INTER-AMERICAN DEVELOPMENT BANK
IDB LAB

BELIZE

ECOMICRO – DEVELOPMENT FINANCE CORPORATION - GREEN FINANCE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY FOR MSMEs

BL-T1122

ECOMICRO PROGRAM FACILITY (RG-O1649)

DOCUMENT FOR PROJECT APPROVAL

PROJECT DOCUMENT

This document was prepared by the project team comprised of: Team Leader, Alejandro Escobar (GRU/MSE), Design Team Leader, Ruth Houliston (GRU/CBA), Nayaatha Taitt (GRU/CBA), Marilyn Pinelo-Lee (GRU/CBL), Terry Ann Segree (GRU/CJA), Anna Copplind (FML/FOM), Mariana Beatriz Mendoza Centellas (ORP/GCM), Miguel Aldaz (ORP/PTR), Laura Natera (MIG/GRU), Takako Otsuka (KIC/URC) and Jossette Hernandez (INO/PTM).

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PROJECT SUMMARY

EcoMicro - Development Finance Corporation - Green Finance for Renewable Energy and Energy Efficiency for MSMEs

BL-T1122

Diminishing dependence on fossil fuels and increasing the share of renewable and low-carbon energy sources in the energy portfolio is essential to mitigate climate change. In Belize - where fossil fuels continue to feature prominently in the energy mix - high energy costs increase business costs for Micro, Small and Medium Enterprises (MSMEs), with negative implications for productivity and growth.

The objective of this EcoMicro Project is to pilot and test green finance for the implementation of Renewable Energy/Energy Efficiency (RE/EE) investments under an Energy Performance Contracting[1] (EPC) approach in partnership with energy service companies. The project will target MSMEs primarily in the productive sectors of Belize, including manufacturing, agriculture, aquaculture and tourism. Deployment of RE/EE technology will reduce operational costs of MSMEs through increased energy savings. This project is innovative as it is the first EcoMicro project to pilot and test green finance mechanisms for the implementation of RE/EE investments under an EPC approach.

The Executing Agency for this project is the Development Finance Corporation (DFC), Belize's only development bank. It is expected that the project will directly benefit 100 MSMEs across Belize. The project will also benefit the 34 managerial and technical staff belonging to DFC, through training and capacity-building in areas relating to the key components of the project. The potential to scale this pilot will be assessed under the project and will be guided by the development of a scale strategy post-pilot.

Together with other EcoMicro projects, IDB Lab expects to expand its knowledge of climate change resilience interventions through partnerships with Financial Institutions (FIs) and other key actors in the ecosystem. This project will demonstrate how development banks can best develop RE/EE markets through the use of EPC in partnership with ESCOs, thereby supporting MSMEs to mitigate the impacts of climate change through market-based green finance solutions. This will enable them to transition to more environmentally-sustainable energy production systems and build climate resilience in the long-run. It aims to accomplish its objective through: (i) design and implementation of green finance products; (ii) analysis of the vulnerability of the finance institution loan portfolio to climate change (to be completed with counterpart funding); (iii) elaboration of an institutional greening policy; and (iv) strategic knowledge management for public policies and private-sector scalability.

This project is well-aligned with the overall IDB Group's goals on addressing climate change and environmental sustainability as well as the IDBG Institutional Strategy (2010-2020) whose policy objective is to accelerate economic and social development in a sustainable way, through increasing productivity and innovation.

The project is also aligned to the IDB's (extended) Country Strategy for Belize 2013-2019 to, inter-alia, promote private sector development, sustainable export-led growth and incorporate as a cross-cutting issue, climate change, disaster risk management and environment across the wider portfolio.

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[1] Energy Performance Contracting (EPC) is a mechanism for organizing the financing of RE/EE investments. It involves a collaboration between the end-client, the Financial Institution and the technology provider, an Energy Service Company (ESCO). The ESCO provides guaranteed energy savings, as well as supplying the technology and associated services. The guaranteed energy savings forms the basis of the terms for the end-client as well as remuneration of the ESCO on the achievement of the guaranteed savings. The ESCO is actively involved in the measurement and verification process of the energy savings, deployment of the technology and throughout the repayment period. It is a mechanism that is designed to overcome risk aversion by FIs and end-clients to the uptake of RE/EE technologies by engaging the ESCO beyond just as a supplier of the technology.

ANNEXES

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ACRONYMS AND ABBREVIATIONS

CCB	Country Department Caribbean
CBA	Country Office in Barbados
CBL	Country Office in Belize
CCCCC	Caribbean Community Climate Change Centre
CDB	Caribbean Development Bank
CDF	CARICOM Development Fund
CEO	Chief Executive Officer
CJA	Country Office in Jamaica
CROSQ	CARICOM Regional Organization for Standards and Quality
COF	IDB Country Office
CSD	Climate Change and Sustainability Division
DFC	Development Finance Corporation
DNA	Diagnostic of Executing Agency Needs
EA	Executing Agency
EDF	European Development Fund
EE	Energy Efficiency
EIB	European Investment Bank
EPC	Energy Performance Contracting
ESCO	Energy Service Company
FI	Financial Institution
GAC	Global Affairs Canada
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GSDS	Growth and Sustainable Development Strategy
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IDB Invest	Inter-America Investment Corporation
IDB Lab	Multilateral Investment Fund
LAC	Latin America and the Caribbean
MSME	Micro, Small and Medium Enterprise
NDF	Nordic Development Fund
PC	Project Coordinator
PPP	Purchasing Power Parity
PSG	Project Specific Grant
PSR	Project Status Report
PV	Photovoltaics
RE	Renewable Energy
SIDS	Small Island Developing State

PROJECT INFORMATION

BELIZE
EcoMicro – Development Finance Corporation - Green Finance for Renewable Energy and Energy Efficiency for MSMEs
BL-T1122

Country and Geographic Location:	Belize		
Executing Agency:	Development Finance Corporation (DFC)		
Focus Area:	Inclusive Cities		
Coordination with Other Donors/Bank Operations:	This project comprises part of RG-O1649, which expanded to the Caribbean the EcoMicro Program RG-M1205 / RG-X1131. It will be financed by Global Affairs Canada through resources from the Canada Cooperation Framework (CCF), managed under MIF/AT-1143-4 and MIF/AT-1143-5. The project will be executed in coordination with relevant activities of the IDB Climate Change and Sustainability Division (CSD) in the Caribbean Region. Potential synergies with IDB Invest will be explored for scale on completion of the pilot.		
Project Beneficiaries:	The project is expected to directly benefit 100 MSMEs and train 34 managerial and technical staff belonging to DFC.		
	Counterpart (cash and in-kind):	US$ 199,000	36%
	Co-financing from Canada Cooperation Framework (CCF):	US$ 350,000	64%
	TOTAL PROJECT BUDGET:	US$ 549,000	100%
Execution and Disbursement Period:	30 months of execution and 36 months of disbursement.		
Special Contractual Conditions:	Special conditions precedent to first disbursement will be: (i) selection of the EcoMicro pre-qualified consulting partner.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on 22nd March 2019. Given the limited impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	COF Belize. The project will be supervised by the EcoMicro Program Team Leader supported by the EcoMicro Team within CCB/CBA, in coordination with the IDB Lab Consultant in the Country Office (CCB/CBL) and IDB Lab Specialist in the Jamaica Country Office (CCB/CJA).		

