

## REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES

**REOI # IDB Invest 24-001**

**Department:** *Risk Management / Environmental and Social Risk*

**Selection Method:** **Formal Competition**

**Beneficiary Country:** *Regional*

The Inter-American Investment Corporation (IDB Invest) aims to be the partner of choice for the private sector in Latin America and the Caribbean. We finance projects to advance clean energy, modernize agriculture, strengthen transportation systems, and expand access to financing. For more information about IDB Invest please refer to IDB Invest's website at [www.idbinvest.org](http://www.idbinvest.org)

### *Section 1. Purpose of this REOI*

- 1.1 IDB Invest intends to contract consulting services described in this Request for Expressions of Interest (REOI). The purpose of this REOI is to obtain sufficient information to enable IDB Invest to evaluate if the eligible<sup>1</sup> consulting firms have the experience and qualifications relevant to the consulting services requested by IDB Invest. After the REOI process is completed, IDB Invest intends to issue a Request for Proposal (RFP) to those firms IDB Invest deems qualified and select one firm to establish a consulting services contract.
- 1.2 All eligible consulting firms, as defined in the [IDB Invest Procurement Manual](#) may submit an expression of interest (EOI). Consulting firms that have the required experience and competence relevant to the assignment shall be assessed and compared, and the best qualified and most experienced firm shall be selected. An Evaluation Panel will conduct the assessment and ranking of the EOI submitted by the consulting firms that expressed interest. The best-ranked consulting firm(s) will then be invited to continue further in the procurement process. This REOI sets out the criteria IDB Invest will apply for this short-listing process in Paragraph 3.2.
- 1.3 This REOI is not to be construed as either an RFP or an offer to contract and in no way obligates IDB Invest to do so. IDB Invest reserves the right to reject any or all participating consulting firms for any reason or for no reason without recourse, to request substitution and/or clarification of any information provided, to ask for interviews with the firm's management staff, and/or to visit the participating firm's site. IDB Invest does not bind itself in any way to select any participating consulting firm. No debrief will be provided to firms that have not been shortlisted.

### *Section 2. Instructions to the eligible consulting firms*

- 2.1 Expressions of interest must be delivered by email to [alopezlopez@iadb.org](mailto:alopezlopez@iadb.org) by no later than **July 9, 2024**
- 2.2 Eligible consulting firms may associate in the form of a Consortium/Joint Venture to enhance their qualifications. Such Consortium/Joint Venture shall appoint one of the firms as the representative, which

---

<sup>1</sup> The IDB Invest Procurement Manual establishes general eligibility requirements.

will be responsible for the communications, and the submission of the corresponding documents.

2.3 IDB Invest now invites eligible consulting firms to indicate their interest in providing the services described below in the intended Terms of Reference for the consulting services. Interested consulting firms must provide information establishing that they have the experience and are qualified to perform the Services. To ensure that all responses are evaluated in an equivalent fashion, eligible consulting firms must submit a response that includes the information that clearly explains all issues addressed in the following section.

### ***Section 3. Consulting Services***

3.1 The consulting services include **Climate Scenario Analysis, Climate Stress Testing, and Climate Sensitivity Analysis**

3.2 Eligible consulting firms must submit the EOI following the subsequent order:

1) Basic Information including:

Legal Entity Information:

- a) Legal Entity complete name
- b) Legal entity complete address
- c) Legal entity phone number

Authorized person from the consulting firm to receive notices:

- d) Name
  - e) Title
  - f) Phone number
  - g) E-mail address
- 2) Background
  - 3) Experience related to the requested consulting services.
  - 4) Resources and financial capacity to carry out the requested consulting services.
  - 5) Added value that the firm could offer to IDB Invest for this project.

Inter-American Investment Corporation  
1350 New York Ave, NW, Washington DC 20577, USA  
Web site: [www.idbinvest.org](http://www.idbinvest.org)

## **ANNEX A - TERMS OF REFERENCE**

### **Climate Scenario analysis, Climate Stress Testing, and Climate Sensitivity Analysis**

#### **1. Background**

The Inter-American Investment Corporation (IDB Invest), a member of the Inter-American Development Bank (IDB) Group, is a multilateral organization based in Washington, D.C., that is committed to the development of Latin America and the Caribbean through the private sector.

