



## CENTRAL BANK OF SAMOA

### SAMOA FINANCE SECTOR RESILIENCE AND DEVELOPMENT PROJECT

#### TERMS OF REFERENCE

#### FOR

#### **Data Gap Analysis, Capacity Building, and Facilitate Task Force Creation for Financial Sector Climate Risk**

##### **1. Background**

**Samoa is an island state that is highly dependent on tourism and agricultural trade, and extremely vulnerable to climate change impacts due to its geographic location, and climate hazards.** It is confronted with a range of climate change risks, including intensified natural hazards like extreme heat, cyclones, and rainfall, compounded by subsidence from tectonic activity that accelerates sea-level rise.<sup>1</sup> This exacerbates threats such as saline intrusion, wave-driven flooding, and coastal erosion. Despite the population's adaptation to a volatile environment, climate change is expected to heighten variability, introduce new threats, and strain livelihoods with implications for the economy and financial sector.

**Samoa's financial sector could be significantly exposed to climate-related financial risks. Risks include both immediate climate hazards and gradual climate change effects (physical risk), mainly due to the impact of tropical cyclones and floods on banks' collateral value, as well as changes related to transitioning to a lower-carbon economy (transition risk).** These drivers can affect financial institutions across various risk categories, such as credit, market, liquidity, underwriting, and operational risks.

Samoa's financial system includes over 30 licensed and supervised financial institutions, comprising of commercial banks, insurance companies & brokers, money transfer operators, a money changer and public non-bank financial institutions. **The Central Bank of Samoa (CBS), as the financial regulator, recognizes the need to assess and manage climate-related financial risks to safeguard the financial system and support sustainable economic growth, and as such is undertaking the Samoa Finance Sector Resilience and Development Project, with support from the World Bank.**

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<sup>1</sup> Climate Risk Country Profile: Samoa (2021): The World Bank Group

**This project aims to bolster the resilience of Samoa's financial sector by enhancing the Central Bank's capability to assess and mitigate climate-related financial risks.** The project is intended to be entirely managed and conducted by the selected firm. Through this initiative, CBS seeks to ensure that the financial system remains robust in the face of increasingly frequent and intense climate events.

## **2. Scope of Work**

**The project is divided into two phases, with this Terms of Reference (ToR) document covering only the first phase.** The first phase will concentrate on identifying high-level risks by screening available financial, economic, and climate-related data. It will also establish a data collection framework and provide capacity building and convening power for various stakeholders in Samoa.

**The second phase will commence upon the completion of the first phase and will involve a separate procurement process.** This phase will build on the findings and achievements of the first phase to assess climate-related financial risks for Samoa and implement a risk-based management framework. It will include a separate procurement process following the completion of the first phase.

**It is important to note that both phases not only involve the assessment of the related tasks but also the transfer of knowledge through comprehensive capacity building for CBS and other relevant stakeholders.**

The proposals by interested firms should demonstrate adherence to established best practices in climate-related financial risk assessment and exhibit the ability to deliver customized solutions tailored to the specific context of the CBS and other relevant stakeholders in Samoa.

**Specifically, the work under this assignment comprises the following:**

- **A climate-related financial risk exposure and climate-related data gap analysis**
  - Conduct a comprehensive review of existing financial, economic, and climate-related data to identify climate-related financial risks in Samoa.
  - Conduct a high-level climate-related financial risk exposure analysis based on existing data.
  - Perform a detailed gap analysis to identify missing or insufficient data (including the quality of existing data) that is critical for assessing climate-related financial risks in Samoa.
  - Identify and evaluate different methodologies and tools for climate-related financial risk assessment suitable for CBS, capturing physical and transition risk.
  - Provide recommendations on the most suitable climate-related financial risk assessment framework for the Samoan financial sector. This should include both the data and methodologies required for conducting an exposure analysis, as well as implementing a comprehensive climate-related financial stress-testing approach. It is essential that the framework is tailored to fit the specific context and risk profile of Samoa and aligns with the capacity of CBS. This evaluation should include among others, consultations with development partners such as the World Bank, an assessment of disaster risk modeling previously conducted in Samoa, a summary of available data sets and models, and a high-level comparison of all available options.