I. INTRODUCTION

1.1. **The EcoMicro Program:** The "Green Finance for Micro, Small and Medium Enterprises (MSMEs) and Low-Income Households: The EcoMicro Program" (EcoMicro) is a US$ 17 million facility established to pilot green finance for MSMEs (including small farmers) and low-income households in Latin America and the Caribbean (LAC). The goal of the Program is to facilitate green finance as a means to increase access to Renewable Energy/Energy Efficiency (RE/EE) products, and to assist in adaptation to climate change. The purpose of the facility is to support Financial Institutions (FIs) in partnership with key actors in the broader ecosystem to provide new finance instruments to capitalize on opportunities in green financing, while adjusting their risk management models to climate change risk and incorporating climate impact assessment into their internal policies and operations.

1.2. The Program is currently financed with funds from IDB Lab, co-financed by the Nordic Development Fund (NDF) and Global Affairs Canada (GAC) through Project Specific Grants (PSGs), and local counterpart funds. It is executed by IDB Lab. It was originally approved on September 20, 2011[2], and was subsequently amended[3] in 2015 to increase contributions from IDB Lab and NDF and to extend the execution term through December 2020. In 2016, GAC made an additional contribution to increase the outreach of the original program specifically in the Caribbean Region[4]. GAC-funded Caribbean Projects follow the prescribed modular approach of the EcoMicro Program, which is centered on the execution of three mutually reinforcing and interlocking components[5]. The EcoMicro modular approach was originally approved by the IDB Lab Donor's Committee by Resolution MIF/DE-33/11 on September 20, 2011 (MIF/AT-1143-2) and forms the basis of the Administrative Agreement with GAC for the Caribbean EcoMicro Program, signed on March 21, 2016 (MIF/AT-1143-4 and MIF/AT-1143-5). In August 2018, the disbursement deadline of the Program was extended until November 30th, 2022.

1.3. **Selection of Consulting Firm during Design Phase.** In accordance with *Section C: Execution and Administration of the Program* of the Donors Memorandum for the EcoMicro Program (RG-M1205; MIF/AT-1143-2), IDB Lab pre-qualified 18 consulting firms are eligible to participate in the Caribbean EcoMicro Program. The selection of a consulting partner by the Executing Agency (EA) to support the design and execution of project activities will occur following this competitive process, following project approval. The project, once in execution, will be governed by the Procurement Policies GN-2349-9 and GN-2350-9.

1.4. This is the **twenty-first EcoMicro project**, the third in Belize, and the sixth[6] to be funded by GAC through the Operation ATN/CN-15796-RG, Project in the Caribbean Region: RG-X1131 EcoMicro2/EcoMicro3 – Green Finance for MSMEs and Low-Income Households (MIF/AT-1143-4 and MIF/AT-1143-5).

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[2] Resolution MIF/DE-33/11 (MIF/AT-1143-2)
[3] Resolutions DE-89/15 and MIF/DE-38/15 (MIF/AT-2243-3)
[4] Resolutions DE-46/16 and MIF/DE-43/16 (MIF/AT-1143-4 and MIF/AT-1143-5 respectively)
[5] The three intervention areas approved by the IDB Lab Donors Committee and GAC are: (i) design and implementation of the green finance product; (ii) assessment of the institution's loan portfolio vulnerability to climate change; and, (iii) greening the FI through development of environmental guidelines and policies.
[6] Caribbean Projects approved to date include Guyana (GY-T1150); Jamaica (JA-T1159); Belize (BL-T1112); Grenada (RG-T3255); Dominica (RG-T3378)

1.5. **Delegation of Authority to IDB Lab Management for Project Approvals:** The Donors delegated authority to the IDB Lab Chief Executive Officer (CEO) for the approval of projects under the EcoMicro Program (MIF-AT-1143-2).

II. THE PROBLEM

A. Problem Description

2.1. Belize is a small Central American country bordering Mexico to the north, Guatemala to the west and south, and the Caribbean Sea to the east, with a population of 374,680 (2017 estimate)[7]. Approximately 25 to 30% of the population lives in the former capital, Belize City; over half of the overall population is rural and population density is slightly higher in the north and east[8]. Belize is an upper-middle income country with GDP per capita based on purchasing power parity (PPP) standing at US$8,507.10 in 2017[9]. The service sector is the most significant contributor to economic growth, representing 62.2% of total GDP, followed by agriculture (9.7%) and industry (13.8%). GDP growth has been sluggish in recent years (1.4% in 2017 and 0% in 2016) and the unemployment rate stood at 9% in 2017[10]. It is estimated that the informal sector constitutes nearly 40% of all firms operating in the economy[11].

2.2. With regard to the country's energy mix, almost half the energy in Belize comes from hydroelectric power and biomass. Based on 2010 statistics, the two latter represent 69% of the mix combined and fossil fuels represent nearly 16%, while the remainder is imported from Mexico[12]. This partial reliance on imported fossil fuels leaves Belize less vulnerable to global oil price fluctuations that directly impact the cost of electricity as in other islands and territories in the Caribbean. As such, Belize's utility rates are approximately $0.22 per kilowatt-hour (kWh), lower than the Caribbean regional average of $0.33/kWh, owing to existing renewable energy projects, but still high compared for example with U.S. mainland rates at US$0.01 and Trinidad and Tobago at US$0.06[13].

2.3. Energy costs represents a high proportion of the monthly expenditures for households and businesses and frustrates private sector growth. Belizean firms report high energy costs as a major obstacle to growth[14], that disproportionately impacts the productivity of MSMEs. In addition, although the electricity grid supplies 100% of the population, some rural communities are located in areas that cannot easily access the distribution network and effectively lack access to electricity[15].

