TERMS OF REFERENCE

Framework Engagement for Sustainable Securities Issuance Advisory and External Review Services

1. Introduction

Ethiopia's capital market has gained significant momentum, moving from institution-building to active market development. The Ethiopian Capital Market Authority (ECMA) was established under Capital Market Proclamation No. 1248/2021 to regulate and develop the market, while the Ethiopian Securities Exchange (ESX) formally launched trading in January 2025. Five companies have since been listed, with additional issuers expected as the pipeline continues to grow.

Activity in the debt market is also building, with the first bond issuances under the new capital-market framework progressing towards the market. FSD Ethiopia is working closely with these first movers to support successful issuances and contribute to the development of the broader market. These early transactions will be important in establishing market benchmarks, demonstrating the capital market as a viable financing channel, and laying the foundation for a deeper and more diversified market.

ECMA and ESX have introduced a sustainable-securities framework covering green, social, sustainability and sustainability-linked securities. Credible first transactions depend on two distinct capabilities: competent issuance advisory support to prepare the issuer and its framework, and independent external review to give investors confidence in what has been prepared. FSD Ethiopia intends to establish frameworks through which eligible issuers may access both.

For this Terms of Reference, "sustainable securities" covers green, social, sustainability and sustainability-linked securities, irrespective of the legal form of the instrument. The appropriate label and structure will be determined for each issuer under a transaction-specific call-off.

2. About FSD Ethiopia

FSD Ethiopia is a development agency that supports the development of accessible, inclusive and sustainable financial markets for economic growth. It aims to address financial-system failures by facilitating market actors to address constraints and build a functional financial sector that generates economic gains for all Ethiopians.

More about FSD Ethiopia can be found here: https://fsdethiopia.org/

3. <u>Structure of the Terms of Reference</u>

3.1. Two scopes of work

These Terms of Reference cover two separate framework engagements, procured through a single process:

- **Scope of Work 1 (SOW 1)** — Sustainable Securities Issuance Advisory Services: hands-on support to prospective issuers to assess readiness, develop an eligible portfolio, prepare an issuer-owned sustainable-securities framework and establish the governance and reporting arrangements required to implement it.
- **Scope of Work 2 (SOW 2)** — Second-Party Opinion and External Review Services: independent pre-issuance second-party opinions, and where commissioned, updated and post-issuance external reviews, on frameworks, programmes and transactions prepared by issuers.

Bidders may submit a proposal for SOW 1, for SOW 2, or for both. A separate technical and financial proposal is required for each scope of work, and the scope of work must be identified in the proposal and in the submission subject line. A proposal that does not identify the scope of work applied for will not be evaluated.

3.2. Independence and separation of roles

FSD Ethiopia will maintain a strict separation between the two SOWs, and the following applies regardless of how many scopes of work a bidder is appointed to:

- A provider, or any affiliate or entity within its corporate group or under common ownership or control, that has materially developed or advised on a framework, eligible portfolio, KPIs, or reporting methodology may not provide the second-party opinion, certification assessment, independent verification or assurance covering that same framework, portfolio, reporting period or security.
- Appointment to both frameworks does not entitle a provider to act in both roles on the same issuer or transaction. FSD Ethiopia will not issue call-offs that would place a provider on both sides of the same issuance.
- Each call-off or engagement letter requires a fresh written conflict and independence declaration. FSD Ethiopia may reject a provider or a proposed team member where an actual, potential or perceived conflict remains.
- Bidders applying for both scopes of work must describe the organisational, personnel and information arrangements that keep the two practices separate.

4. Framework and Call-Off Arrangements

FSD Ethiopia intends to appoint one or more providers under non-exclusive framework agreements for each scope of work. Appointment will not guarantee any minimum volume or value of work.

Each assignment will be activated through a written call-off or engagement letter identifying the issuer, instrument, required services or service module, applicable standards, deliverables, timetable, recommended person-days where relevant.

Before accepting an engagement, the provider must complete a transaction-specific conflict and independence check, confirm the competence and availability of the proposed team, and disclose any scope limitation. FSD Ethiopia may allocate work based on independence, relevant sector and instrument expertise, capacity, tendered fees, service levels and value for money. No additional days or costs may be incurred without FSD Ethiopia's prior written approval.

