

ADMINISTRATION AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

**THE FEDERAL MINISTRY FOR THE ENVIRONMENT, NATURE
CONSERVATION, BUILDING AND NUCLEAR SAFETY**

regarding

**Project Specific Grant to the Inter-American Development Bank for Project No. RG-
X1244 titled, "LAC Green Finance Program to Mobilize Private Investment in
Mitigation Actions and Low-carbon and Sustainable Business Models through NDBs"**

THIS ADMINISTRATION AGREEMENT is entered into between the Inter-American Development Bank (the "Bank") and the Federal Ministry for Environment, Nature Conservation, Building and Nuclear Safety of the Federal Republic of Germany (the "Donor") (hereinafter together referred to as the "Parties").

WHEREAS, the Bank has designed Project No. RG-X1244 titled, "LAC Green Finance Program to Mobilize Private Investment in Mitigation Actions and Low-carbon and Sustainable Business Models through NDBs" (the "Project"), as described in the attached project document (the "Project Document");

WHEREAS, the Donor has agreed to support the execution of the Project by providing a project specific grant to be administered by the Bank; and

WHEREAS, the Bank is prepared to receive and administer the contribution funds to be made available by the Donor.

NOW THEREFORE, the Parties hereby agree as follows:

1. The Donor will make available to the Bank a grant contribution in the amount of EUR 5,000,000 (five million euros) (the "Contribution") to be administered by the Bank to co-finance the Project. The Contribution shall only be used for the purposes indicated in the Project Document, taking into account the principles of economic efficiency and thrift. Any material deviations from the objectives and activities of the Project described in the Project Document will require the Donor's written approval.
2. Following the signature of this Administration Agreement by the Parties, the Donor will transfer the Contribution to the Bank in one single installment, upon the Bank's written request, to an account indicated by the Bank in writing. Upon receipt of such deposit, the Bank will convert the euros into U.S. dollars and will deposit the resulting amount (subject to the exchange rate prevailing at the time of conversion) into the account #04404221 "Inter-American Development Bank - Cofinancing Account" opened by the Bank at Deutsche Bank America Trust, New York (swift #BKTRUS33XXX) (the "Account"). The Account is denominated in U.S. dollars and includes resources provided as grant funds by other donors for other Bank projects. The Contribution will be administered in the Account without distinction from other donors' contributions.
3. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank's applicable policies and procedures. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management of resources from other donors, and will have no further liability to the Donor in respect thereof.
4. The Contribution will be accounted for separately from the Bank's assets, and will be administered together with other contributions received by the Bank. The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank shall keep, during the execution period of the Project, records of foreign exchange transactions with proper documentation to substantiate such transactions. The foreign exchange risk shall be borne by the Project. The Bank will not be responsible for foreign

exchange risk in the receipt, conversion or administration of Contribution funds. Further, the Bank may at its discretion invest and reinvest the resources of the Contribution pending their disbursement in connection with the Project. The Bank will not be entitled to additional contributions from the Donor due to investment losses.

5. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain: (a) a fee equal to five percent (5%) of the total amount of the Contribution at the time the Contribution is deposited by the Donor into the Account indicated by the Bank in writing; and (b) any investment income generated by the Contribution pending its disbursement towards the Project.
6. The Bank's procurement policies and procedures will be applicable to the procurement of goods and services, as well as the contracting of consulting services, carried out with the Contribution, as required by the different components of the Project. Further, the Donor accepts that:
 - (a) the resources of the Contribution will be completely untied; and
 - (b) the consultancy services financed with the Contribution may be provided and executed by companies, specialized institutions or individuals from any Bank member country.
7. The Donor will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will the Donor be liable for any costs incurred by the Bank in terminating the engagement of any such person.
8. Within six months after the completion of the Project, the Bank will submit to the Donor (a) a non-audited final Project report, including an overview of the expenditures incurred for the implementation of the Project and the funds allocated to such expenditures (financial report); and (b) an operation and progress report of the Project (narrative report). The Donor may also request a non-audited financial expense report of the Contribution. In addition, the Donor may request an "agreed upon procedures" report issued by the Bank's external auditor on the use of the Contribution resources. The cost of such auditor's report will be borne by the Donor and will not be deducted from the Contribution. The Donor will reimburse the Bank for the cost of this report promptly after receiving a written request from the Bank. The Bank will not provide audited financial statements for the Account.
9. During the execution period of the Project, the Bank will submit to the Donor, by no later than April 30 of every year, a non-audited annual report of the Project, describing (a) the progress of the Project during the preceding year and (b) the financial report of the Contribution as of December 31 of the preceding year. The annual report shall describe how the Donor's program fits into the business policies of the respective National Development Banks ("NDBs") and which mechanisms they provide for guaranteeing sustainable implementation of the financing strategies (including provision of staff resources). The annual report shall include reporting on emissions reductions as well as the mobilization of additional capital (leverage effect) with regard to the financing of renewable energies and energy efficiency in the relevant countries.

10. Before submitting the first annual report, due on April 30, 2017, the Bank shall submit to the Donor by no later than October 31, 2016 two different methodological concepts prepared according to international standards as follows: (a) one concept providing for the calculation of emission reductions; and (b) one concept providing for the basis for calculating the mobilization of additional capital (including private capital). This concept should consider the additionality of investments thereby excluding business as usual activities and only capturing investments by NDBs and private investors which go beyond business as usual. The leverage effect, initiated by the activities of the Project activities, should comprise investments of NDBs and private investors and should detail their different contributions on the level of the respective partner countries.
11. As soon as possible upon completion of the Project, the Bank will return to the Donor any remaining uncommitted Contribution funds, unless otherwise agreed to in writing by the Parties.
12. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement or the Project are as follow:

(a) For the Bank:

- i. All communications pertaining to donor relations and resource mobilization will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Manager, Office of Outreach and Partnerships (ORP)
Tel.: +1 (202) 623-1583
Fax: +1 (202) 623-2543
E-mail: partnerships@iadb.org

- ii. Day-to-day communications regarding the management of the Contribution and the implementation of this Administration Agreement will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships (ORP/GCM)
Tel.: +1 (202) 623-2018
Fax: +1 (202) 623-3489
E-mail: orp-gcm@iadb.org

(b) For the Donor:

The Federal Ministry for Environment, Nature Conservation, Building and Nuclear Safety

Potsdamer Platz 10

10785 Berlin

GERMANY

Attention: Hanka Rörig,

Project Manager of the Programme Office International Climate Initiative

Tel.: +49 (0) 30 338 424 - 595

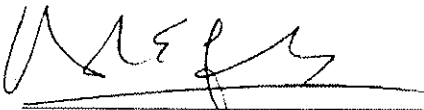
Fax: +49 (0) 30 338 424 - 22 - 595

E-mail: hanka.roerig@programmbuero-klima.de

13. This Administration Agreement will come into force on the date of its signature by each of the Parties.
14. The Parties may amend any provision of this Administration Agreement in writing.
15. Subject to their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.
16. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.


IN WITNESS WHEREOF, the Inter-American Development Bank and The Federal Ministry for Environment, Nature Conservation, Building and Nuclear Safety of the Federal Republic of Germany each acting through its duly authorized representative, have signed this Administration Agreement in two (2) originals in the English language as of the dates indicated below.

