

## Request for Applications

### Cambodia Sustainable Bond Accelerator: Empowering Issuers through Technical Assistance

## Request for Applications

Deadline to submit applications: **27 April 2023, 23:59 ICT**

#### 1. SUMMARY OF THE REQUEST FOR APPLICATIONS

**Objective:** To provide technical assistance and financial support to enable the issuance of green, sustainability or sustainability-linked bonds in Cambodia.<sup>1</sup> The overall objective is to enable the flow of financing towards green, sustainable and net-zero projects in Cambodia to support the country in meeting its climate priorities.

This call for applications asks prospective green, sustainability and sustainability-linked bond issuers to specify their objectives and planned use of proceeds of the bond issuance (or anticipated KPIs in the case of sustainability-linked bonds). The call for applications also requires potential issuers to specify the type of support needed and specify the particulars of the issuance.

**Proposal Timeline:**

- Request for Applications publication date: 22/02/2023
- **Deadline for submission: 27/04/2023 by 23:59 ICT**

**Selection and Implementation Timeline:**

- Shortlisting of applications: 31/03/2023
- Selection of applicants: 17/04/2023
- Implementation: 18/04/2023 – 31/12/2023
- Post-issuance support: 1/1/2024 – 31/12/2024

For any questions regarding the application process, please send inquiries to: [varabott.ho@un.org](mailto:varabott.ho@un.org) with cc to [t\\_sokphalline@serc.gov.kh](mailto:t_sokphalline@serc.gov.kh) and [sut.samedy@gggi.org](mailto:sut.samedy@gggi.org)

Applications should be returned to by email no later than midnight on **27/04/2023 by 23:59 ICT**. Applications must follow the submission format as outlined in the [Application Template](#).

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<sup>1</sup> Note that the objective of the Request for Applications is to provide support to climate related projects, therefore social bonds have not been included in this Request for Applications. Social bond issuances as part of a sustainable bond issuance which include climate related projects are acceptable.

## 2. BACKGROUND

The Government of Cambodia has prioritized climate mitigation and adaptation as one of the top priorities in its national development strategy. Without climate adaptation and mitigation investment, it is estimated that the impact of climate change could cost Cambodia 1 percent of GDP per year for the next decade and could potentially wipe out all economic gains by 2050. The funding needed to achieve these goals is substantial. In Cambodia's latest nationally determined contribution (NDC), the government of Cambodia declared that its climate mitigation and adaptation plans would require total funding of roughly \$7.8 billion. Thematic bonds have the potential to close this financing gap by mobilizing investment for the public and private sector for green and sustainability initiatives. Globally, thematic bond issuance, considering social, sustainability, sustainability-linked and transition labelled bonds surpassed \$1.5 trillion in 2022.

The Securities and Exchange Regulator of Cambodia (SERC) aims to encourage potential bond issuers to make efforts towards green, social, sustainability and sustainability-linked bond issuance, in an effort to drive economic and sustainable growth in Cambodia. As part of this effort SERC has partnered with the Credit Guarantee and Investment Facility (CGIF), Global Green Growth Institute (GGGI), GuarantCo (part of the Private Infrastructure Development Group) and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), to support the development and proliferation of Cambodia's green, sustainable and sustainability-linked bond market.

As such, CGIF, ESCAP, GGGI and GuarantCo, in collaboration with SERC, have issued this Request for Applications as a call to private sector issuers who are seeking support to issue green, sustainability and sustainability-linked bonds. Based on ESCAP and GGGI's research, it is found that while bond issuers in developing markets in general face considerable barriers to issuance, issuers of thematic and sustainability-linked bonds are further constrained due to limited awareness and capacities, as well as higher issuance costs. **Collectively, the consortium of partners (CGIF, ESCAP, GGGI, GuarantCo) will provide technical assistance and support including advise on developing bond frameworks, best practices and guidelines, facilitating post-issuance reporting, and providing co-financing options to decrease bond issuance costs and investment support.**

Overall, to address the overarching barriers faced by bond issuers, this Request for Applications aims to:

1. Enhance issuers abilities to meet international thematic and sustainability-linked bond standards;
2. Promote climate related investments in Cambodia and combat green washing;
3. Increase the ability and interest of issuers in Cambodia to move from traditional bond issuance to green, sustainability and sustainability-linked issuance;
4. Lower the cost of issuance and support the growth of a strong debt market in Cambodia.