2.4. The Government recognizes that the provision of affordable and reliable energy services is crucial to both the viability and productivity of the wider economy. Development of Belize's significant renewable and sustainable energy sources will also present an important opportunity to reduce the dependence on fuel imports from Mexico, increase energy security, and fulfill the country's commitment to global climate change mitigation. To this end, in 2012, the Government of Belize endorsed

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[7] World Bank Open Data
[8] CIA World Factbook: Country Profile Belize
[9] World Bank Open Data
[10] Ibid.
[11] IDB, Estimating the Size of the Informal economy in Caribbean States, 2017
[12] https://www.iadb.org/es/temas/energia/base-de-datos-de-energia/base-de-datos-de-energia,19144.html?view=v18
[13] IDB, 2016
[14] As a percentage of sales. Compete Caribbean PROTEqIN 2014.
[15] Market Study and Partner Scoping in the Caribbean - The EcoMicro Program, Econoler 2016.

the National Energy Plan, which provides policy recommendations to policymakers and decision makers for achieving the country's clean energy goals. Subsequent to the National Energy Plan, the Ministry of Energy, Science, Technology, and Public Utilities also published the National Sustainable Energy Strategy 2012-2033. The National Sustainable Energy Strategy includes a number of programs and action plans for achieving a low-carbon community by 2033 through improved energy efficiency and conservation measures as well as increased development of the country's renewable energy resources.

2.5. Belize's abundance of hydropower, wind, and solar resources in particular, makes it a promising country for green finance, especially for the deployment of RE/EE technologies. In addition, there are a number of energy service companies in Belize, offering a range of products and services. The most prevalent RE/EE technologies available in the market include solar water heaters, solar Photo Voltaic (PV), solar pumps, solar cookers, solar dryers, wind mills and turbines, LED lighting, induction lighting, day lighting, inverter air conditioners, evaporative cooling, building insulation, exterior building shading, green roofs, solar films and heat recovery systems.

2.6. Despite gains that would result from the deployment of RE/EE technologies, there is limited uptake by MSMEs owing to several key barriers.

2.7. **Limited awareness and knowledge among MSMEs** about the benefits of investing in RE/EE technologies. Huge information asymmetries exist among the smaller and more informal businesses on the energy and cost savings benefits to be derived from "going green". While certain technologies such as solar water heaters and solar photovoltaics are fairly well known, there is less knowledge and awareness of other technologies. This has resulted in a lack of trust in RE/EE technologies and technology providers. In addition, the high upfront cost of such investments presents a further barrier, especially in the absence of favorable financing options. The Development Finance Corporation (DFC) recognizes that, in addition to the rollout of green finance products, mass sensitization is needed to address inertia and behavioral change and to encourage adoption of RE/EE technologies[16] among MSMEs, making this a worthwhile venture in the medium and long term.

2.8. **Lack of diversified green finance product offerings.** While the DFC provides traditional debt financing for the uptake of RE/EE technologies among MSMEs, many are unable to access these green loans as they are overleveraged and unable to take on additional debt.

2.9. **Partially favorable regulatory framework.** Notwithstanding national policy efforts as described above, continued program and regulatory support is required to drive the transition towards clean energy sources and the adoption of more energy-efficient practices. For example, Belize does not yet have a feed-in tariff or formal grid-tied arrangement[17]. Belize also lacks any system of RE/EE tax incentives. At present, only the supply of electricity is exempted from sales taxes[18].

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[16] Market Study and Partner Scoping in the Caribbean - The EcoMicro Program, Econoler 2016.

[17] Belize Electricity Limited and the Public Utilities Company have launched a Request for Proposals in Electricity Generation from competitively priced sources of renewable energy to be connected to the National Electricity System of Belize. It is expected that this will serve as a demonstration project to determine the most suitable terms and conditions for grid-tied/feed-in-tariff arrangement.

[18] Market Study and Partner Scoping in the Caribbean - The EcoMicro Program, Econoler 2016.

B. Project Beneficiaries

2.10. The direct beneficiaries of this project are **100 MSMEs**[19] across Belize, serviced via DFC's Headquarters in Belmopan as well as its 5 branches in Belize City, Orange Walk Town, San Pedro Town, Dangriga Town, and Corozal Town. DFC will target MSMEs in the manufacturing, agriculture, aquaculture and tourism sectors, which accounts for 62% of their overall loan portfolio, with 2,106 clients at present.

2.11. The project will also benefit **34 managerial and technical staff** that belong to DFC. All 34 staff will receive technical training and awareness building in areas relating to the key components of the project: design and piloting of green finance, climate vulnerability and risk assessment, and institutional greening.

2.12. DFC will receive specialized technical assistance to design and pilot new green finance for the implementation of RE/EE investments under an energy performance contracting (EPC) approach. As DFC is increasingly aware of the risks of climate change and its impact on the productivity of its MSME clients, this will allow them to diversify their product offering, differentiate themselves from other FIs, and attract new clients. This is in line with the strategic objective as elaborated in their Strategic Development Plan – "Strategy 2021: Building resilience against Climate Change and Economic Volatility" to build resilience to the effects of climate change, and to ensure that consideration of climate change risks is reflected throughout its lending operations.

III. THE INNOVATION PROPOSAL

A. Project Description

3.1. The objective of this project is to pilot and test green finance for the implementation of RE/EE investments under an EPC approach in partnership with Energy Service Companies (ESCOs)[20]. Deployment of RE/EE technology will reduce operational costs of MSMEs through energy savings, thereby increasing MSMEs' overall productivity. This project will implement the prescribed modular approach of the EcoMicro Program aimed at building climate resilience of MSMEs, through the execution of three mutually reinforcing and interlocking components: (i) design and implementation of the green finance product; (ii) assessment of the institution's loan portfolio vulnerability to climate change (to be completed with counterpart funding); and, (iii) greening the FI through development of environmental guidelines and policies.

3.2. **Mitigation finance.** The proposed solution centers on the creation and piloting of mitigation finance that will increase access to RE/EE technology products and services by MSMEs through an EPC approach in partnership with Energy Service Companies (ESCOs).

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[19] DFC MSME classification: Micro and Small Enterprises are classified as businesses with no more than US$150,000 in assets, 25 employees or less, and maximum operating space of 4,000 square feet; Medium Enterprises are classified as businesses taking loans above US$50,000 up to US$500,000.

