155%\(^2\).

The first version of the Social Bond Principles (SBP) Guidelines was published by ICMA in 2017, providing clear voluntary guidelines to market participants, including issuer, investors and stakeholders in general. A major social problems awareness has benefited the expansion of this market in prior years, while during 2020, social bonds have become a popular instrument to raise funds to fight against the COVID-19 Pandemic, while providing recognition for issuers as institutions committed to diminish the effect of this new threat against global human health and economic activity.

These days the expectations of stakeholders about the role that institutions should play diminishing social problems are more important than ever, and therefore, issuing social bonds to fund operations that mitigate social problems or achieve a positive social outcome, is an attractive way to gain credentials as socially responsible institutions.

On June 2020, ICMA published its updated SBP Guidelines, aimed at promoting integrity in the social bond market, through guidelines that stressed the importance of transparency, disclosure and reporting. The revised guidelines incorporate expanded project categories and populations, which are expected to be more susceptible in the future.

Based on the above and considering: a) CABEI’s mission to promote the economic integration and a balance economic and social development of the Central American region, b) CABEI’s challenge for the five-year strategy 2020-2024 to achieve a greater economic and social incidence in its actions, c) Four of CABEI’s five axis of its institutional strategy consider social aspects, CABEI needs to develop a Social Bond Framework (SBF).

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CABEI’s SBF will provide the Bank with more financial flexibility and options to fund initiatives with a clear social impact that fulfill SBP criteria and international best practices, as well as increasing the awareness of investors, stakeholders and market players, about the strategic role that CABEI is playing on its fight against poverty and promoting social and economic development in the Central American Countries, while contributing to the transparency, disclosure and reporting of its operations.

1.2 Detailed Description of the Services

1.2.1 CABEI requires contracting professional services of a Supplier, hereinafter referred to in this document as “the Contractor”, to provide technical support to develop CABEI’s SBF, as well as its first ever social bond issuance and social bond impact report.

The services required to develop the following activities³:

• Support and advice CABEI in the development of its SBF.
• Tagging SBF categories with Sustainable Development Goals (SDGs).
• Review CABEI’s loans portfolio and projects pipeline to identify and classify all eligible assets that fulfill SBP criteria.
• Advice to obtain CABEI’s SBF Second Party Opinion (SPO).
• Provide support in the development of CABEI’s first ever social bond impact report.

a. Development of SBF: CABEI’s SBF must be developed based on ICMA’s SBP international guidelines, aligned with CABEI’s strategy and considering the contributions from CABEI’s social bond team and the feedback received from the international investment banks that will participate in the initiative. The SBF may include projects related to affordable basic infrastructure (e.g. clean drinking water, severs, sanitation), access to essential services (e.g. health, education, financial services), affordable housing, socio economic advancement and empowerment (e.g. equitable access to and control over assets, equitable participation and integration into the market and society), among others eligible according to the SBP guidelines, published on June 2020. The target population may include women and/or sexual and gender minorities, migrants and/or displaced persons, people with disabilities, among others eligible according to the SBP guidelines, published on June 2020. For that purpose, CABEI will make available a platform to allow the different teams to provide their contributions. The Contractor will be responsible to provide technical advice in the development of the SBF and make sure that all contributions provided by participants are assessed and considered based on its technical fundamentals. The advisory will incorporate guidelines for CABEI to fulfill international standards regarding eligibility of the projects, tracking of proceeds and reporting methodology.

b. Social Bond’s tagging categories with SDGs: CABEI’s SBF categories will be mapped with the SDGs that they contribute. The mapping will include the qualitative and quantitative applicable metrics that CABEI will use in project eligibility and report project’s impact on SDGs, in line with international best practices and CABEI’s available data. Each category will also identify the pursued social economic outcome or the specific social issue that is addressed or mitigated by each category, as well as the expected target population.