**INTER-AMERICAN
DEVELOPMENT BANK**


Bernardo Guillamon
Manager
Office of Outreach and Partnerships

Date: 09/06/2016

**THE FEDERAL MINISTRY FOR
ENVIRONMENT, NATURE
CONSERVATION, BUILDING AND
NUCLEAR SAFETY**


Michael Kracht,
International Climate Initiative, German
Federal Ministry for the Environment,
Nature Conservation, Building and Nuclear
Safety (BMUB)

Date: 27/6/16

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

**LAC GREEN FINANCE PROGRAM TO MOBILIZE PRIVATE INVESTMENT IN
MITIGATION ACTIONS AND LOW-CARBON AND SUSTAINABLE BUSINESS
MODELS THROUGH NDBs**

(RG-X1244)

TECHNICAL COOPERATION DOCUMENT

This document was prepared by the project team consisting of: Maria Netto (IFD/CMF), Team Leader; Juan José Gomes (IFD/CMF); Alternate Team Leader; Claudio Alatorre (INE/CCS); Gloria Visconti (INE/CCS); Daniel Hincapié (ORP/PTR); Claudia Oglialoro (OPR/GCM); José Ramón Gómez (ENE/CCO); Rodrigo Aragon Salinas (ENE/CME); Leticia Riquelme (CMF/CME); Manuel Fernandini (CMF/CPR); Luciano Schweizer (CMF/CBR); María Margarita Cabrera (IFD/CMF); Alexander Vasa (IFD/CMF); Johan Arroyo (IFD/CMF); Michael Hofmann (MIF/MIF); Betina Tirelli Hennig (LEG/SGO); María Eugenia Roca (VPC/FMP); Micha Martin Van Waesberghe (KNL/KNM).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

Technical Cooperation Document

I. Basic Information for TC

Country/Region:	Regional
TC Name:	LAC Green Finance Program to mobilize private investment in mitigation actions and low-carbon and sustainable business models through NDBs
TC Number:	RG-X1244
Team Leader/Members:	Maria Netto (IFD/CMF), Team Leader; Juan José Gomes (IFD/CMF), Alternate Team Leader; Claudio Alatorre (INE/CCS); Gloria Visconti (INE/CCS); Daniel Hincapie (ORP/PTR); Claudia Ogialoro (OPR/GCM); José Ramón Gomez (ENE/CCO); Rodrigo Aragon Salinas (ENE/CME); Leticia Riquelme (CMF/CME); Manuel Fernandini (CMF/CPR); Luciano Schweizer (CMF/CBR); María Margarita Cabrera (IFD/CMF); Alexander Vasa (IFD/CMF); Johan Arroyo (IFD/CMF); Michael Hofmann (MIF/MIF); Betina Tirelli Hennig (LEG/SGO); Maria Eugenia Roca (VPC/FMP); Micha Martin Van Waesberghe (KNL/KNM)
Taxonomy:	Client Support
Date of TC Abstract authorization:	N/A
Beneficiary:	Ministry of Finance of Brazil, Brazilian Development Bank (BNDES) –Brazil; Fondo para el Financiamiento del Sector Agropecuario (FINAGRO) –Colombia; Banco Nacional de Comercio Exterior (BANCOMEXT), México; Fidecomiso de Fomento Minero (FIFOMI), Sociedad Hipotecaria Federal (SHF) –México; and Agencia Financiera de Desarrollo (AFD) –Paraguay
Executing Agency:	The Inter-American Development Bank through the Capital Markets and Financial Institutions Division (IFD/CMF)
Donors providing funding:	International Climate Initiative (IKI)
IDB Funding Requested:	€5,000,000 ^(*)
Local counterpart funding:	US\$1,099,000
Disbursement period:	66 months (execution period: 60 months)
Required start date:	May 15, 2016
Types of consultants:	Firms and individual consultants
Prepared by Unit:	IFD/CMF
Unit of Disbursement Responsibility:	Institutions for Development Sector (IFD/IFD)
TC included in Country Strategy:	No
TC included in CPD:	No
GCI-9 Sector Priority:	(i) Institutions for growth and social welfare; and (ii) protect the environment, respond to climate change, and promote renewable energy

^(*) The International Climate Initiative (IKI) is expected to commit €5,000,000, which is equivalent to US\$5,495,000, based on the exchange rate of Euros in US Dollars 1.099 as of April 3, 2015

