

PROJECT STATUS REPORT

07/01/2021 - 12/31/2021

SECTION 1: PROJECT SUMMARY

Operation number: BL-T1122

Suboperation number: ATN/CN-17454-BL

Project Name: EcoMicro - Development Finance Corporation - Green Finance for Renewable Energy and Energy Efficiency for MSMEs
Purpose:

Country admin:	Country beneficiary:	Group:	SubGroup:
BELIZE	Belize	D	

Executing Agency: Development Finance Corporation

Team Leader: RUTHH

Score Image:

Total Score: 2.515

Project cycle:

Report Date: 2022-01-04	Original Execution End Date:
Approval Date: 2019-07-15	Current Execution End Date:
Signature Date: 2019-12-12	Original Last Disbursement Date: 2022-12-12
First Disbursement Date: 2020-08-11	Last Current Disbursement Date: 2022-12-12

SECTION 2: PERFORMANCE

Project's performance summary since the beginning

Since project inception several deliverables/ tasks have been completed and the project remains on schedule. Completed assignments include: Inception report, market analysis, DFC analysis, Recommendations for improvement of DFC's Green Finance Product as well as the development of the EPC model and relevant stakeholder training/ Capacity Building sessions under Component 1. Component 2 - The CRA Consultancy successfully concluded. Component 3 - Energy Audits, methodology and data collect for evaluation GHGs, Implementation of EE recommendations and Improvements for DFC Climate Change Policy and Go Green Action Plan were concluded. Component 4 - two video testimonials, radio and TV ads and brochures were concluded. Outstanding activities include the EPC demonstration projects, the ESCO registry, and evaluation of the ESCO business model.

Supervision Team Leader comments

The EA continues to make substantial progress with this project

Project's performance summary in the last 6 months

All deliverables concluded including development of Energy Audit Report Template, M & V report Template and EPC agreement. An Operation Manual for the EE/ RE loan product was developed. Additionally, capacity building and training sessions were conducted in the use of these tools. DFC also installed EE measures in two of its buildings and the revisions for the Climate Change policy and Go green plan were concluded. . W.R.T to DFC's Scale Strategy, DFC successfully concluded negotiations with IDB for a US\$15 million credit line for MSME's (including Climate resilient and Gender inclusive financing). Negotiations were also concluded with the CDF for participation in its GRAF - Partial Risk Guarantee program for EE/RE. With IDB's approval the Contract with Econoler was amended to include the reallocation of US\$25,000 for addition support services for program execution.

Supervision Team Leader comments

The EA has made substantial progress this reporting period through all components, including with the design and approval of the ESCO model, placement of green finance loans into the market, and mobilization of funds to scale - including concluding negotiations with IDB for a US\$ 15 mn line of credit for MSMEs including for climate resilience, as well as with CDF for participation in GRAF. Commendable efforts by the EA.

SECTION 3: INDICATORS AND MILESTONES

C1 : Design & Implementation of Green Finance Products

Weight 25%

Qualification High Satisfactory

Indicators

Baseline

Planned

Achieved

Status

I1	0	1 (2021-05-12)	1 (2021-02-08)	Finished
I2	0	350 (2023-05-12)	104 (2021-06-22)	In progress
I4	0	1 (2022-05-12)	1 (2021-12-14)	Finished
I3	0	1 (2022-12-15)		In progress
I5	0	3 (2022-12-15)		In progress
I8	0	200 (2022-12-15)		In progress
I6	0	3 (2022-12-15)		In progress
I10	0	0 (2022-12-15)		In progress
I7	0	100 (2023-05-12)	6 (2021-12-31)	In progress
I9	0	1000000 (2023-05-12)	500895 (2021-12-31)	In progress
I11	0	34 (2023-05-12)	53 (2021-03-24)	Finished

C2 : Analyzing the Vulnerability of the Loan Portfolio to Climate Change

Weight 25%

Qualification High Satisfactory

Indicators	Baseline	Planned	Achieved	Status
I1	0	100 (2022-05-12)	35871 (2020-07-15)	Finished
I2	0	1 (2022-05-12)	7725 (2020-07-01)	Finished
I3	0	34 (2023-05-12)	7725 (2020-08-24)	Finished
I4	0	100 (2023-05-12)	469 (2021-12-31)	Finished

C3 : Reducing the Environmental Impact of the Finance Institution

Weight 25%

Qualification High Satisfactory

Indicators	Baseline	Planned	Achieved	Status
I2	0	1 (2023-05-12)	1 (2021-07-12)	Finished
I1	0	100 (2023-05-12)	100 (2021-02-23)	Finished
I3	0	34 (2023-05-12)	78 (2021-10-05)	Finished
I4	0	1 (2023-05-12)	1 (2021-08-05)	Finished
I5	0	0 (2022-12-15)		In progress
I6	0	1000 (2022-12-15)		In progress

C4 : Knowledge Management and Communications Strategy

Weight 25%

Qualification High Satisfactory

Indicators	Baseline	Planned	Achieved	Status
I1	0	9 (2023-05-12)	4 (2021-12-31)	In progress
I2	0	1 (2022-12-15)		In progress
I3	0	1 (2022-05-12)	1 (2020-12-09)	Finished
I4	0	75 (2022-05-12)	63 (2021-06-08)	In progress
I5	0	1 (2022-12-15)		In progress

Milestones	Planned Value	Achieved Value	Due Date	Achieved Date	Status
Condiciones Previas / Prior Conditions	1	1	2020-06-12	2020-02-24	Achieved
DFC Analysis Report complete	1	1	2020-12-31	2020-10-16	Achieved
EPC Operational Guide complete	1	1	2021-12-12	2021-12-10	Achieved
Market Study complete	1	1	2021-06-12	2021-02-24	Achieved
Accreditation scheme complete	1	0	2022-06-12		Pending
Scale Strategy complete	1	0	2022-10-12		Pending

Critical facts that have affected project's performance

- Environmental restrictions

Others, Which?