[20] Energy Performance Contracting is a mechanism for organizing the financing of RE/EE investments. It involves a collaboration between the end-client, the Financial Institution and the technology provider, an Energy Service Company (ESCO). The ESCO provides guaranteed energy savings, as well as supplying the technology and associated services. The guaranteed energy savings forms the basis of the terms for the end-client as well as remuneration of the ESCO on the achievement of the guaranteed savings. The ESCO is actively involved in the measurement and verification process of the energy savings, deployment of the technology and throughout the repayment period. It is a mechanism that is designed to overcome risk aversion by FIs and end-clients to the uptake of RE/EE technologies by engaging the ESCO beyond just as a supplier of the technology.

3.3. Under DFC's productive sector portfolio, MSMEs are primarily in the following sectors: agriculture, aquaculture, tourism and manufacturing sectors. Prioritizing clients within these sectors presents the greatest potential for MSMEs, particularly those that are presently overleveraged, to lower their energy expenditure, thereby reducing operational costs and improving overall productivity.

3.4. **Gender.** DFC's overall portfolio includes more men than women, with a distribution of 61% and 39%, respectively. The Gender Analysis to be conducted at the inception of this project - using the Toolkit for Mainstreaming Gender in MIF Projects - will establish whether specific measures will be needed to address possible gender inequalities during execution and ensure equitable benefits to both women and men. This will complement DFC's ongoing efforts to deliver gender-responsive products and services, including the forthcoming *Gender Equality Technical Assistance Consultancy* supported by the Caribbean Development Bank (CDB), which will focus on the development of relevant and practical *Gender Equality Policies and Action Plans* to improve their responsiveness to the differential needs of male and female clients[21].

3.5. **Climate Risk Assessment.** Over the course of this project, DFC will build internal capacity to assess the vulnerability of its current loan portfolio to climate change and to integrate climate risk assessment into future credit decisions. DFC will incorporate climate risk assessment into their existing loans review processes. In the medium-term, this will strengthen the organization's climate resilience and capacity to offer clients tailored recommendations that build their climate resilience.

3.6. **Institutional Greening.** DFC will participate in the institutional greening activities under Component 3 of the project. Cognizant of the substantial energy savings and cost benefits to be derived, this project will allow DFC to consolidate its commitment to institutional greening by developing a greening policy for the overall institution. It is expected that this greening policy will build on DFC's recently approved *Plan of Initiatives to Operate in an Environmentally Sustainable Manner*[22]. This will enable an even greater realization of energy savings and a reduction of the organization's carbon footprint.

3.7. **Innovation.** This project is innovative as it will be the first time that an EPC financial model has been piloted in the Caribbean in partnership with ESCOs for the private sector. It is also the first EcoMicro project that will work with such a model. Partnering with in this case, a development bank, to pilot viable financing models for the development of the ESCO market is also innovative and previously untested in the Caribbean region. For these reasons, the results of this pilot project will prove relevant for the broader financial sector, demonstrating how FIs can finance the ESCO model as a vehicle in the development of the RE/EE market in the Caribbean. This innovative model is particularly useful in delivering energy savings and emissions reductions in overleveraged MSMEs with no further absorptive capacity

[21] The Gender Equality Technical Assistance is sub-divided into three distinct components: (i) Development of Gender Equality Policy and Action Plan; (ii) Development of A Lessons Learned and Best Practices Report for Gender Mainstreaming in Development Finance in the Caribbean; and (iii) Hosting of Knowledge Exchange Workshop for Development Finance Partners.

[22] This plan outlines DFC's approach to contribute to environmental conservation, and provides a framework to achieve resource conservation, waste reduction and environmental sustainability through the attainment of the following objectives: (i) Reduce the amount of waste the Corporation produces; (ii) Operate a healthier, and safer workplace; (iii) Reduce operational costs; (iv) Integration of green thinking and green practices into all aspects of the corporation's daily operations, in order to reduce the corporation's GHG emissions and carbon footprint; (v) Engage employees and customers in practices which promote "eco-efficiency"; (vi) Enhance DFC's image in the community including its existing and potential customers and employees; (vii) Train employees on issues such as waste management, eco efficiency, health and safety, and sustainable procurement.

for debt, and that remain otherwise unable to realize the upfront costs needed to invest in technologies. Bridging the current financing gap and boosting the level of green investment will unlock the deployment of RE/EE technologies for this previously underserved and vulnerable segment of the private sector, enabling them to realize associated cost savings and productivity improvements. The EcoMicro modular approach is also unique as it incorporates the three mutually reinforcing interlocking interventions of the EcoMicro Program: (i) design and implementation of the green finance product; (ii) assessment of the institution's loan portfolio vulnerability to climate change (to be completed with counterpart funding); and, (iii) greening the FI through development of environmental guidelines and policies.

3.8. **Knowledge:** This is the first project under the LAC-wide EcoMicro Facility to pilot an ESCO model. Therefore, this project will serve as an important case study, generating real evidence and best practices on how FIs, including development banks, can use the ESCO approach as a vehicle to support MSMEs to mitigate the impacts of climate change. As part of the EcoMicro Program facility, this project will benefit from knowledge derived from other EcoMicro projects communicated via periodic Newsletters, as well as have access to multiple tools and knowledge products generated across all projects resident in the EcoMicro Library.

3.9. **Component I: Design & Implementation of Green Finance Products.** The objective of this component is to accelerate the development of the RE/EE market in Belize's key productive sectors (agriculture - aquaculture and agro-processing, manufacturing and tourism), through the introduction of EPC. This will be achieved through:

i. Landscape and market analysis including a review of existing commercial (capacity of local RE/EE providers; productive MSME sector clients), financial, regulatory and legal framework, including a gap analysis and needs assessment of the Belize ESCO market; and Gender Analysis – using the Toolkit for Mainstreaming Gender in MIF Projects;

ii. Analysis of DFC's current capacity, procedures, methodologies and lines of credit - including an assessment of training needs, review of procedures/loan approval process (etc.), to ensure that the new ESCO model builds on existing institutional best practice;

iii. Structuring of an appropriate financing vehicle for the EA to support the ESCO model using its current resources, including Caribbean Community Climate Change Centre (CCCCC), CARICOM Development Fund (CDF), Caribbean Development Bank (CDB) and the European Investment Bank (EIB);

iv. Design of a flexible EPC model relevant to the Belize and current RE/EE market context, in close consultation with key stakeholders, including EA staff, ESCOs, broader private sector/associations and relevant public sector and utilities agencies. The process will also build on international best practice models. Following acceptance of the model, the project will ensure that all associated contract templates are developed. These should include risk mitigation, measuring and verification of savings, mechanisms for energy savings guarantees, pricing and financial modeling, tax regulations and arbitration.