II. Objectives and Justification of the TC

- 2.1 Most of the countries in the Latin American and the Caribbean (LAC) region have commercial Energy Efficiency (EE) and Renewable Energy (RE) opportunities, but they still lack capacity to identify those opportunities and put together bankable projects in order to structure the demand for EE and ER technology solutions. There is also a lack of integrated financing strategies combining financial and non-financial instruments needed to address the different financial barriers and risks associated with these projects in order to stimulate local private investment. Furthermore, there is a market disconnection not only in terms of the requirements of this type of projects but also among potential beneficiaries, energy services and technology providers, Local Financial Institutions (LFIs), and other relevant market players such as insurance companies. As a result, local markets lack of mechanisms to build trust

and facilitate a win-win situation for all relevant actors in the design and implementation of this type of projects. While LAC countries have undertaken initiatives to promote EE/RE investments, most of these initiatives have not managed to integrate all the key actors and align their interests and needs.

- 2.2 Partner countries (Brazil, Colombia, Mexico, and Paraguay) have significant commercial EE/RE opportunities,¹ based on favorable natural conditions (i.e. solar, wind) and currently inefficient installed equipment in various economic sectors. Furthermore, LAC's power generation capacity may need to double in the next twenty years to meet the growing demand for electricity.² EE and non-conventional RE technologies reduce the needs for Fossil Fuel-Fired Power Generation, new energy capacity, and related fiscal burdens, in a region that has traditionally confronted very tight budgetary constraints.³
- 2.3 The starting situation in target countries is, however, characterized by a relative low level of private investments in EE and RE. Direct investments and projects financed through LFIs are still low in LAC due to a set of general barriers, including but not limited to:⁴ (i) limited availability of investment credit at adequate terms and conditions; (ii) LFI's lack of knowledge on the risks and returns of EE/RE projects and on how to market, analyze, structure and finance them;⁵ (iii) lack of knowledge among potential beneficiaries about the economic benefits of EE/RE project investments; (iv) longer pay back periods of EE and RE projects as compared to normal activities funded by the banks; (v) the perception that these projects are not "business as usual" investments; and (vi) lack of financial capacity of local energy technology or service providers. Although they are knowledgeable on alternative technologies, and on how to structure technically robust EE/RE projects, they tend to have a very small capital base that would allow them to invest directly on these technologies. It is worth pointing out that in other more advanced economies, energy services companies are able to finance EE investment projects more easily under the ESCO model.⁶
- 2.4 To address these barriers, a financing line needs to be accompanied with a set of activities and risk mitigation instruments that will ensure that any real or perceived risk is addressed, and that the financed projects actually result in tangible energy

¹ See [1] Vergara, Alatorre; Alves (2013) *Rethinking Our Energy Future: A White Paper on RE for the 3GFLAC Regional Forum*; [2] Flavin; Gonzalez; Majano; Ochs; Rocha; Tagwerker (2014) *Study on the Development of the RE Market in LAC*; [3] Gischler; Janson (2011) *Perspectives for Distributed Generation with RE in LAC: Analysis of Case Studies for Jamaica, Barbados, Mexico, and Chile*; [4] IDB & WB (2009) *Implementing RE and EE Measures: Challenges and Opportunities for LAC*; [5] BMWi (2014) -- Zielmarktanalysen - Exportinitiativen Erneuerbare Energien und Energieeffizienz; and [6] UNECLAC (2014): *EE in LAC: Progress and Challenges of the past five years*.

² The World Bank estimates additional annual investments required to be US\$20 billion (WB, *Sustainable Energy for All*, 2012).

³ Farrell, Remes, Bressand, Laabs, Sundaram; February 2008. *The case for investing in energy productivity*.

⁴ Sarkar & Singh (2010): *Financing EE in developing countries --lessons learned and remaining challenges*. *Energy Policy* 38 (10), 5560-5571. IRENA (2012) *Financial Mechanisms and Investment Frameworks for RE in Developing Countries*.