³ CABEI’s desired Workplan is included in Annex 7
c. **Review and identification of eligible projects in CABEI’s loans portfolio and projects pipeline:** The Contractor will review CABEI’s outstanding loan portfolio and pipeline of projects to identify all eligible projects that fulfill CABEI’s SBF selected categories and criteria. The Contractor will deliver to CABEI the group of eligible assets classified by category of its SBF, as well as the rational of such selection.

d. **Second Party Opinion support:** The Contractor will advise CABEI through the process of obtaining CABEI’s SBF Second Party Opinion, attending all inquiries and required amendments for the Framework to fulfill international guidelines, in line with CABEI’s capabilities and available information.

e. **Support developing CABEI’s first ever social impact report:** The Contractor will support CABEI in the development of its first Social Bond Impact Report. The advisory will focus on how projects impact is effectively communicated to investors, aligning its message with CABEI’s strategy.

### 1.3 Experience of the Contractor

1.3.1. **General Experience:** The Contractor must be a well-established institution with at least 3 years of experience advising on the development of social impact assessments and sustainability. The experience working with public institutions, private financial institutions, corporations, non-governmental organizations or international institution in the implementation, measurement and development of projects with a positive impact on specific social issues or addressed and mitigate social problems in the benefit of a well-defined population.

1.3.2. **Specific Experience:** The Contractor that fulfill with the specialized experience described below:

   a. Experience advising on the impact measurement of social projects, including but not limited to: social housing, gender equality, health care and education.

   b. Experience advising capital markets players in the implementation of best international practices related to social and sustainable initiatives.

   c. Participation in initiatives related to the development of best international practices for the social bonds market.

   d. Experience in advising social projects that required mapping SDGs published by United Nations with project categories, as well as defining metrics aimed at determining their social impact.

   e. Participation in the Advisory Counsel of the Green Bond Principles and SBP Executive Committee is a strong plus.

   f. Present credentials and business cases of at least 2 successful related projects.

### 1.4 Contract Terms

The contract will have a term of six (6) months from its signing⁴, from September, 2020 to March, 2021 or the approved date provided by CABEI.

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⁴ If the objectives and deliverables of the projects are achieved before the specified term, CABEI will adjust the term of the project after receiving all deliverables to its satisfaction.
1.5 Guarantees

Not applicable.

1.6 Obligations of the Contractor

The obligations of the Contractor are:

a. It commits to fulfill the services described in this Terms of Reference and technical offer, which will be reflected in the corresponding contract.

b. Accepts the supervisory guidelines, observations and recommendations provided by the Social Bond team lead by CABEI’s Capital Markets Department during the development of the project.

c. Keep due confidentiality regarding any type of institutional or staff information to which it has access.

d. Commits to adopt the necessary measures to protect CABEI’s confidential and manage it appropriately.

1.7 Bank Obligations

CABEI will be responsible of:

1.7.1. Provide the information (verbal or written) and documentation necessary for the development of the required services.

1.7.2. Provide (when applicable) the corresponding platform and space to carry out the activities necessary for the fulfillment of the contracted services.

1.8 Fees and Payment Method

1.8.1 For the required services, **CABEI has an available amount up to US$50,000.00**.

1.8.2 The 100% of the services will be paid once CABEI has received to its satisfaction the deliverables agreed in the contract of services. The Contractor will have the opportunity to include on its proposal a different payment method, which will be reviewed and is subject to CABEI’s approval.

1.8.3 The economic proposal presented by the Contractor it is under its exclusive responsibility. Any omission will be interpreted as its voluntary decision to present the most cost-effective proposal.

1.8.4 CABEI will execute the payment of the services using wire transfers, the bidders must indicate the name of the institution and account number, as indicated in Annex 2.
1.9 Immunities, Exemptions and Privileges

In accordance with its constitutive agreement, CABEI, its income, properties and other assets, as well as the operations and transactions carried out in accordance with said agreement, will be exempt from all kinds of taxes and customs duties or others of a similar nature within its member countries. CABEI will also be exempt from all responsibility related to the payment, retention or collection of any tax, contribution or right, consequently the taxes and other contributions that correspond to the Contractor derived from the fees caused will be his own responsibility.

1.10 Coordination and Supervision of the Services

Supervision and coordination of services will be carried out by the Capital Markets Department and the Strategic Alliances and International Cooperation Department of CABEI.

2. ASSESSMENT, CONTENT AND PRESENTATION OF THE PROPOSALS

2.1 Assessment of the Proposals

Proposals will be assessed through a qualification system, where two types of qualification will be granted: technical and economic, which will add up to 100%.