5. Scope of Work 1: Sustainable Securities Issuance Advisory Services

5.1. Objective

The purpose of the engagement is to enable prospective issuers to prepare credible, market-ready sustainable securities and establish the internal arrangements required to implement their commitments. The adviser will:

- Assess issuer readiness and advise on an appropriate sustainable-securities issuance approach.
- Support the identification and screening of eligible projects, assets, loans, activities and expenditures.
- Develop an issuer-owned sustainable-securities framework and practical governance and reporting arrangements.
- Support coordination with independent external reviewers, ECMA, ESX, transaction advisers and prospective investors.
- Build issuer capability and transfer the tools required for implementation and ongoing reporting.

5.2. Issuer readiness and issuance strategy

- Assess the issuer's financing needs, sustainability priorities, governance, project pipeline, data availability and organisational readiness.
- Advise on the appropriate sustainable-security label and approach, taking account of the issuer's financing objectives, eligible portfolio, internal capacity and intended investor base.
- Prepare a concise readiness and transaction roadmap identifying material gaps, decisions, responsible teams, required advisers and an indicative issuance timetable.
- Assess ESG related risks and opportunities associated with the proposed issuance.

5.3. Eligible project and portfolio development

- Work with the issuer's business units and project owners to identify potentially eligible projects, assets, loans, activities and expenditures, including pipeline and eligible refinancing where relevant.
- Screen the proposed portfolio against applicable Ethiopian requirements, recognised market principles, relevant taxonomies and agreed eligibility and exclusion criteria.
- For social securities, support the identification and justification of target populations and expected social outcomes.
- Prepare an eligibility matrix and evidence register identifying eligible, potentially eligible, ineligible and insufficiently documented items, together with a practical data-gap and portfolio-replenishment plan.

5.4. Sustainable securities framework development

- Prepare or update an issuer-owned sustainable-securities framework aligned with applicable ECMA, ESX and international requirements.
- For use-of-proceeds instruments, define the eligible use of proceeds, project evaluation and selection, management of proceeds and reporting commitments.
- Where a sustainability-linked approach is selected, support the selection of material and measurable KPIs, credible baselines and appropriately ambitious sustainability performance targets, together with the related reporting and verification arrangements.
- Address eligibility and exclusion criteria, refinancing, management of unallocated proceeds, treatment of ineligible projects, governance, reporting frequency and any other material disclosure required for the proposed issuance.

5.5. Governance, management of proceeds and reporting

- Develop project-selection governance, roles and responsibilities, committee procedures, approval records and escalation arrangements.
- Establish proportionate tools for proceeds tracking, portfolio monitoring, evidence retention, data quality, internal control and periodic management review.
- Develop allocation, impact or KPI performance-reporting methodologies, indicators, data sources, calculation tools and issuer-owned reporting templates.
- Where included in a call-off, support preparation of the issuer's first allocation, impact or performance report. Any independent assurance or verification will be commissioned separately under SOW 2.

5.6. External review, regulatory and transaction support

- Prepare the information package, secure data-room index, evidence register and response tracker required by the independent external reviewer.
- Undertake a pre-assessment of the framework against applicable external review methodologies to identify potential alignment gaps and strengthen the quality of documentation before submission to the independent reviewer.
- Coordinate meetings, information requests, management responses, factual review and closure of outstanding questions without influencing the external reviewer's methodology, judgement or conclusion.
- Support engagement with ECMA, ESX and transaction advisers and maintain consistency across the sustainable-securities framework, offering documents, external review and investor disclosures.
- Prepare the sustainability content for investor presentations and roadshow materials, anticipated investor questions, management briefing notes; support issuer participation in investor meetings where requested.

5.7. Deliverables

The exact deliverables will be selected and adapted for each issuer call-off. Depending on the approved scope, the adviser may be required to provide:

- An inception note setting out the confirmed scope, workplan, information request, responsibilities, standards and timetable.
- An issuer-readiness assessment and transaction roadmap, including the recommended issuance approach and material gaps to be resolved.