v. Development of training modules and manuals and delivery of capacity building activities targeted to DFC and RE/EE service and technology providers on key

aspects of the ESCO business model and EPC, including guidelines for the application of EPC contracting. Training should include use of contract templates and contract negotiation, financing of EPC projects as well as in-depth understanding of the contracting model/contractual clauses.

vi. Capacity building and awareness raising among potential end-client MSMEs in the productive sectors as well as key local agents or "facilitators", including private sector and productive sector associations, relevant public sector actors (including the Ministry of Public Service, Energy and Public Utilities, Ministry of Agriculture, Fisheries, Forestry and the Environment, Ministry of Tourism and Civil Aviation, and Ministry of Investment, Trade and Commerce), the Belize utility company, and regulators on the new ESCO model.

vii. Identification and piloting of EPC demonstration investment projects that would enable MSMEs from within the key productive sectors (agriculture, aquaculture, tourism and manufacturing) to access RE/EE technologies.

viii. Development of a relevant accreditation scheme for the certification of ESCOs (a) as energy auditors; and (b) establishment of industry-led minimum standards for ESCOs which would focus more broadly on RE/EE equipment specifications, service levels, warranties (etc.). DFC will apply these standards and certification will be adopted by DFC. These will be designed in alignment with internationally recognized standards and in close collaboration with the Belize Bureau of Standards and be guided by the CARICOM Regional Organization for Standards and Quality (CROSQ). In addition, consideration will be given to regional industry standards (e.g. Mexico). The project will develop these in collaboration with key stakeholders (including EA staff, ESCOs, broader private sector/associations and relevant public sector and utilities agencies).

ix. Capacity building of energy auditors and ESCOs to meet certification requirements, train EA staff on the application of the new industry standards and conduct public awareness. This will be followed by the certification of at least 4 ESCOs under the new scheme.

x. Review and recommendations for improvements to strengthen the current green finance product offering;

xi. Final Evaluation of the performance of the ESCO business model, including implementation of improvements to existing green products; and,

xii. Scale Strategy, including recommendations for scaling and leveraging of private/donor funds required to scale. DFC is currently pursuing accreditation as a Direct Access Entity to the Green Climate Fund (GCF). This process is expected to be concluded within 24 months. Once accredited, GCF will serve as a potential financing partner for the scale up of the ESCO model. The project will give particular consideration to this partnership in the development of the scale strategy.

3.10. **Component II: Analyzing the Vulnerability of the Finance Institution Loan Portfolio to Climate Change.** Under this component, the EA will strengthen its capacity in due diligence for climate risk assessment of the productive sectors of its portfolio. This will improve the institutional capacity of the EA to assess and manage climate risks in its credit delivery and administration processes. This will include (i)

reviewing and assessing the existing, policies and procedures guiding the EA's lending operations; (ii) assessing the current practice, procedures, tools and mode of operation of the EA with regard to environmental appraisal of credit lines; (iii) identifying opportunities for updating and integrating climate risk screening into the EA's existing environmental screening checklist; (iv) making recommendations for the most appropriate climate risk assessment procedures for credit lines; (v) Revising the appropriate policies and procedures; (vi) developing a climate checklist/ climate assessment matrix to guide the evaluation of climate risk in credit applications; (vii) facilitating a training workshop for EA staff on climate risk screening. The EA will execute Component II with counterpart resources.

3.11. **Component III: Reducing the Environmental Impact of the Finance Institution.** In order to achieve a strong commitment to building resilience to climate change through green finance, this component will emphasize staff training and awareness raising. The project will conduct energy consumption assessments at the EA's 2 owned premises in Belmopan and Orange Walk. Based on these assessments, the project will design an institutional greening policy and action plan for the EA that will: (i) foster "green" habits among employees and management teams; (ii) establish targets to reduce EA's overall carbon footprint; and (iii) recommend investments to realize energy savings. The policy will incorporate a methodology to measure the institutional carbon footprint (GHG accounting methodology and a GHG baseline) and an energy efficiency baseline and improvements over time.

3.12. **Component IV: Knowledge Management and Communications.** The objective of this component is to capture, synthesize and disseminate the knowledge generated at the project level, including lessons learned, best practices, and key factors of success. One of the main components of the EcoMicro program is directly related to the systematization, documentation and dissemination of the knowledge generated by each of the individual projects under the facility. FIs will participate in knowledge sharing events with other EcoMicro project partners to share experiences and lessons learned. Knowledge products developed under the project (by the consulting partner in collaboration with the EA) will be disseminated via the EcoMicro Program website and events, including project-specific sub-regional workshops. Developing successful initiatives will be crucial to creating demonstration effects for replication. In addition, this component will generate strategic knowledge for private and financial sector adoption to ensure scalability of this intervention.

3.13. **Plan for Scale:** All EcoMicro pilots that have concluded, have gone on to scale. Some institutions have continued to offer loans with their own resources while others have attracted private investment. The potential to scale this pilot will be assessed under the project. This will inform the development of a scale-strategy to enable the FI to roll out the green finance product more broadly post-pilot.

B. Project Results, Measurement, Monitoring and Evaluation

3.14. **Project Results.** By the end of this project the following results are expected: (i) 1 EPC model for mitigation finance designed and implemented; (ii) 1 ESCO Certification Scheme developed and piloted with 3 ESCOs; (iii) 100 MSMEs adopting RE/EE technologies; (iv) US$ 1 million in financing mobilized from DFC's balance sheet for RE/EE technologies and strategies accessed by MSME clients; (v) 34 FI employees trained in ESCO business model; (vi) 100% of facilities owned and occupied by the FI have completed energy consumption diagnostics/carbon footprint

analysis and are implementing recommendations; and (vii) EA has participated in knowledge sharing events to disseminate best practice and lessons learned.

3.15. **Measurement.** The EA will measure project results using their existing banking software and management information systems. The EA will ensure that data capture systems satisfy reporting requirements under the project and results matrix. Where necessary, additional monitoring and evaluation systems will be developed to generate data for the project. These results will be rolled-up at the programmatic level to allow for donor reporting, in accordance with donor requirements. Data captured will be broken down according to green finance product type (RE vs. EE), technology type, sector, loan type and value, region, number of MSME clients by gender (e.g. women or men led), beneficiaries or staff trained, and outreach to stakeholders.