2.2 Technical Assessment 80%

2.2.1 The purpose of the technical assessment is to determine proposals’ fulfillment with the required services and the relevant aspects that the Contractor must comply with.

2.2.2 Although the technical evaluation has a total value of 80%, to obtain the technical qualification, according to the evaluation criteria, the total value of 100% will be used. Then, this result will be weighted over the value of the technical evaluation (80% of 100%).

2.2.3 The criteria and weightings that will be applied in the technical assessment are the following:

<table>
<thead>
<tr>
<th>Assessment criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Experience</td>
<td>20%</td>
</tr>
<tr>
<td>Specific Experience</td>
<td>40%</td>
</tr>
<tr>
<td>Aligned Work Plan to the schedule on Annex 7</td>
<td>20%</td>
</tr>
<tr>
<td>Team Members Experience</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total Technical Assessment</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
2.2.4 For the submitted proposals to be considered technically acceptable, they must obtain a minimum score of 80%; that is, 80% / 100% of the total technical evaluation; or, 64% / 80% of the weighted technical rating. The offer that does not reach this score will be disqualified from the process.

2.3 Economic Assessment 20%

2.3.1 In the economic assessment, a maximum weight of 20% will be assigned to the most cost-efficient economic offer.

2.3.2 All other offers will be assigned the weighting as follows:

<table>
<thead>
<tr>
<th>Pi</th>
<th>= Score of the Economic Proposal i.</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>= Bidder.</td>
</tr>
<tr>
<td>Ei</td>
<td>= Economic offer i.</td>
</tr>
<tr>
<td>Em</td>
<td>= Economic offer with the most efficient economic offer / lowest cost.</td>
</tr>
</tbody>
</table>

2.3.3 The sum of the technical and economic evaluation will result in the final grade that will determine the Contractor to be selected to develop the project.

2.4 Proposal Presentation

2.4.1 Technical Proposal

The technical offer must contain the following documents, which must be presented in the following order:

a. Letter of Expression of Interest (Annex 1) duly sealed and signed by the legal representative. If the Bank's format is not used, the offer will be disqualified.

b. Bank Transfer Authorization Form (Annex 2) duly completed.

c. Technical Proposal:

i. General Experience: Company's profile including track record experience and number of years providing advisory services related to social impact assessments and social bond's related projects.

ii. Specific Experience: Describe specific experience and include at least 2 business cases of successful implemented projects, in line with guidelines included in numeral 1.3.2. The business cases must include phone numbers and email contacts, for CABI to verify references.

iii. Aligned Work Plan to the schedule on Annex 7: Work plan aligned with the schedule included on Annex 7.
iv. Team Members Experience: Resumes of the team members that will participate in the Project, including academic track records, as well as general and specific professional experience in similar projects.

Important: the information described in this section must be submitted completely, otherwise, it will lose the weighting of the criteria.

2.4.2. Compliance Documentation

The documents that must be presented along with the offers, are described below:

a) Copy of the Constitutive Document of the society duly registered in the Mercantile Registry or its equivalent, in which the corporate structure of the company can be verified.

b) Copy of the Taxpayers Registry (RUC, RTN, NIT or its equivalent in the company’s country of origin).

c) At least one original bank reference no older than 30 days from the offer submission date.

d) Declaration Form for the Prevention of Money Laundering and Terrorism Financing, (Annex 6) completed and signed by the legal representative.

e) Copy of the Power of Attorney or Certification issued by the Secretary of the Board. In which the appointment of the legal representative of the company can be verified.

f) Copy of the identification documents of the legal representative.

The Bank reserves the right to request additional information or update the documents as it deems pertinent.

2.4.3. Economic Proposal

a. Form of the Quotation Request duly stamped and signed (Annex 5).

b. The economic offer must include the direct and indirect costs related to the service quoted, and clearly indicate the currency in which it is expressed.

c. If the bidder company is located in a member country of the Bank, the proposal must be presented free of taxes and CABEI will facilitate the documentation related to the tax exemption. If the bidder company is located in a country that is not a member country of CABEI, the proposal must include the corresponding taxes.