- An eligible portfolio pack comprising the project or asset inventory, eligibility matrix, evidence status and data-gap plan.
- A draft and final issuer-owned sustainable-securities framework, together with the applicable alignment checklist and record of key issuer decisions.
- A governance and reporting toolkit covering project selection, proceeds tracking, portfolio monitoring, impact or performance indicators, calculations and reporting templates.
- An external-review and transaction support pack, including the data-room index, evidence register, response tracker, sustainability content for investor materials, anticipated questions and management briefing notes.
- A final editable advisory package, implementation note, capacity-building session and handover record; and, where commissioned, support for the issuer's post-issuance report.
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6. Scope of Work 2: Second-Party Opinion and External Review Services

6.1. Objective

The purpose of the engagement is to make credible, independent and market-recognised external review services available to eligible issuers preparing sustainable securities in Ethiopia. The provider will:

- Provide complete, independent pre-issuance Second-Party Opinions (SPOs) on eligible frameworks, programmes and transactions.
- Support the integrity, transparency and investor credibility of Ethiopia's first sustainable-securities issuances.
- Make appropriate updated and post-issuance external review services available where required by applicable standards, Ethiopian requirements or transaction documents.
- Build issuer and market familiarity with the external-review process

6.2. Pre-issuance SPO for use-of-proceeds securities

For green, social and sustainability use-of-proceeds securities, the provider will independently assess the framework, programme and/or transaction against the four core components of the applicable principles: Use of proceeds, Process for project evaluation and selection, Management of proceeds, and Reporting commitments.

The assessment should also consider the issuer's overarching sustainability strategy, the coherence of the eligible categories and, where included in the engagement, whether an issuer-selected portfolio or sample of underlying projects, assets, loans or expenditures is consistent with the framework and applicable criteria.

6.3. Pre-issuance SPO for sustainability-linked securities

For sustainability-linked securities, the provider will independently assess the five core components of the applicable principles:

- Selection of key performance indicators (KPIs), including relevance, core materiality, measurability and external verifiability.
- Calibration of sustainability performance targets (SPTs), including ambition, baselines, benchmarks, observation dates and calculation methodologies.
- Security characteristics, including the financial and/or structural consequences of achieving or failing to achieve the SPTs.

- Reporting commitments and the availability of information required to monitor performance.
- Independent verification arrangements for each KPI and SPT.

The provider must state whether each KPI and SPT could credibly be used on a standalone basis and whether the combined structure is consistent with the issuer's business model and sustainability strategy.

6.4. Updated and post-issuance external reviews

Updated and post-issuance services will be separately commissioned and priced. Depending on the transaction, the provider may be requested to:

- Issue an updated SPO or transaction addendum for an additional issuance under an existing framework, or following a material change to eligible categories, governance, KPIs, SPTs, methodologies, calculation perimeter or other matters covered by the original SPO.
- Review the tracking and allocation of proceeds annually until full allocation, and following any material reallocation where required.
- Assess whether the methodology, assumptions and indicators used in an impact report are aligned with relevant market practice. The report must distinguish this work from assurance over the accuracy of the underlying data.
- For sustainability-linked securities, verify performance against each KPI and SPT at least annually and on every date relevant to a potential adjustment of the security's financial or structural characteristics, until after the final SPT trigger event.
- Provide certification-related verification against a specified external standard only where expressly requested and where the provider holds the required accreditation for that service.

A provider may perform both pre- and post-issuance external review for the same transaction where it remains independent and has the qualifications required for each service. Sustainability-linked performance verification and other assurance engagements may be undertaken only by a provider applying an appropriate recognised assurance or verification standard.

6.5. Communication and knowledge transfer

- Present the final findings to the issuer and its transaction advisers.
- Where requested and permitted by the provider's policies, participate in an investor or transaction presentation to explain the published scope, methodology and conclusions without advocating for the security or providing investment advice.
- Provide an issuer handover session.

6.6. Deliverables

The exact products and milestones will be specified in each engagement letter. Depending on the commissioned service modules, deliverables may include:

- A conflict and independence confirmation, including team availability, relevant credentials and any limitation on scope.
- An external-review process note setting out the scope, applicable standards, information request, responsibilities, workplan and delivery timetable.
- A concise preliminary observations and questions memorandum identifying incomplete information and material alignment gaps without drafting or redesigning the issuer's framework.

- A draft SPO or other external review.
- A final publishable report clearly stating the review type, scope, methodology, information relied upon, conclusions, limitations, independence and conflicts, together with the applicable ICMA external-review form where relevant.
- Any updated opinion, allocation review, impact-methodology review, sustainability-linked verification or certification-related report expressly commissioned in the engagement letter.
- A presentation of final findings and a concise record of any issuer handover.