3.16. **Monitoring and Evaluation.** The baseline will be verified during the start of the project with inputs from key assessments to be conducted by the consulting partner, including the market study in Component 1, vulnerability analysis in Component 2 and the institutional greening diagnostic in Component 3. Baseline information will include key ex-ante data such as: (i) current energy costs of MSMEs accessing the green lending products; and (ii) GHG emissions and energy costs of DFC's 2 owned locations. The EA/Consulting Partner will prepare intermediate progress reports and a Final Report that analyzes the results obtained across all components with audio-visual evidence of beneficiaries (both male and female), and technology installations. The Final Report will capture the overall experience and project results, including challenges, lessons learned and best practices. The final report will serve as a key input to the scale plan to be developed by the EA/Consulting Partner. DFC will report information on scale-up one year following completion of the project.

3.17. Within the IDB/IDB Lab, the project will be supervised by the IDB Lab EcoMicro Program Team Leader (located in at the Bank's Headquarters) supported by the EcoMicro Team within CCB/CBA. The Country Office in Belize will retain responsibility for disbursements.

3.18. **Reports.** The EA in close collaboration with the consulting partner will be responsible for presenting Project Status Reports (PSRs) within thirty (30) days after the end of each semester, or more frequently as determined by the IDB Lab by providing at least sixty (60) days advance notice to the EA. The PSR will contain information on the progress of project execution, achievement of milestones, and completion of project objectives as stated in the results matrix and other operational tools. The PSR will also describe issues encountered during the execution and outline possible solutions. Within ninety (90) days after the end of the execution term, the EA/consulting partner will submit a Final PSR to IDB Lab, which will highlight results achieved, project sustainability, evaluation findings, and lessons learned. These reports are necessary to comply with the Program Evaluation Plan that requires annual reports to the Donor's Committee describing the progress, performance and all recorded results.

3.19. **Final Evaluation:** A final project evaluation will be carried out on conclusion of the green finance pilot and will include the identification of key factors needed to build a sustainable business case for green finance to building resilience of MSMEs to climate change in Belize. Furthermore, the evaluation will include the following aspects: (i) analysis of the experience, impact, lessons learned, and best practice derived under this project and post-pilot scale; (ii) details relating to the actual scale achieved post-pilot; and (iii) assessment of both enhanced engagements within and development across the broader RE/EE ecosystem. IDB Lab will commission the

evaluation with resources from its contribution under the EcoMicro Program (RG-M1205). The evaluation of EcoMicro Projects may be undertaken individually or in a cluster with other projects.

IV. ALIGNMENT WITH IDB GROUP, SCALABILITY, AND RISKS

A. Alignment with IDB Group

4.1. This project is aligned with the IDBG Institutional Strategy (2010-2020) policy objective of accelerating economic and social development in a sustainable way, through increasing productivity and innovation. The project relates directly with the objective to support expansion of new and more sophisticated MSMEs - through the facilitation of enhanced use of technology for energy generation - with the goal to stabilize climate change. It is also directly linked with climate change and environmental sustainability, a cross-cutting issue defined in the Update to the Institutional Strategy 2016-2019.

4.2. The project is aligned to the IDB Group Climate Change Action Plan 2016-2020 (CII/PP-175-2), approved in December 2017, which calls for the development of innovative financial models and promotion of new technologies to address climate change in the private sector.

4.3. According to the 2015 Joint Report on Multilateral Development Banks' Climate Finance tracking, 100% of total funding for this project is invested in climate change mitigation/adaptation activities aimed at encouraging MSMEs to adopt climate change mitigation/adaptation technologies or practices. This contributes to the IDBG's climate finance goal of 30% of operational approvals by year's end 2020.

4.4. The project is also in line with the IDB Invest Business Plan 2016-2019 (CII/GN-310), in particular, the goal to expand access to finance in partnership with FIs to increase investments in MSMEs and green companies, and its broader commitment to help clients build their climate resilience.

4.5. The project supports the overall objective of the IDB's Country Strategy for Belize 2013-2017 (GN-2746-1; extended) to, inter alia, promote private sector development, sustainable export-led growth and incorporate as a cross-cutting issue, climate change, disaster risk management and environment across the wider portfolio. The Bank is currently funding a comprehensive mapping of Belize's energy sector to determine the potential for improved energy efficiency and renewable energy production and use. In the tourism industry, it is also seeking to promote green practices, for example through energy efficiency programs.

4.6. The project will also complement the ongoing project (approved in January 2018) being conducted by DFC in collaboration with the Caribbean Development Bank that provides a Consolidated Line of Credit that can be accessed by businesses seeking to invest in RE/EE technologies. This forms part of the EA's overall strategy to increase its SME portfolio.

B. Scalability

4.7. Post-pilot, DFC will scale green finance to its broader productive sector portfolio, which represents 64% of the institution's overall credit portfolio. Roll-out of the green finance product across remaining client segments therefore represents an opportunity to contribute to the organization's four focus areas as outlined in its Strategic Development Plan – "Strategy 2021: Building resilience against Climate Change and Economic Volatility": 1) climate resilience; 2) diversification of clients and projects; 3) innovative products and services, and 4) positioning the DFC as a strategic enabler. The fulfillment of these will allow the DFC to reach its full potential.

4.8. DFC's EcoMicro consulting partner will facilitate scale through: (i) completion of requisite analysis to support a scale strategy, including demand projections and financial analysis based on the results of the pilot; (ii) preparation of the scale strategy to be presented to the Board for approval; and (iii) training of all technical staff across all of the agency's branches to ensure readiness for scale.

4.9. During the project, DFC, with the support of its consulting partner, will develop a branding and marketing strategy for the new green finance products. The marketing strategy will incorporate events and PR materials to facilitate the national launch of the new green finance products.

4.10. Once the pilot has successfully concluded, the IDB Lab can support efforts to scale by linking the project partner with relevant funds for potential financing for scale.

C. Project and Institutional Risks

4.11. **Limited appetite among MSMEs for green financing.** The project will address potential limited demand by devoting significant resources to an initial market study, review of technologies and technology suppliers and product design. This will help to determine local demand for green lending as well as to establish strategic alliances and partnerships with local suppliers and other key actors. The project will also conduct direct outreach and training within beneficiary communities to stimulate awareness and demand for the new green finance products. In addition, continuous assessments and a final evaluation of the performance of the RE/EE loan products in the market will be prepared, with a view to making necessary adjustments to scale post-pilot.