⁵ EE and RE projects may also confront 'financial modeling' or 'pricing' issues for lenders, as well as difficulties in accessing finance because of the lack of collateral

⁶ An Energy Service Company or Energy Savings Company (ESCO) is a commercial or non-profit business providing a broad range of energy solutions including designs and implementation of energy savings projects, retrofitting, energy conservation, energy infrastructure outsourcing, power generation and energy supply, and risk management.

savings and RE generation, respectively, as well as Greenhouse Gas (GHG) emission reductions. National Development Banks (NDBs) are in a unique position to engage LFI and private investors, align development financing with national priority mitigation actions, and canalize international climate funding to promote scale up investments in EE and RE projects.

- 2.5 The IDB is the multilateral financial institution, which has the longest track record of work with NDBs in the LAC region. In recent years, the IDB has been working increasingly with NDBs to integrate climate change (CC) and environmental concerns in their businesses through the development of financial strategies, geared to promote green finance in the LAC region⁷ and eventually, catalyze private investments in this area with the support of international climate finance.⁸
- 2.6 The proposed program would be constituted to enhance and scale up the IDB's current activities to promote NDBs' efforts on green finance in the region. It aims to support the structuring of bankable projects and scale up private sector investments in EE and RE by empowering NDBs to structure and coordinate innovative financing strategies in four countries in LAC. In particular, the program will support: (i) assessment of niche markets opportunities; (ii) development and combination of tailored risk sharing, and financial and non-financial mechanisms to scale up investments in EE and RE; (iii) engagement of LFIs in the deployment of new financial products; (iv) identification and engagement of technology providers and key market stakeholders to structure the demand; and (v) development of standards and mechanisms for monitoring, reporting, and validating the expected positive results stemming from EE and RE private sector investment projects.
- 2.7 The types of technologies and interventions to be promoted will vary by country and type of NDB, allowing the program to support different types of interventions. Indeed, the program is expected to support the design of instruments for green bond issuance and risk management of PPPs (Ministry of Finance of Brazil and BNDES), investments in generation of non-conventional, renewable, sources of energy (BANCOMEXT), investments in EE in SMEs (AFD and FIFOMI), EE in housing in medium-sized cities (SHF), and EE and RE in rural areas (FINAGRO).
- 2.8 The program is expected to have an important long term market transformation effect beyond the project activities, as it should create conditions for LFIs to start looking at ER and EE projects as potential and "bankable" business opportunities. The program is also expected to support the creation of an enabling environment to ensure that the market has sufficient capacity of project developers and firms to develop pipelines of bankable EE and RE projects, and that those investors are able to invest in them. The project team will make sure that the supported mechanisms designed under this TC will also be fully compatible with relevant policies and sector framework documents relating to specific sectors and potential environmental benefits prioritized by the beneficiaries.

⁷ This TC will complement and use lessons learned from other TC activities underway (RG-T2160, RG-T2159, RG-T2166, RG-T2335, RG-T2338, and RG-T2340) with which the IDB has been supporting NDBs on green finance programs.

⁸ Examples include blending IDB and NDB resources with the CTF, the FIP, the GEF, and bilateral donors, such as KfW and AFD, in structuring programs (for more information see: [IDB-BK-116](#), chapter 6; [IDB-MG-148](#); and [IDB-TN-437](#)).