As part of its mission, IDB Invest supports the private sector and state-owned enterprises through financing in the form of loans, equity investments, and guarantees. IDB Invest also partners with clients to provide advisory and training services. In January 2016, the IDB Group consolidated its private sector operations in IDB Invest to better serve the region, clients, and partners, and to maximize its development impact. IDB Invest offers the full array of private sector products and services previously offered across the IDB Group.

For more information, please refer to IDB Invest's website at [www.idbinvest.org](http://www.idbinvest.org)

#### **2. Overview**

Climate risk is a central topic for IDB Invest as it works to embed, assess and report on climate-related risks and opportunities across the organization. To that end, IDB Invest is working to develop and integrate a climate risk framework for strategic, monitoring and risk management purposes. The Environmental and Social Risk (SER) Team of IDB Invest is accountable for coordinating the implementation of institutional climate-related risk practices including the development and enhancement of methodologies to link climate and financial risk, coordinating the integration of risk oversight and reporting, ensuring the implementation and maintenance of risk policies and procedures, and fostering risk awareness through lessons learned and knowledge building. Currently, IDB Invest is looking for a consultancy firm to develop a methodology and incorporate tools for Climate Scenario Analysis, Climate Stress Testing and Climate Sensitivity Analysis to evaluate portfolio risks and resiliency to different climate factors.

#### **3. Objectives**

The consultancy firm will develop a methodology and related tools for Climate Scenario Analysis, Climate Stress Testing and Climate Sensitivity Analysis tailored for IDB Invest, as well as offer capacity building to IDB Invest teams to regularly run the analysis.

Specific objectives:

- Assess IDB Invest's current climate scenario analysis, stress testing and sensitivity analysis capabilities and practices.
- Understand IDB Invest's current financial risk management framework, models, and processes to identify enhancements for integration of climate-related risk.
- Develop, or propose and refine methodologies (transition risk and physical risk) that fit IDB Invest's business model and portfolio.
- Provide training to IDB Invest teams on how to implement the methodologies and run the Climate Scenario analysis, Climate Stress Testing and Climate Sensitivity Analysis.
- Document recommendations and present the Climate Scenario analysis, Climate Stress Testing and Climate Sensitivity Analysis to the risk management executive team, according to IDB Invest specifications.

#### **4. Scope of Services**

The consulting firm will support IDB Invest in the development of internal capabilities and specific methodologies to run climate scenario analysis, stress testing and sensitivity analysis on a regular basis. The methodologies and recommendation should be tailored to IDB Invest's mandate, portfolio, and must fit the institutional current risk management framework, tools and methodologies as well as the evolving business model.

The consulting firm will support the development of internal knowledge and capabilities to implement the recommended methodologies and manage climate-related financial risk in the IDB Invest portfolio. In addition, IDB Invest is looking to foster climate risk awareness at executive and risk management levels through engagement sessions.

#### **5. Key Activities**

The selected consultant firm will conduct the following specific activities:

- 1) Review documentation and interview key stakeholders to understand the current climate scenario analyses, stress testing and sensitivity analyses capabilities and practices.
- 2) Review documentation and interview key stakeholders to understand the current climate assessments performed by IDB Invest (Climate Risk Assessment, Paris Agreement Alignment).
- 3) Review documentation and interview key stakeholders to understand current financial risk management framework, models, and tools.
- 4) Document current state, requirements and recommendations to develop and implement climate scenario analyses, stress testing and sensitivity analyses methodology.
- 5) Develop, propose and refine methodologies (transition risk and physical risk) for Climate Scenario analysis, Climate Stress Testing and Climate Sensitivity Analysis tailored for IDB Invest:
  - a) Propose and discuss approaches for transition and physical risk scenarios.
  - b) Propose and discuss approaches for scenario selection, risk type coverage for inclusion deterministic vs. stochastic approach, time horizons, top-down vs bottom-up approach, dynamic vs. static balance sheet, and portfolio breakdown (sector, segment, geography, etc.).
  - c) Propose and discuss approaches for types of outputs produced by the methodology and integration into the current IDB Invest risk management framework, tools and methodologies.
  - d) Propose and discuss approaches for critical data, modeling, and risk management components for each type of climate risk.
- 6) Document requirements and recommendations to integrate the proposed methodologies with the current financial risk management framework, tools and models.
- 7) Document the proposed process, roles and responsibilities.
- 8) Document requirements and recommendations to enhance current financial risk management tools and models.
- 9) Provide specific training on Climate Scenario Analysis, Stress Testing and Sensitivity Analysis to key IDB Invest teams to develop internal capabilities to implement the methodology.
- 10) Perform a pilot exercise to implement the methodology.