4.12. **Limited number of RE/EE technology suppliers.** The market is dominated by a limited number of key suppliers and their respective distribution agents. Given that new green finance will result in an increase in the demand for RE/EE technologies by MSMEs, the project will establish alliances between DFC and leading suppliers to ensure that this increasing demand can be met. In addition, the market study will assess the potential for DFC to encourage new RE/EE technology entrants and distributors into the local market, through tailored products to finance green suppliers.

V. INSTRUMENT AND BUDGET PROPOSAL

5.1. The project has a total cost of *US$ 500,000*, of which *US$ 350,000 (70%)* will be provided by the Government of Canada, via the EcoMicro Program Facility (EcoMicro RG-O1649) with resources from CCF, and *US$ 150,000 (30%)* by the EA counterpart consisting of cash and in-kind contributions. The expected execution period for this Project is 30 months and the expected disbursement period is 36 months. The project budget does not allocate resources for Contingencies, Audit and Evaluations, as these are already covered in the budget by the broader Program (RG-M1205/RG-X1131).

5.2. This project falls under the EcoMicro Program Facility (RG-O1649). The instrument to be used is non-reimbursable, given that most of the knowledge generated by this project is considered a public good.

5.3. The retroactive recognition of Counterpart funds under this operation is permitted for expenses for expenses incurred by the EA from June 1st, 2019, for an amount up to US$40,300.00. These expenses relate to the execution of activities by the EA under *Component 2: Analyzing the Vulnerability of the Loan Portfolio to Climate Change.*

Table 1: Project Budget

Project Categories	CCF	Counterpart	Total
Component 1: Design & Implementation of Green Finance Products	275,000	56,505	331,505
Component 2: Analyzing the Vulnerability of the Loan Portfolio to Climate Change	0	40,300	40,300
Component 3: Reducing the Environmental Impact of the Finance Institution	25,000	6,660	31,660
Component 4: Knowledge Management and Communications Strategy	50,000	20,260	70,260
Project Administration	0	75,275	75,275
Grand Total	**350,000**	**199,000**	**549,000**
% of Financing	**64%**	**36%**	**100%**

* 50% of Counterpart will be in-cash and 50% in-kind

VI. EXECUTING AGENCY (EA) AND IMPLEMENTATION STRUCTURE

A. Executing Agency(s) Description

6.1. The EA for this project will be the **Development Finance Corporation (DFC)**, Belize's only development finance institution. DFC was incorporated in British Honduras as a private sector lending institution on September 27, 1963, under the DFC Ordinance No. 2 of 1961 and Amendment No. 15 of 1963. In 1973, the Corporation was restructured as a financial institution wholly-owned by the Government of Belize, under the responsibility of the Ministry of Finance and Defence. DFC was again restructured in 2009, under the authority of the DFC Act No. 1 of 2009 of the Laws of Belize, to expand and strengthen the economy by providing funding on an economically sustainable and environmentally acceptable basis. It remains under the responsibility of the Ministry of Finance. Its mission is to provide development finance and related services, which contribute to the sustainable growth of the Belizean economy.

6.2. As of February 2019, DFC serves 6,273 clients (39% of which are female and 61% are male) through its Headquarters in Belmopan as well as its 5 branches in Belize City, Orange Walk Town, San Pedro Town, Dangriga Town, and Corozal Town. Their total loans portfolio is valued at US$59 million. DFC continues to contribute to the

development of the Belizean economy by extending credit primarily to the Productive Sector with direct investments in agriculture, commercial fishing, manufacturing, tourism, transportation, forestry, the micro-sector and a new product - renewable energy. Of the loans disbursed, approximately 64% was directly to the productive sector (2,495 productive sector clients), making loans available to primarily small farmers, fisher folk, manufacturers and agro producers, small and large investors in the growing tourism industry, bus owners and a significant number of micro entrepreneurs, many of whom were only able to access financing from DFC. The remaining 36% injected into the economy, financed home loans (both new construction and home improvement) and student loans.

6.3. With over 56 years of experience in the finance sector, a wide branch network, and its position as Belize's only development bank, DFC is a strong local partner for EcoMicro, with the capacity to significantly scale green finance post-pilot.

B. Implementation Structure and Mechanism

6.4. DFC's General Manager will have overall responsibility for the oversight of this project. As part of the necessary structure to execute project activities and manage project resources effectively and efficiently, the Managing Director has appointed the Chief Strategist/Climate Champion as Project Coordinator (PC) with responsibility for the day-to-day management and coordination of activities, including obtaining final approval of key deliverables by the consulting partner from the from the Executive Management Committee (EMC) that will act as the EcoMicro Steering Committee (ESC). The EMC is made up of 6 Members: General Manager, 3 Assistant General Managers (Credit, Risk, Finance) and Corporate Secretary and Chief Strategist/Climate Champion.

6.5. The PC (with support from the Administrative Assistant, Chief Strategist/Climate Champion) will ensure effective coordination of all logistics as well as overall project administration, logistical arrangements, and record keeping. The PC with support from the consulting partner, will have responsibility for the preparation of all reporting requirements, including bi-annual PSRs that will provide progress on project implementation to the IDB Lab. The PC will be based at DFC Headquarters in Belmopan.

6.4. The PC (with support from the Administrative Assistant, Chief Strategist/Climate Champion) will be responsible for the overall supervision and management of consulting partner contract, including approval of mission dates, events/workshops, trainings, scheduling of deliverables, coordination with individual team members, preparation of field logistics, facilitation of engagement with local stakeholders, mobilization of counterpart resources and facilities to support contract execution. The PC (with support from the Administrative Assistant, Chief Strategist/Climate Champion) will review and ensure quality control of all reports and deliverables prior to submission to the General Manager. The General Manager will have responsibility for approval of all final deliverables/reports.

6.5. The PC will report directly to the General Manager and to regular meetings of the ESC, chaired by the General Manager. The PC will be responsible for the strategic planning and supervision of the project. Periodic reporting to the General Manager, ESC, and Board will be required during execution. Required reports, analysis and/or presentations will be facilitated, where relevant, by the consulting partner.

VII. COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

7.1. **Disbursement by Results, Fiduciary Arrangements.** The EA will adhere to the standard IDB Lab disbursement by results, Bank procurement policy[23] and financial management[24] arrangements as specified in Annex V and VI.