The COVID pandemic continues to restrict travel of the consulting experts. All training and knowledge sessions are being done remotely and require more time to deliver. Market demand for EE/RE projects have also declined as a result of conflicting financing priorities cause by the pandemic (Environmental Restrictions)

SECTION 4: RISKS

	Impact Area	Severity	Prob.	Date	Responsible	Mitigation action
Covid 19 Global Pandemic	Final Outcome, Intermediary Outcome, Design & Implementation of Green Finance Products	(4) High	High 80%	2020-08-24	Executing Agency	Remote engagements as far as possible and rescheduling of project activities. Use of MS Teams for scheduling weekly progress meeting and sharing project reports to ensure that the project maintains momentum.
Limited appetite among MSMEs for green financing.	Final Outcome, Intermediary Outcome, Design & Implementation of Green Finance Products	(3) Medium	Medium 60%	2021-01-18	Executing Agency	<p>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.</p> <p>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.</p>
Limited number of RE/EE technology suppliers	Design & Implementation of Green Finance Products	(2) Low	Very Low 20%	2021-01-18	Executing Agency	DFC will increase focus on sectors which were not as significantly affected by COVID e.g swine and poultry production, and small scale agro- processing. DFC will also actively market the product as one that will increase operational efficiency in the Tourism sector given the current depressed market conditions. Special emphasis will be placed on women owned and managed businesses.
National Economic decline	Final Outcome, Design & Implementation of Green Finance Products	(4) High	High 80%	2021-01-21	Project Coordinator	
ESCO unwillingness to engage in EPC model	Final Outcome, Intermediary Outcome, Design & Implementation of Green Finance Products, Knowledge Management and Communications Strategy	(3) Medium	High 80%	2021-07-26	Executing Agency	ESCO and MSME training in the benefits of EPC. Demonstration projects utilizing one or two successfully implemented EPCs
Zoom Fatigue	Final Outcome, Intermediary Outcome, Design & Implementation of Green Finance Products, Knowledge Management and Communications Strategy	(4) High	High 80%	2021-07-26	Executing Agency	1) Advance notification of sessions 2) appropriate content and timing of sessions. 3) Use focus groups where possible

Lack of enabling policy environment	Final Outcome, Intermediary Outcome, Design & Implementation of Green Finance Products, Knowledge Management and Communications Strategy	(4) High	High 80%	2021-07-26	Executing Agency	Actively lobby GOB to implement NDC commitments to the UNFCCC
Remote Work by Consulting Experts	Final Outcome, Knowledge Management and Communications Strategy	(4) High	High 80%	2022-01-25	Executing Agency	1) Extended implementation duration to facilitate virtual Knowledge transfer 2) If possible contract and train a local expert to facility hands knowledge transfer.
TOTAL RISKS QUANTITY: 8		IN EFFECT RISKS: 8		NOT IN EFFECT RISKS: 0		MITIGATED RISKS: 0

SECTION 5: SUSTAINABILITY

Indicate likelihood of project sustainability after project completion: HP

Justification:

All EcoMicro projects are designed to be sustainable with the delivery of support to FIs through the design and pilot of new green finance products - with a strong emphasis on training and capacity building of staff. In this case DFC has also been highly diligent in mobilizing funds to scale the roll out of their products post project.

Aspects that put the project sustainability at risk

Factor	Comments
Others, Which?: N/A	

Actions related to sustainability which have been implemented in the project:

In November 2021, DFC successfully negotiated a credit line of \$15 million from the IDB to facilitate Belize's COVID recovery effort. Thirty per cent (30%) of the funds are dedicated to financing mitigation and adaptation projects, whilst 25 per cent of the funds will be dedicated to female MSMEs. On January 12th 2022, DFC concluded negotiations with the CDF for participating in its Credit Risk Abatement Facility which offers partial risk guarantees for EE/RE projects. DFC is also implementing two IDB consultancies (i) to better equip staff for identifying climate smart opportunities and (ii) for building on the DFC's Gender Policy and Action Plan. The GCF readiness TA commenced in late 2021. This will facilitate DFC's accreditation by late 2022 allowing access to GCF funding. DFC is also participating in a CDB/GCF Transforming Finance to Unlock Climate Action project which will avail US\$20 million for climate resilient financing to MSMEs. Funds have been disbursed for the preparation of the project document and associated budgets (project preparation stage)..

SECTION 6: PRACTICAL LESSONS

	Relative to	Author	Date
The Belize Energy landscape is rudimentary particularly for EE/RE. The project will require extensive TA for beneficiaries, ESCOs and DFC staff w.r.t the benefits of EE/RE financing in order to ensure success. IDB has approved reallocation of resources to facilitate Econoler's assistance in this regard.	Implementation	Franklyn Magloire	2022-01-25
Initial indications from the service providers are that there is very limited appetite for energy performance contracting since ESCOs currently bear no liability for performance failures. While Econoler and DFC have identified a few potential candidates for testing EPC, there are currently no guarantees that their interest in the model will be sustained. A major driving force for this approach would be the demand for such services from MSMEs. It is hoped that the successful implementation of one or two model projects utilizing the EPC model would serve as the impetus in that regard.	Sustainability	Franklyn Magloire	2022-01-31
The COVID Pandemic has impacted adversely on MSME demand for EE/RE credits as they have opted to focus on working capital loans to restore their operations. This may have an adverse impact on the availability of pilots to test the EPC model. More knowledge sharing events will be required to re-sensitize MSMEs to the benefits of EE/RE.	Implementation	Franklyn Magloire	2022-01-31