## 3. ABOUT THE CONSORTIUM OF PARTNERS (CGIF, ESCAP, GGGI, GUARANTCO, AND SERC)

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("ASEAN") members, China, Japan, Korea ("ASEAN+3") and Asian Development Bank ("ADB"). It is established as a trust fund of ADB with paid-in capital of US\$1,149 million from its Contributors. As a key component of the Asian Bond Markets Initiative ("ABMI"), CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3- domiciled bond issuers.

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations for the Asia-Pacific region. Made up of 53 Member States and 9 Associate Members, with a geographical region home to around two thirds of the world's population. ESCAP works to overcome some of the region's greatest challenges by providing results-oriented projects, technical assistance and capacity building to member States to promote regional cooperation and collective action in pursuit of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. ESCAP's project on '*Scaling up Climate Finance in Asia-Pacific: Enabling policies and financing instruments to support climate adaptation and mitigation*' is supporting Cambodia, alongside other Asia-Pacific countries, to strengthen the enabling environment for the development of green financing instruments and supportive policy measures to finance a green transition.

The Global Green Growth Institute (GGGI) Cambodia, a treaty-based international, inter-governmental organization, has been supporting the Royal Government of Cambodia (RGC) in transition to a model of economic growth that is environmentally sustainable, climate-resilient, and socially inclusive. GGGI is working closely with RGC in mobilizing green investment for sustainable urban development in the areas of sustainable energy, waste management, and sustainable mobility. GGGI is also working closely with Ministry of Economy and Finance and Securities and Exchange Regulator of Cambodia (SERC) on advancing the thematic bond initiatives and policy framework in Cambodia.

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, France through a stand-by facility and Global Affairs Canada through a repayable facility. GuarantCo is rated AA- by Fitch and A1 by Moody's. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development.

The Securities and Exchange Regulator of Cambodia (SERC), established under the law on *The Issuance and Trading of Non-Government Securities and the Law on the Organization and Functioning of the Non-Bank Financial Services Authority*, regulates the securities industry in Cambodia to contribute to socio-economic development through capital mobilization from public/securities investors to meet the demand of financing for investors. The Missions of SERC are to: develop and maintain the confidence of public investors in the Kingdom of Cambodia by protecting their lawful rights and ensuring that the offer, issue, purchase and sale of securities are carried out in a fair and orderly manner; promote the effective regulation, efficiency and orderly development of the securities markets; encourage the varieties of saving tools through buying of securities and other financial instruments; encourage foreign investment and participation in the securities markets in the Kingdom of Cambodia; and assist in facilitating the privatization of state-owned enterprises in the Kingdom of Cambodia.

## 4. ELIGIBILITY AND REQUIREMENTS

### 4.1 Overview and Benefits:

Through this Request for Applications (RFA), the consortium of partners (CGIF, ESCAP, GGGI and GuarantCo) collectively intend to partner with up-to **four (4)** bond issuers, to unlock capital for climate adaptation and mitigation related projects. Selected applicants will be provided with needs-based technical assistance and support.

### **Shortlisted applicants will receive:**

- Technical Assistance and Support: Issuance support based on best practices and international standards, review of green and sustainability bond framework and capacity building;
- Investment Support – Identification and connecting with relevant investors .

**Selected applicants will receive:**

- Technical Assistance: Issuance support based on best practices and international standards, review and in-principal approval from SERC for issuance, short-term post-issuance support and capacity building for reporting and compliance;
- Financial Support: Co-financing support for the second-party opinion reviews;
- Enhanced Investment Support – Support for roadshows, connecting to investors, and credit enhancement where feasible.

**4.2 Who can Apply?**

Applications are open to all public and private entities in Cambodia who are seeking to issue a green, sustainable or sustainability-linked bond. Applicants should be able to provide a clear plan and use of proceeds for the bond issuances. For private sector entities, a proof of company registration and the last two years financial statement which follow the Cambodia International Financial Reporting Standard (CIFRS) will be required as part of the application process. Applications are also open to government or municipal entities, who meet the criteria listed above.

**4.3 Target end results**

It is anticipated that the bond issuers who receive support by the consortium, should aim to complete its green, sustainability or sustainability-linked issuance by December 2023. **Projects funded under these issuances should measurably work to address climate mitigation and adaptation priorities** set out by the government of Cambodia and contribute to long-term sustainability. See **Appendix 1** for a list of eligible projects and suggested key performance indicators.

**5. SCOPE OF THE WORK**

This Request for Proposals is looking to support bond issuances which fall primarily under the following sectors:

- Energy
- Smart Agriculture
- Clean Transportation
- Green Buildings

**6. EXPECTED ACTIVITIES AND WORKING PLAN**

The anticipated implementation period will commence upon the selection of the applicant, with expected issuance by December 2023. Post-issuance support will be provided throughout 2024.