7. Applicable Standards

The adviser must be capable of applying, as relevant:

- The ECMA Sustainable Securities Guideline, Minimum Documentation Pack and other applicable ECMA requirements.
- The ESX Guideline on Listed ECMA-Labelled Sustainable Securities and other applicable ESX listing requirements.
- The current ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Sustainability-Linked Bond Principles and related guidance and reporting frameworks.
- Relevant Ethiopian development, environmental, climate, social and sector frameworks and any taxonomy expressly identified in the call-off.

In addition, providers under SOW 2 must be capable of applying the current ICMA Guidelines for External Reviews and the applicable external-review form, together with any other recognised taxonomy, impact-reporting framework, sector standard or certification criteria expressly identified in the engagement letter. The provider must identify any material difference between the applicable international and Ethiopian requirements and explain how it has treated that difference.

8. Ways of Working

- FSD Ethiopia will administer the framework, approve each call-off scope and budget, facilitate coordination and monitor contractual delivery.
- The issuer will provide complete and accurate information, appoint authorised decision-makers and focal points, coordinate its finance, sustainability, legal and project teams, approve all material decisions and own implementation after handover.
- The adviser will provide qualified personnel, maintain team continuity, identify information limitations and dependencies promptly, protect confidential and price-sensitive information and apply appropriate quality control.

9. Framework Term and Timelines

Each framework is expected to run for twelve (12) months and may be renewed subject to satisfactory performance, procurement requirements and the issuance pipeline. An assignment initiated during the framework may continue beyond the framework term where necessary to complete the agreed call-off.

Tendered daily rates and fees will remain firm for the initial framework period. Before work begins, each call-off must specify the approved team, maximum person-days by personnel category where relevant, deliverables, milestones and fixed or not-to-exceed fee.

10. Invitation to Submit Proposal

10.1. Requirements applying to both scopes of work

Qualified bidders are invited to submit proposals containing:

- A clear statement of the scope of work applied for: SOW 1, SOW 2, or both. Where a bidder applies for both, a separate technical and financial proposal is required for each.
- A cover letter; legal name; ownership and group structure; legal status; office locations; relevant professional registrations or accreditations; and confirmation of proposal validity.
- The bidder's understanding of the assignment and of Ethiopia's emerging sustainable-securities market.
- The proposed team structure, roles, availability and CVs of key personnel, limited to three (3) pages per CV.
- The bidder's approach to conflicts of interest, independence, confidentiality, information security, quality control, record retention and business continuity, and acceptance of the separation of roles set out in Section 3.2.
- A completed financial proposal using the applicable annex, including the bid currency, applicable taxes, assumptions, exclusions, reimbursable expenses and proposal-validity period.

10.2. Additional requirements for SOW 1

- A proposed methodology covering issuer readiness, eligible portfolio development, framework preparation, governance and reporting, external-review coordination, investor preparation, capacity building and handover.
- A workplan for the standard reference assignment in Annex 1, showing the proposed team, person-days by deliverable, internal quality review, dependencies and indicative turnaround.
- A summary of relevant experience, including links to public frameworks or reports where available and at least three (3) verifiable client references.
- Evidence that all mandatory requirements are met, including professional indemnity or equivalent liability insurance.

10.3. Additional requirements for SOW 2

- Published or documented methodologies for the pre-issuance and optional post-issuance services offered, including the bidder's treatment of use-of-proceeds and sustainability-linked securities.
- Disclosure of material regulatory, legal or disciplinary action during the last five (5) years.
- A summary of relevant external-review experience, including links to public SPOs or reports and at least three (3) references where available.
- Confirmation of the services, sectors, geographies and languages covered, and clear identification of any service shown as "Not offered".

10.4. Submission

Technical and financial proposals must be submitted separately but simultaneously to bids@fsdethiopia.org by August 28. 2026, using the following subject lines:

- SOW 1 — "Sustainable Securities Issuance Advisory Services"
- SOW 2 — "External Review Services for Sustainable Securities"

A proposal that does not identify the scope of work applied for will not be evaluated.

11. Basis of Award

Proposals will be evaluated separately for each scope of work. A contract will be awarded to the most technically capable tender offering best value for money.