2.5 Language of the offer

The proposals to participate in this quotation request must be presented in English language.
2.6 Proposal Presentation

2.6.1. The proposals must be submitted electronically through Cabeí’s Institutional Procurement Portal, which is available at https://proveedores.bcie.org. All required documentation must be loaded in the Quotation Request No. 070/2020 “CABEI’s Social Bond Framework”, following the instructions described below:

a. The proposals must be submitted separately, as indicated in the section “Mi Oferta”.

b. Once the proposal and required documentation are submitted through the portal, you will have to click on the option “Enviar Oferta”.

2.7 Deadline to Present the Offers

2.7.1 The deadline to receive proposals is on September 23rd, 2020. To avoid any inconvenience, we strongly recommend uploading all required documentation before 17:00 hours (time of the Republic of Honduras).

2.7.2 Offers submitted after this deadline will be considered untimely and will not be considered.

2.7.3 Once a proposal has been presented, it cannot be withdrawn, replaced nor modified.

2.8 Coordination and Period for Consultations

2.8.1 If there are doubts or questions regarding the Terms of Reference or the process, they may be made through Cabeí’s Institutional Procurement Portal. Quotation Request No. 070/2020 “CABEI’s Social Bond Framework” in the Questions and Answers tab.

2.8.2 Questions or doubts about the Terms of Reference that are formulated until September 21st will be accepted.

2.8.3 The questions received will be shared with all bidders, with the purpose to provide the same information to all participants. Such information will be provided through Cabeí’s Institutional Acquisition Portal.

2.9 Validity of Proposals

Offers must have a validity period of at least ninety (90) calendar days from the date they are submitted.
3. GENERAL NORMS

3.1 Rights of CABEI

3.1.1. CABEI reserves the right to declare the process void, if it is considered that none of the proposals received fully satisfies the requirements included in these Terms of Reference. Likewise, CABEI reserves the right to reject any proposal, cancel or declare the process failed, decide to extend it, cancel or postpone it partially or totally, decide to grant the same in whole or in part to one or more suppliers, decide when it deems appropriate institutional interests, without incurring any liability towards the supplier.

3.1.2. CABEI reserves the right to supervise the activities carried out by the Contractor and if such activities contravene the provisions related to information security; the Bank may take the actions it deems necessary to safeguard its information, reputation and image.

3.2 Prohibitions

To guarantee transparency in the quotation request, the following persons may not participate, directly or indirectly, in the supply of goods, services and consultancies for CABEI.

3.2.1 Officials or active employees, former officials or former employees and retirees of CABEI for a period of two (2) years from their separation, neither the spouses or housemates, nor the relatives by consanguinity or affinity up to the second degree, inclusively, of officials or active employees of CABEI.

3.2.2 Companies in which any of the persons indicated in the preceding literal, considered individually or jointly, are holders of more than twenty-five percent (25%) of the capital stock or hold any management or representation position, for purchases greater than ten thousand dollars (US$ 10,000), currency of the United States of America, or its equivalent in any other currency.

3.3 Protests or Appeals About the Adjudication Process

The bidders that participate in this quotation request and have a complaint about its results, may submit it through the Reporting Channel, available on the CABEI website, www.bcie.org.

3.4 Confidentiality Clause

3.4.1 The Contractor and, where appropriate, the personnel in charge of offering the services described in this document, must maintain secrecy and confidentiality in relation to conversations, data,
documents and general information of the Bank that arrive through any means to be of your knowledge, and in general, of any antecedent or element, material or conceptual.

3.4.2 Any serious violation of the foregoing, understanding as serious one that negatively affects the Bank’s official relationship with national authorities at any level, or that results in public or commercial dissemination that damages in any way the confidentiality of information of the Bank, may give rise to terminate the contract, which will be done by written communication to the Contractor denouncing such events.

3.5 Acceptance of the Code of Ethics

The bidder declares that it is aware of the institutional and individual ethical principles, norms and values that prevail in CABEI, within the framework of the Code of Ethics, which is attached to these Terms of Reference and that if selected, he undertakes to observance and compliance without any restrictions. Any breach of said rule will entitle the Bank to terminate the acquisition and / or contracting in advance without any liability on its part, without prejudice to the pertinent criminal and civil actions.

3.6 Annexes

a. Annex 1 – Letter of Expression of Interest
e. Annex 5 - Economic bid format.
g. Annex 7 - Work Plan to the schedule.
h. Annex 8 - Integrity Declaration signed off by the Contractor