Applicants are expected to provide a detailed workplan of the activities, specifically noting the activities which require support and technical assistance. We expect every issuer’s capacity and needs to be different and therefore leave it to the issuer to communicate their support needs allowing the consortium partners to tailor our support appropriately.

Examples of support and activities that may be included in the work plan include:

- Co-financing Second Party Opinion or External Review

- Development of a Green or Sustainability Bond Framework; or development and negotiation of KPIs with investors in the instance of a Sustainability-Linked Bond.
- Ensure bond is aligned with international best practices and requirements
- Provide support through training or handholding in pre-issuance including providing checklists and action plans
- Support in identification of potential investors anchor investors
- Support in communicating/pitching to potential investors
- Support in identification of guarantors if required

## 7. PARAMETERS OF THE COLLABORATION

### **Confidentiality**

The data and information of entities supported under this collaboration will be kept anonymous, unless otherwise agreed by the entity. Investor pipelines and other sensitive investor/client information will also be kept confidential, unless otherwise agreed.

### **Team Support**

This initiative is a partnership between CGIF, ESCAP, GGGI, GuarantCo, SERC and the issuer. The Consortium will work closely with the issuer to ensure timely green, sustainability or sustainability-linked bond issuance in compliance with international standards. This will include where required, coordination on communication and marketing materials, technical assistance provided by the consortium as needed, financial support, and coordination and support for regulatory approvals that may be required.

### **Activity Outcomes**

Based on the support received by issuers, the Consortium partners may invite the issuer to participate in relevant events, workshops or to capture best practices as part of case studies to showcase the partner's issuance. Climate related data on emissions reduction, adaptation and resilience, and employment generation due to the issuance may also be captured as results where required.

## 8. ELIGIBILITY REQUIREMENTS AND EVALUATION CRITERIA

In alignment with green and sustainability bond standards, it is required that the proceeds are specifically utilized for specific activities which create a positive environmental or social impact through climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control. Project categories and suggested KPIs can be found in the Appendix 1. It is required that the intended utilization of proceeds be clearly mentioned in the application materials.

**Please ensure all of the following documents are submitted with your application:**

1. Full Technical Proposal (using the template)
2. Annex 1 – Submission Confirmation (using the template)
3. Annex 2 – Resume/CV's of key management and personnel involved in the initiative
4. Annex 3 – Proof of organization's legal registration in Cambodia
5. Annex 4 – Organizations 2021 and 2022 audited financial statement (in English)

**Any applications received NOT following the application template or any alterations to the application template will be automatically disqualified.**

Additional documents or links to documents may be included at the applicant’s discretion.

**Submission of the Application**

To submit the final application, please send it by email to [varabott.ho@un.org](mailto:varabott.ho@un.org) with cc to [t\\_sokphalline@serc.gov.kh](mailto:t_sokphalline@serc.gov.kh) and [sut.samedy@gggi.org](mailto:sut.samedy@gggi.org), with the subject line: RFA- GSS-BOND **no later than 27 April 2023 at 23:59 ICT.**

**Evaluation and Scoring Criteria**

**Technical Proposal: 100 Points**

Organization and Partner Information		Points Obtainable
1.	Bond Information and Characteristics	30
2.	Narrative Technical Proposal	40
3.	General Firm Information and Management Structure	30
<b>Total</b>		<b>100</b>

Bond Information and Characteristics		Points Obtainable
1.1	Appropriateness of issuance characteristic including timeline, size of issuance and use of proceeds – including its commercial potential, etc.	30
<b>Total Part 1</b>		<b>30</b>

Narrative Technical Proposal		Points Obtainable
2.1	Overall quality of application and overview of the intended bond issuance	20
2.2	Link to the organization’s climate goals/strategy	10
2.3	Bond impact statement (including link to Cambodia’s climate goals/ strategy)	5
2.4	Environmental, social or sustainability risks	5
<b>Total Part 2</b>		<b>40</b>

General Firm Information		Points Obtainable
3.1	Reputation of Organization / Industry Standing / Experience	15
3.2	General Organizational Capability which is likely to affect implementation - Financial stability - Expertise and strength of partners, holding company, its advisors, etc. - Age/size of the firm - Experience on Similar Programme / Projects	15
<b>Total Part 3</b>		<b>30</b>