11.1. Mandatory requirements — SOW 1

Mandatory requirements
The bidder must be a legally established entity authorised to provide the proposed advisory services and compliant with respective jurisdiction, licensing and tax requirements.
The bidder must have completed at least five (5) relevant sustainable-finance or sustainable-securities advisory assignments during the last seven (7) years, including assignments in Africa or comparable emerging or frontier markets.
The proposed Team Leader must have at least ten (10) years of relevant professional experience and must have led at least three (3) comparable sustainable-securities advisory assignments.
The proposed team must collectively demonstrate sustainable finance, debt-capital-markets, environmental and social, impact measurement and reporting expertise.
The bidder must have documented conflict-management, confidentiality, information-security and quality-control arrangements and must accept the prohibition on providing independent external review or assurance over its own advisory work.
For gender bond transactions, demonstrated experience integrating social inclusion, gender equality and WEE into sustainable finance transactions. Experience applying the 2X Criteria or equivalent gender-lens frameworks shall be considered an advantage.

11.2. Mandatory requirements — SOW 2

Mandatory requirements
The bidder must be authorised to provide the offered services, with any registration or accreditation required for those services.
The bidder must have good knowledge of African and Ethiopian capital markets and their political context, and the capacity to engage intensively with the assignment with a view to concluding the work within the timetable prescribed.

Mandatory requirements
The bidder must field qualified personnel with sustainable-finance, relevant sector and debt-capital-markets expertise and the capacity to meet the proposed service levels.
The bidder must have completed at least five (5) pre-issuance external reviews during the last five (5) years, including at least two (2) in Africa or comparable emerging or frontier markets.
The bidder must demonstrate experience in managing and executing complex projects.
The bidder must accept the independence boundary and separation of roles

Assessment criteria	Weighting (%)
Relevant, demonstrated experience and capacity of the firm and proposed team	30%
Proposed methodology and approach	25%
Understanding of the assignment and the Ethiopian market context	10%
Workplan, team availability, quality assurance	15%
Fee basis, total evaluated cost and value for money	20%
Total	**100%**

12. Contact

Questions or comments regarding these Terms of Reference should be submitted to bids@fsdethiopia.org on or before August 14, 2026. Consolidated responses will be issued by August 17.

13. Applicable Taxes

As per Ethiopia's tax law, FSD Ethiopia will pay the contractor after withholding the appropriate taxes at the applicable rate. It is the responsibility of the contractor to keep themselves apprised of these applicable taxes.

Annex 1: Financial Proposal Template

Bidders must complete the personnel-based financial proposal below. Daily rates must be all-inclusive of ordinary overhead and remain firm for the initial framework period. For each actual issuer assignment, the adviser will propose the team and person-days required, and FSD Ethiopia will approve a fixed not-to-exceed call-off fee before work begins.

Organization Name

Financial Proposal

		Deliverable 1		Deliverable 2		Deliverable...n		
FEES								
Title/Role	**Daily Rate**	**Days**	**Subtotal**	**Days**	**Subtotal**	**Days**	**Subtotal**	**Total**
Expert 1			$ -		$ -		$ -	$ -
Expert 2			$ -		$ -		$ -	$ -
Expert 3			$ -		$ -		$ -	$ -
Expert 4			$ -		$ -		$ -	$ -
Expert 5			$ -		$ -		$ -	$ -
Expert 6			$ -		$ -		$ -	$ -
Expert 7			$ -		$ -		$ -	$ -
Expert 8			$ -		$ -		$ -	$ -
Expert 9			$ -		$ -		$ -	$ -
Fees Total			**$ -**		**$ -**		**$ -**	**$ -**
Reimbursables								
Description	**Cost**	**Multiplier**	**Subtotal**	**Multiplier**	**Subtotal**	**Multiplier**	**Subtotal**	**Total**
			$ -		$ -		$ -	$ -
			$ -		$ -		$ -	$ -
			$ -		$ -		$ -	$ -
			$ -		$ -		$ -	$ -
Expenses Total			**$ -**		**$ -**		**$ -**	**$ -**
TOTAL FEES & EXPENSES			**$ -**		**$ -**		**$ -**	**$ -**
Tax								**$ -**
Grand Total		**$ -**		**$ -**		**$ -**		**$ -**