III. Description of activities/components and budget⁹

- 3.1 **Component 1:** Each NDB will receive capacity development and be supported to develop ready-to-use tailored financial strategies consisting of a combination of financial instruments and non-financial instruments through the following activities: (i) feasibility analysis to determine priority of EE/RE sectors per implementation country/NDB mandate; (ii) market assessments; (iii) support in the design of a financing strategy, which provides support to structure both the supply of and the demand for financing; and (iv) support the development of monitoring and verification systems of expected impacts of the financing strategies.
- 3.2 **Component 2:** This component will support each beneficiary NDB in the implementation of financing strategy, through the following activities: (i) support NDB in defining source and final amount of funding; (ii) support in the development of the financing strategy implementation plan, budget, and assess capacity to adopt the strategy into their current structure; (iii) support in launching and promotion of allocated dedicated financial instruments; (iv) support identification of pilot projects for the financing strategies; and (v) support, when appropriate, the development of project proposals to access international climate finance.
- 3.3 **Component 3:** This component will promote the collection and sharing of best practices and experiences among NDBs in promoting financing for EE and RE investments in LAC. This work will take advantage of the IDB's already existing information sharing tools¹⁰. In particular it will finance: (i) studies, webinars, presentations, newsletters and guidelines showing specific experiences; (ii) national and regional events to share experiences and disseminate knowledge products with other NDBs, LFIs, technology providers and potential project developers; (iii) training and outreach to first tier LFIs and firms, and energy service providers to be promoted through the beneficiary NDBs' training and promotion systems with dedicated technical experts; (iv) training of beneficiary NDBs on how CC mitigation activities under the new CC agreements relate to private sector activities and can be leveraged through international climate finance; and (v) design and maintenance of dedicated web interface for the program and its activities to be disseminated under IDB dedicated NDB web pages.

Indicative Results Matrix

	Unit	Baseline		Year 1 - 5		Expected Completion Date*	Data Source
		Value	Year	Planned	Actual		
Comp. 1: Feasibility analysis studies identifying sectors to be prioritized	#	0	2015	7		12/2015	Beneficiary and IDB information systems

⁹ Details of the structure and components of the Program can be seen at the [Project Proposal Document](#) submitted and approved by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety-BMUB.

¹⁰ The "Klave Finanzas Verdes" and the [community of practices for FIS on green finance](#). It will also take advantage and collaborate with other IDB initiatives to support EE and RE financing, including specific national initiatives from other divisions and departments of the IDB as well as regional initiatives such as the GREENPYME Initiative from the IIC, and the Regional EE Program from IDB (SCF). The program will further seek collaboration with other relevant institutions promoting green financing such as the ECLAC, the IEA, the UNEP FI, as well as with bilateral development banks.

	Unit	Baseline		Year 1 - 5		Expected Completion Date*	Data Source
		Value	Year	Planned	Actual		
Comp. 1: Market assessment studies identifying financial and non-financial barriers to be addressed.	#	0	2015	7		05/2016	Beneficiary and IDB information systems
Comp.1: Ready to use financial strategy, including a set of financial and non-financial mechanisms developed**	#	0	2015	7		05/2017	Beneficiary and IDB information systems
Comp.2: Number of NDB dedicated structures to support financing strategies to promote EE and RE	#	0	2015	7		11/2017	Beneficiary and IDB information systems
Comp.2: LFI outreach by NDBs about financial strategies to promote EE and RE investments (4 by beneficiary)	#	0	2015	35		11/2017	Beneficiary and IDB information systems and Surveys
Comp. 2: Fully fledged operating systems for monitoring and evaluating	#	0	2015	7		12/2017	Beneficiary and IDB information systems
Comp. 3: Number of learning products (technical, reports, tools, e-learning) for use of target groups	#	0	2015	28		06/2020	Klave Finanzas Verdes, Finanzascarbono
Comp. 3: Positive feedback from participants benefitting from workshops and events who report use of knowledge	%	0	2015	80%		06/2020	Beneficiary and IDB information systems

* The exact dates of deliverables may vary depending on specific work plans developed with each of the beneficiaries. See also the Gantt Chart of overall activities of the program.

** As mentioned before, the financing strategies will be expected to result in financing allocated by NDBs (and potentially by IDB and sources of international climate finance). The size of programs and their potential leverage of private financing for EE and RE investments will depend on sectors and strategies, but the program will make sure that this information will be adequately tracked.