- **The development of a climate-related data collection infrastructure**
  - Engage with key stakeholders, including CBS, financial institutions, and relevant government agencies, to understand their data needs and current data collection practices.
  - Evaluate the software tools and specialized applications currently employed by CBS to facilitate regulatory risk reporting processes. Suggest how these existing resources can be leveraged for climate risk assessment and if necessary, recommend any additional tools that should be considered by CBS.
  - Develop a detailed framework for data collection, identifying key data points, sources, and methodologies, aligned with international best practices and tailored to Samoa's context.
  - Develop and implement protocols for data quality assurance, validation, and verification to ensure accuracy and reliability.
  - Establish secure data management and storage protocols, including backup and recovery procedures, and design a scalable centralized data management system for easy access, analysis, and reporting.
  
- **Support the establishment of a Climate Finance Task Force:**
  - Support the formation of a task force along international examples<sup>2</sup> which brings together financial regulators, industry leaders, and experts to develop and share best practices for managing climate-related risks and fostering green finance.
  - Develop terms of reference and operational guidelines for the task force that facilitate sector-wide coordination efforts and ensure effective coordination and communication among task force members.
  - Facilitate regular meetings with stakeholders to provide updates and gather feedback.
  
- **Conduct capacity building:**
  - Design and deliver intensive in-person training for CBS staff on assessing, managing, and mitigating climate-related financial risks to the financial sector. These sessions should contain practical hands-on exercises and be informed by international best practice guidance and frameworks such as those developed by the Network for Greening the Financial System (NGFS), the Taskforce on Climate-related Financial Disclosures (TCFD), the World Bank as well as other central banks.
  - Provide ongoing support, knowledge transfer and guidance to staff during the implementation of this project. This also includes extensive and Samoa-specific training material and/or user manuals for CBS staff that cover climate-related financial risk assessment as well as the data structures.
  
- **Reporting and Documentation:**
  - Provide regular project updates to the CBS senior management, including detailed progress reports.

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<sup>2</sup> Examples could be the [Malaysia Joint Committee on Climate Change](#), the [South African Sustainable Finance Initiative](#), or the [Bank of England and Financial Conduct Authority's Climate Financial Risk Forum](#).

### 3. Deliverables

The project consists of 5 components, which need to be delivered to CBS according to the schedule outlined in section 5:

***Component 1: Samoa-specific methodology for climate-related financial risk assessment***

Delivery of a comprehensive review and high-level climate-related financial risk exposure analysis of existing financial, economic, and climate-related data. The underlying data and analysis is expected to be handed over to CBS as well. This will also include the identification of most relevant climate-related financial risks and data gaps in Samoa. Based on this analysis, provide tailored recommendations for a suitable climate-related financial risk assessment framework for the Samoan financial sector, including methodologies and tools for exposure analysis and stress-testing.

***Component 2: Develop data collection structures***

Engage with key stakeholders to understand their data needs and evaluate current data collection practices and tools used by CBS. Delivery of a detailed, internationally-aligned framework for data collection, quality assurance, and secure management, recommending any necessary additional tools and establishing protocols for data accuracy, storage, and scalability.

***Component 3: The establishment of the Climate Risk Task Force***

Support the formation of a task force comprising financial regulators, industry leaders, and experts to develop and share best practices for managing climate-related financial risks and fostering green finance. Delivery of the terms of reference and operational guidelines for the task force, ensuring effective coordination and communication, and facilitate regular stakeholder meetings for updates and feedback.

***Component 4: Capacity development***

Design and deliver intensive in-person training for CBS staff on assessing, managing, and mitigating climate-related financial risks, incorporating practical exercises and international best practices. Provide ongoing support and guidance, including Samoa-specific training materials and user manuals, to ensure effective implementation and knowledge transfer.

***Component 5: Post-implementation review report***

Prepare a post-implementation review report that emphasizes lessons learned and provides recommendations for future enhancements. All data and methodologies should be handed over to CBS and be available for future use.

### 4. Qualifications

**The consultant firm should possess the following qualifications:**

- **Experience related to Financial Sector**
  - Experience in working with the financial sector (at least 5 years) particularly with commercial banks and insurance companies would be considered an advantage.