#### **Additional activities:**

- 1) Engage in regular check-ins with IDB Invest project team.
- 2) Participate in a range of working sessions with the IDB Invest project team.
- 3) Develop engagement sessions for IDB Invest risk management executive team.

## 6. Technical Requirements

IDB Invest will hire a consulting firm for the activities and scope described in this ToR.

The selected firm shall have expertise in climate scenarios analysis, climate-related risk management, and climate stress testing. Specific experience on climate-related risk management with financial institutions is expected, and experience working with multilateral development banks is highly desirable.

Furthermore, the consulting firm is required to have a deep technical knowledge on leading risk management practices for financial institutions, and experience in assessing climate risk at the project, counterparty, and portfolio level.

## 7. Expected Outcome and Deliverables

Outcomes and deliverables are expected to be developed collaboratively with IDB Invest. Drafts should be provided for project team review, approval, and decision-making.

- **Develop an assessment of the Current State:** gather data and relevant internal information to assess current knowledge, capabilities, practices and tools available in IDB Invest to implement Climate Scenario analysis, Climate Stress Testing and Climate Sensitivity Analysis. Understand current financial risk management models and tools to identify refinements for the integration of climate-related risk factors. Identify requirements, assess gaps and make recommendations.
- **Develop Climate scenario analysis, climate stress testing and Sensitivity analyses methodologies:** Develop, refine, and document detailed methodologies that fit IDB Invest mandate, portfolio, and institutional risk management framework, tools and methodologies. Leverage the market practice and the regulators stress testing and sensitivity analysis pilots. The documentation should include team organization and skills, data requirements and collection, scenarios and models, assessment process, and outputs and applications.
- **Develop recommendations to integrate the methodologies proposed with the current risk management framework, tools and models:** Identify needs and issues to be addressed to integrate Climate scenario analysis, climate stress testing and Sensitivity analyses proposed methodologies with the current risk management framework of IDB Invest. Prepare documentation and recommendations.
- **Develop and deliver an engagement session with the Executive risk management team:** prepare documentation and deliver presentations on methodologies, gaps, needed adjustments, and recommendations for management's consideration.
- **Training sessions:** Following approval of the proposed methodology by IDB Invest, develop deep training sessions for the IDB Invest teams that will be accountable for the implementation.
- **Design of pilot exercise:** Design a comprehensive pilot exercise for the implementation of the methodology proposed that allows IDB Invest to clearly define the scope of a subsequent phase of the project.

**8. Project Schedule and Milestones**

<b>Deliverable</b>	<b>Planned date (weeks after project kick-off)</b>
<b>Deliverable 1:</b> Report and presentation on Current State assessment, and requirements and recommendations.	4 weeks
<b>Deliverable 2:</b> Climate scenario analysis methodology	12 weeks
<b>Deliverable 3:</b> Climate stress testing and Sensitivity analyses methodology	16 weeks
<b>Deliverable 4:</b> Report and presentation on methodologies proposed and its integration and adjustment to current risk management framework, tools and models	18 weeks
<b>Deliverable 5:</b> Executive Presentation – Methodologies for management consideration	19 weeks
<b>Deliverable 6:</b> Training sessions	17 weeks
<b>Deliverable 7:</b> Design of pilot exercise	20 weeks
<b>Deliverable 8:</b> Executive Presentation – Adjusted methodologies and pilot exercise proposal for management's consideration	23 weeks

**9. Place of Performance**

Washington D.C.

**10. Acceptance Criteria**

The selected Consulting Firm will develop all the deliverables in collaboration and under the supervision of the IDB Invest Environmental and Social Risk Management Team (RSM/SER).

All deliverables will receive feedback and approval from the aforementioned specialists.

The deliverables must be in electronic format in Word, PPT or Excel, in English.

**11. Award**

Technical and cost factors shall be considered in IDB Invest's evaluation.