3.4 The total cost of this TC is approximately US\$6,594,000. The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) of Germany will contribute with €5,000,000 Euros, which corresponds to approximately US\$5,495,000.¹¹ There will be an in kind counterpart contribution from beneficiaries for a total of US\$1,099,000 (each one of the beneficiaries will contribute approximately with US\$157,000). These in kind resources will consist on staff time, facilities for the development of planned promotional workshops and events, and office space for consultants supporting the design of the different products envisioned under this TC.

3.5 Resources of this project to be received from the BMUB will be provided to the Bank through a Project Specific Grant (PSG), and will be administered according to the guidelines set forth in the Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as PSGs (document SC-114). As contemplated in these procedures, the commitment from the BMUB will be established through a separate administrative arrangement. Under such arrangement, the resources for this project

¹¹ The conversion is based on the exchange rate of Euros in US Dollars 1.099 as of April 3, 2015. Final resources in US Dollars will be dependent on the exchange rate of the date when the resources are disbursed to the Bank by the BMUB in euros and converted into US Dollars. If a significant adverse movement in exchange rates reduces the amount of US Dollars contemplated in this budget, and such amount cannot be covered by the contingency line item, the activities contemplated in the project will be decreased appropriately and the budget will be adjusted accordingly.

will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. IDB will establish agreement letters with each of the beneficiaries in order to disburse PSG resources. These letters will be signed once the donor has signed the respective administrative agreement with the IDB and disburse the resources to the Bank. The proposed program assumes that each NDB provides financing (through credit lines, guarantees and other financial instruments) to private sector (directly or through LFI) of an average of US\$50 million and that this finance would be expected to mobilize/leverage private sector financing for EE and RE investments. It is expected that, in average, by May 2020 for every dollar financed by an NDB, at least US\$1 in private sector financing would be leveraged to promote the aforementioned investments.

Indicative Budget (US\$)

Activity/Component Description	IDB/IKI-BMUB	Counterpart Funding	Total Funding
Component 1	3,445,250	693,000	4,138,250
Component 2	1,480,000	296,000	1,776,000
Component 3	235,000	110,000	345,000
Contingencies	60,000	0	60,000
Cost sharing fee (5%) (¶3.5)	274,750	0	274,750
Total	5,495,000	1,099,000	6,594,000

IV. Executing agency and execution structure¹²

- 4.1 According to the approved IKI proposal, the IDB will be the executing agency. The proposed TC will support seven counterparts (Ministry of Finance of Brazil, BNDES, FINAGRO, BANCOEXT, SHF, FIFOMI, and AFD) from four different countries (Brazil, Colombia, Mexico, and Paraguay). Given the diversity of actors that this TC aims at supporting, it is appropriate for the IDB to directly execute it in order to provide a centralized coordination of the various studies and ensure their proper dissemination in the countries and the region. The administrative and technical supervision of the proposed technical assistance program will be under the responsibility of IFD/CMF.
- 4.2 The funding for this operation will be used to hire consultancy services as well as to pay for travel costs and the organization of dissemination and capacitation events. The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with the Bank's current procurement policies and procedures. Bank staff travel costs will not be covered with these funds.
- 4.3 The project team will be responsible for the preparation and submission to the donor of all execution reports in compliance with the stipulation of the Administration Agreement. If at the end of project execution, the project is closed with a positive uncommitted and unspent balance, the project team will be responsible for requesting ORP/GCM to transfer the unspent balance to the donor, pursuant to the terms of the PSG Administration Agreement.¹³

¹² For details of the structure the Program, see Project Proposal Document submitted and approved by the BMUB.

¹³ All PSG Administration Agreements include provisions for the use of any unspent balances.