7.2. **Results-based disbursement.** The Project will be monitored by the IDB Lab EcoMicro Program Team Leader, based in Washington D.C, with day-to-day support and coordination by the EcoMicro Team located in the Barbados Country Office. Monitoring will be undertaken in accordance with the performance and risk management policies (fulfilment of milestones) established by the IDB Lab in April 2008 and knowledge sharing requirements of The EcoMicro Program. Project disbursements will be contingent upon verification of the achievement of milestones[25]. These milestones will be verified using their means of verification, which will be agreed upon between the EA and the IDB Lab. Achievement of milestones does not exempt the EA from the responsibility of reaching the logical framework indicators and the project objectives.

7.3. **Disbursements:** Disbursements will be made in accordance with the Financial Management Guidelines for IDB-financed Projects (OP-273-6) October 14, 2014 or future updates. All disbursements under this project will be made on an **ex-ante basis** via the following methods: (i) Direct Payment to Supplier/Contractor, in particular, for payments to the EcoMicro consulting partner. This disbursement method may also apply for the cost of travel relating to participation in knowledge exchange events; or (ii) Reimbursement of Payments (should the EA upfront expenses for participation in knowledge sharing events. Disbursements will be made on request by the EA, having conducted quality control and acceptance of consulting firm deliverables and to continue normal project implementation and after it is confirmed that no milestones are pending at the time of the request.

7.4. **Financial Management and Supervision.** The EA will establish and be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB/IDB Lab. The Diagnostic of Executing Agency Needs (DNA) generated a medium level of risk in financial management. The IDB Lab will review all disbursements under this project on an ex-ante basis. All supporting documentation for disbursements will be supplied ex-ante with each disbursement request, with the IDB Lab review conducted 100% on an ex-ante basis.

7.5. **Ex-Post Reviews and Financial Statements:** The IDB Lab may contract independent auditors to carry out ex-post fiduciary reviews of this project. Ex-post fiduciary reviews may include a review of fiduciary records relating to both project funds and also counterpart funds. Given that 100% of the disbursements will be

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[23] IDB Procurement Policies

[24] Financial Management Operational Guidelines

[25] Milestones are activities or outputs critical to achieving the development objectives and must be determined jointly by the executing agency and IDB Lab. They may be revised and reprogrammed during the project implementation. The executing agency may also request that the Bank modifies the milestones with a limit of two times and provided that the corresponding deadlines have not expired. Fulfilment of milestones does not relieve the EA of the responsibilities to meet the indicators set forth in the Logical Framework.

reviewed on an **ex-ante basis** (as defined in 7.3 above), the EA is not required to prepare annual or final Financial Statements for this project.

7.6. The **first disbursement** (Milestone 0) will be made when the operation is approved. Approval will be granted once the IDB Lab CEO signs the contract and upon fulfilment of the following conditions in addition to those set by the Bank's agreement: (i) appointment of the Project Coordinator; and (ii) selection of the EcoMicro pre-qualified consulting partner. *In the event that milestones are not reached, the IDB Lab and the EA will assess the severity of the situation and take appropriate measures to ensure that this does not have an impact on project implementation and/or achievement of the objectives.*

7.7. **Subsequent disbursements** will be made in accordance with Bank financial management guidelines[26], and in accordance with (i) the payment schedule in the executed contract with the EcoMicro consulting partner; and (ii) the schedule of knowledge sharing events.

7.8. **Procurement.** In accordance with paragraphs 5.4 - 5.8 of the Donors Memorandum for The EcoMicro *Program* (RG-M1205[27]), the EA will execute one main procurement under this project, the selection of their EcoMicro consulting partner. This selection will be from a pool of consulting firms that have been pre-qualified via competitive process and are deemed eligible to participate in the EcoMicro Program. The IDB/IDB Lab EcoMicro team will guide the EA to complete the final selection of the pre-qualified, eligible, consulting firm, after the IDB Lab CEO approves the project. The EA will make their final selection based on the firms technical ability to deliver specialized technical assistance to the EA in the context of their project, in: (i) design and piloting of a green finance product for the final beneficiaries of the project; (ii) analysis of the vulnerability to climate change of the loan portfolio of the EA; (iii) development and implementation of internal policies for energy savings; and (iv) knowledge management and communications to capture, synthesize and disseminate the knowledge generated at the project level.

7.9. For the procurement of all other goods and contracting of consulting services under this project, the EA will apply the IDB Policies for the Selection and Contracting of Consultants (GN-2350-9) and the Operational Guidelines for Technical Cooperation Projects (OP-639). The Diagnostic of Executing Agency Needs (DNA) generated a medium level of risk classification for procurement management. The IDB Lab will review all procurements under this project on an **ex-ante basis**. Before commencement of project contracting and procurement, the EA must submit the project Procurement Plan for the IDB/IDB Lab's approval which should be updated annually and when there are changes in the methods or goods or services to be procured.

VIII. INFORMATION DISCLOSURE AND INTELLECTUAL PROPERTY

8.1. **Information Disclosure.** This project is classified as public for the purpose of the Bank's information disclosure policy.

[26] Link to the document Financial Management Operational Guidelines.
[27] MIF/AT-1143-2

8.2. **Intellectual Property.** The knowledge products and materials produced with the funds disbursed under the project remain the property of the Inter-American Development Bank.

IX. RECOMMENDATION

9.1. The Chief of Unit, Discovery Unit, recommends the approval of this operation by the MIF Manager, under the Delegation of Authority granted by the Donors Committee by Resolution MIF/DE-33/11 adopted on September 20th, 2011 and the use of resources from the CCF EcoMicro allocation to the EcoMicro Program, totaling up to US$ 350,000, in order to finance the corresponding project.

X. APPROVAL

10.1. I hereby approve, according to the Delegation of Authority according with the facility approved by the Donors Committee by Resolution MIF/DE-33-11 adopted on September 20th, 2011 (MIF/AT-1143-2), up to US$ 350,000 for the financing of the project "EcoMicro – Development Finance Corporation - Green Finance for Renewable Energy and Energy Efficiency for MSMEs" BL-T1122, the "Project," to be considered as part of the EcoMicro Facility.

10.2. That the resources of the project shall be utilized to finance the activities described and budgeted in this document chargeable to the resources of the IDB Lab under the EcoMicro Program (RG-X1131) on a non-reimbursable basis.

10.3. No resources of the Program shall be made available to cover amounts greater than the amount certified herein above for the implementation of this Technical Cooperation Brief.

Approved