# APPENDIX 1

## Climate Related Eligibility Criteria

<b>GBP Eligible Projects</b>	<b>Eligibility Criteria</b>	<b>Environmental Objective</b>
<p>Renewable Energy (SDG 7,9,11, 13)</p>	<ul style="list-style-type: none"> <li>• Funds to finance or refinance development, construction, management, operation and/or maintenance of renewable energy projects (including production, power generation, transmission, and parts manufacturing) specified below (limited to projects with less than 100g-CO<sub>2</sub>/ kWh, and less than 15% usage of non-renewable energies as backup power):               <ul style="list-style-type: none"> <li>- Solar and Solar Thermal</li> <li>- Wind (offshore and onshore)</li> <li>- Geothermal</li> <li>- Hydro (power generation of 25 MW or less)</li> <li>- Biomass (waste-derived or wood / wood pellet)</li> <li>- Hydrogen (Hydrogen production: limited to green hydrogen, which has zero CO<sub>2</sub> emission during production and combustion. Hydrogen power generation: limited to power plants fueled by 100% green hydrogen)</li> </ul> </li> </ul>	<p>Climate change mitigation</p> <p>Pollution prevention and control</p>
<p>Clean Transportation (Trains and Railways) (SDG 9, 11,13)</p>	<ul style="list-style-type: none"> <li>• Funds to finance or refinance clean transportation projects (excluding freight vehicles for transporting fossil fuels) :               <ul style="list-style-type: none"> <li>- Manufacturing, operation and/or maintenance of electric trains and/or energy efficient trains (CO<sub>2</sub> emissions of less than 50g-CO<sub>2</sub> / p-km for passenger trains and 25g-CO<sub>2</sub> / t-km for freight trains)</li> <li>- Construction, extension, upgrade, maintenance and/or operation of railways and/or railway systems</li> </ul> </li> </ul>	<p>Climate change mitigation</p> <p>Pollution prevention and control</p>
<p>Clean Transportation (Zero-emission vehicles ("ZEV")) (SDG 7,9,11, 13)</p>	<ul style="list-style-type: none"> <li>• Funds to finance or refinance clean transportation projects (Zero-emission vehicles: Battery electric vehicle ("BEV"), Fuel cell vehicle ("FCV") etc.) such as :               <ul style="list-style-type: none"> <li>- Investment in property plant and equipment (PP&amp;E) for manufacturing of BEV and components; development of charging infrastructure</li> <li>- Investment in property plant and equipment (PP&amp;E) for manufacturing of FCV and components; development of charging hydrogen infrastructure</li> </ul> </li> </ul>	<p>Climate change mitigation</p> <p>Pollution prevention and control</p>
<p>Green Buildings (SDG 9,11, 12, 13)</p>	<ul style="list-style-type: none"> <li>• Funds to finance or refinance real estate properties which have obtained or is expected to obtain one of the recognized certifications</li> </ul>	<p>Climate change mitigation</p>
<p>Energy Efficiency (SDG 9,11,12, 13)</p>	<ul style="list-style-type: none"> <li>• Fund to finance Energy efficiency improvements               <ul style="list-style-type: none"> <li>- In new or existing facilities through the installation of more-efficient equipment and technology for: reduction of heat losses, and greater waste heat recovery</li> </ul> </li> </ul>	<p>Climate change mitigation</p>



	<ul style="list-style-type: none"> <li>- in new or existing building facilities</li> <li>- in new or existing production, public service facilities through installation of more efficient lighting technology and systems</li> <li>- in existing facilities through changes in management processes to save energy and reduce heat losses</li> <li>• Fund to Researches and pilot production of innovative energy efficiency products.</li> </ul>	
Sustainable water and wastewater management (SDG 6,9,11, 13)	<ul style="list-style-type: none"> <li>• Project including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation</li> </ul>	<p>Climate change mitigation</p> <p>Pollution prevention and control</p>

**Sample Key Performance Indicators for Sustainability-Linked Bonds Only**

- Reduction in operational GHG emissions
- Increase in renewable power portfolio
- Increase in percentage of energy reliance on clean fuels and technology
- Increase in renewable energy in the total final energy consumption
- Increase in percentage of Installed renewable electricity-generating capacity
- Reduction in Fossil fuel energy consumption
- Increase in renewable electricity output
- Reduction in Total greenhouse gas emissions
- Reduction in Total greenhouse gas emissions per dollar of revenue
- Reduction in carbon emission from manufacturing operations annually
- Increase in monitoring and surveillance of the company' supply chain in accordance with best practice
- Responsible sourcing of materials
- Reduction in the impact related to water pollution from untreated wastewater