V. Major issues

- 5.1 Given that the work proposed in this TC is highly technical, there is a risk of not obtaining good quality results if the work carried out by consultants is not properly monitored. The Team Leader will ensure that the materials developed are peer reviewed. Ensuring close technical follow up and quality control of the support provided is also one of the reasons why the TC is executed by IDB (IFD/CMF) with methodological support from INE/CCS, INE/ENE, ORP and KNL. This TC requires also a strong ownership of the beneficiaries and continuous involvement of NDBs and LFI's investment officers to keep promoting the green finance lines. To that effect, the program will ensure continuous training of those officers. It is also expected that the counterparts will dedicate the appropriate staff time and the necessary logistical resources for the implementation of the TC. The Bank will ensure that beneficiaries agree on these conditions, through jointly signed letters of agreement, as a pre-condition to receive support from this initiative.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are envisioned.

VII. Environmental and Social Strategy

- 7.1 Based on the Environment and Safeguards Compliance Policy (OP-703), this TC has been classified as Category C (see classification toolkit). No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact.

Required Annex:

- Procurement Plan

Required Electronic Links:

- Requests from the clients/ beneficiaries
- Terms of Reference for activities/components to be procured

PROCUREMENT PLAN FOR NON-RECURSABLE TECHNICAL COOPERATIONS										
Country: Regional		Executing agency: Inter-American Development Bank					Public or private sector: (Indicate when applicable)			
Project number: BG-31244		Title of Project: LAC Green Finance Program to mobilize private investment in mitigation actions and low-carbon and sustainable business models through NDSs								
Period covered by the plan:										
Threshold for ex-post review of procurements:										
			Goods and services (in US\$):				Consulting services (in US\$):			
Item no.	Lot/offer	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Number of procurement lots (3)	Source of financing and financing (4)		Estimated date of the procurement notice to start of the contract	Technical order by the PTA (5)	Comments
						From NDS (A)	From other (B)			
1		Component 1: Market assessment and financing flow designed								
		Proposal of financial and non-financial mechanisms	3,770,350	QBS/ACC		3,770,350		693,000	Q3 2015	
		Individual consultants (7)	368,000	NCO		368,000		0	Q3 2015	
2		Component 2: Implementation of each financing strategy								
		Consultancy firm or individual consultants (1)	385,000	QBS/ACC		385,000		0	Q3 2015	
		Staffing	1,336,000	PC		1,100,000		236,000	Q4 2015	
3		Component 3: Dissemination and promotion strategy								
		Consultancy firm or individual consultants (1)	100,000	QBS/ACC		100,000		0	Q4 2015	
		Dissemination and promotion plan	243,000	PC		139,000		104,000	Q4 2016	
		Total:	6,259,350			5,816,350		3,099,000		
		Total	6,231,250	Prepared by:					Date:	

(1) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(2) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(3) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(4) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(5) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(6) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

(7) Goods and/or services to be procured are recommended, such as computer hardware, publications, travel, etc. If there is a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average frequency and the period during which the contract would be executed. For example, in support of another project that includes travel to participate in a workshop that is to be held "various" (various) times, an estimated frequency of US\$1,000 and an explanation in the comments column: "The workshop will involve 10 participants to participate in a workshop in the region in year 2015."

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/16

Regional. Nonreimbursable Technical Cooperation ATN/_____
LAC Green Finance Program to Mobilize Private Investment in Mitigation
Actions and Low-carbon and Sustainable Business Models through NDBs

The Board of Executive Directors

RESOLVES:

1. That the President of the Inter-American Development Bank ("Bank"), or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreement or agreements as may be necessary for the purpose of granting a nonreimbursable technical cooperation for a sum of up to €5,000,000, chargeable to the resources granted by the International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) of Germany, pursuant to the agreement or agreements specified in paragraph 2 below, and to adopt any other measures as may be pertinent for the execution of the project proposal contained in document AT-_____.

2. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreement or agreements with the BMUB as may be necessary to receive and administer resources for the purposes described in the project proposal specified in paragraph 1 above, and to adopt any other measures as may be pertinent for the execution of said agreement or agreements.

3. That the authorization granted in paragraph 1 above will be effective once the Bank and the BMUB have entered into the corresponding agreement or agreements to which reference is made in paragraph 2.

(Adopted on _____ 2016)