- **Climate-related financial risk assessment methodologies**
  - Demonstrated deep experience and a proven track record in developing climate-related financial risk assessment methodologies.
  - Practical application of these methodologies in real-world scenarios in EMDEs, showcasing the ability to assess and manage climate-related financial risks effectively.
- **Data handling and processing:**
  - Proven expertise in developing and implementing data collection infrastructure.
  - Ability to manage large data sets, ensure data integrity, and perform advanced data analysis.
  - Experience with various data processing tools and techniques to support accurate and efficient data management.
- **Experience in capacity building and workshop provisioning**
  - Strong background in capacity building and training, with experience in designing and delivering training programs.

**The consultant firm shall propose the assignment of a core team composed ,at the minimum, of the following key experts:**

- **Financial sector specialist**
  - Will lead the integration of climate risks into credit, market, and operational risk frameworks, and translate climate projections into financial sector impacts.
  - Provide expertise on financial regulation, banking supervision, and investment risk.
  - Support climate scenario analysis and stress test design.
  - Should hold a Master's degree in Finance, Economics, Environmental Science, Risk Management or a related field. A PhD in the same fields and/or certification in risk management (e.g., FRM, CFA) would be an asset.
  - Must have 5–10 years' experience in the financial sector, particularly in climate risk analysis or modeling and preferably within risk or regulatory departments.
  - Prior experience with TCFD, NGFS, or central bank climate frameworks is required.
- **Data Scientist / Data Analyst**
  - Responsible for conducting data gap assessments related to climate and macro-financial indicators.
  - Must have a Bachelor's or Master's degree in Data Science, Statistics, Computer Science, or related fields.
  - Must be proficient in Python, R, SQL, and internationally recognized geospatial tools.
  - Must have at least 5 years' experience in data analysis or data engineering. Experience working with climate or environmental datasets is preferred.
- **Policy and Regulatory Expert**
  - Responsible for developing relevant financial sector climate regulations and policy frameworks.
  - Advise on compliance with international and national disclosure requirements.

- Should hold a Master's in Public Policy, Law, Economics or a related field. A relevant PhD would be an added advantage.
- Must have at least 10 years' experience in policy development or regulatory affairs, with specialized training in climate policy or sustainable finance regulation.
- Experience working with government, central banks, or multilateral institutions is required.

The bidding firm may either appoint a dedicated Project Manager or assign the role to one of the core team members.

**In addition, the following qualification is also required:**

- Excellent communication and interpersonal skills, with the ability to work effectively with diverse stakeholders.
- Familiarity with the socio-economic and environmental context of small island developing states, particularly in the Pacific region, is preferred.
- Excellent report writing skills.
- The ability to adapt and work in a dynamic environment, including a willingness to travel.

## **5. Selection Method**

- The consultancy services will be procured using the Consultant Qualification Selection (CQS) method set out in the Procurement Regulations in paragraph (7).

## **6. Expected timeline and payment schedule**

This consultancy is projected to span 12 months, with all tasks to be completed within the designated timeline. The project duration may be extended if necessary due to arising circumstances.

The budget for this assignment will be determined based on the consultant's proposal and will be paid in installments upon satisfactory completion of deliverables as determined by CBS and as shown below.

<b>Deliverables</b>	<b>Delivery Date (from start of Consultancy)</b>	<b>Payment Schedule</b>
Component 1	3 months	20% of the Consultancy
Component 2	6 months	10% of the Consultancy
Component 3	9 months	30% of the Consultancy
Component 4	10 months	20% of the Consultancy
Component 5	12 months	20% of the Consultancy

If the consultant is not based in Samoa, they should conduct at least one on-site visit over the project lifetime. The costs related to on-site visits should be included in the firm's proposal and will be compensated based on effective costs.

## **7. Supervision and Reporting**

The consultant will report to the CBS Technical Group, which will review the deliverables and coordinate closely with other relevant CBS departments and staff as needed.

## **8. Institutional Arrangements**

- Facilities such as office space and internet access will be available.
- The consultancy firm will be responsible for providing their own laptops, phone, scanner/printer, etc.
- The consultancy firm, inclusive of its staff who will be involved in this project phase, is expected to enter into a contract with CBS.