

INTER-AMERICAN DEVELOPMENT BANK  
IDB LAB

**SAINT LUCIA**

**ECOMICRO - 1<sup>ST</sup> NATIONAL BANK - GREEN FINANCE FOR RENEWABLE  
ENERGY AND ENERGY EFFICIENCY FOR SMEs AND LOW-INCOME  
HOUSEHOLDS**

**RG-T3401**

**ECOMICRO PROGRAM FACILITY (RG-O1649)  
DOCUMENT FOR PROJECT APPROVAL**

**PROJECT DOCUMENT**

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## **PROJECT SUMMARY**

**1<sup>st</sup> National Bank - Green Finance for Renewable Energy and Energy Efficiency for SMEs and Low-Income Households  
RG-T3401**

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 Saint Lucia - where the primary source of energy is fossil fuels - high energy costs increase the energy burden for low-income households as well as business costs for Small and Medium Enterprises (SMEs), with negative implications for productivity and growth.

The objective of this EcoMicro Project is to finance Renewable Energy/Energy Efficiency (RE/EE) technologies for SMES and low-income households that complement, reduce the usage of, or substitute and displace energy from fossil fuels. The project will target SMEs primarily in the Distributive Trade, Manufacturing, and Services sectors. The project will also target low-income households in the home mortgage sector to enable them to invest in RE/EE technologies as well as SMEs that wish to become suppliers of RE/EE technology. Deployment of RE/EE technology will reduce operational costs of SMEs and increase disposable income of low-income households through energy savings. Additionally, supporting the expansion of RE/EE product suppliers will further enable MSME participation in the clean energy sector. The project, along with targeted green finance products, will also implement a risk modeling framework to evaluate the impacts of climate change on the Financial Institution's (FIs) loans portfolio and elaborate a greening policy to reduce the environmental impact of its respective offices. This project is innovative as it is the first time that EcoMicro will partner with a commercial bank.

The Executing Agency for this project is the 1<sup>st</sup> National Bank Saint Lucia Limited (1<sup>st</sup> National Bank), the oldest indigenous bank in Saint Lucia. It is expected that the project will directly benefit 100 SMEs and low-income households across Saint Lucia. The project will also benefit the 25 managerial and technical staff belonging to 1<sup>st</sup> National Bank, 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 FIs and other key actors in the ecosystem. This project will demonstrate how commercial banks can best support SMEs and low-income households to mitigate the impacts of climate change through market-based green finance solutions, enabling 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; (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 several of the policies adopted by the Government of Saint Lucia as guiding principles for low-carbon development.

## ANNEXES

ANNEX I	Results Matrix
ANNEX II	Draft Milestones Table

### AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF IDB LAB PROJECT INFORMATION SYSTEM

ANNEX III	<u>Diagnostic of Executing Agency Needs (DNA)</u> [includes Integrity Due Diligence Analysis]
ANNEX IV	Reporting Requirements and Compliance with Milestones and Fiduciary Arrangements
ANNEX V	(Draft) Procurement Plan



## **ACRONYMS AND ABBREVIATIONS**

<b>CCB</b>	Country Department Caribbean
<b>CCF</b>	Canada Cooperation Framework
<b>CBA</b>	Country Office in Barbados
<b>CDB</b>	Caribbean Development Bank
<b>CEO</b>	Chief Executive Officer
<b>CSD</b>	Climate Change and Sustainability Division
<b>DNA</b>	Diagnostic of Executing Agency Needs
<b>EA</b>	Executing Agency
<b>EE</b>	Energy Efficiency
<b>FI</b>	Financial Institution
<b>GAC</b>	Global Affairs Canada
<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Greenhouse Gas
<b>IDB</b>	Inter-American Development Bank
<b>IDBG</b>	Inter-American Development Bank Group
<b>IDB Invest</b>	Multilateral Investment Fund
<b>LAC</b>	Latin America and the Caribbean
<b>MSME</b>	Micro, Small and Medium Enterprise
<b>NDF</b>	Nordic Development Fund
<b>PC</b>	Project Coordinator
<b>PPP</b>	Purchasing Power Parity
<b>PSG</b>	Project Specific Grant
<b>PSR</b>	Project Status Report
<b>PV</b>	Photovoltaics
<b>RE</b>	Renewable Energy
<b>SIDS</b>	Small Island Developing State
<b>SME</b>	Small and Medium Enterprise

## PROJECT INFORMATION

### SAINT LUCIA

#### 1<sup>st</sup> National Bank – Green Finance for Renewable Energy and Energy Efficiency for SMEs and Low-Income Households RG-T3401

<b>Country and Geographic Location:</b>	Saint Lucia <sup>1</sup>		
<b>Executing Agency:</b>	1 <sup>st</sup> National Bank St Lucia Limited (1 <sup>st</sup> National Bank)		
<b>Focus Area:</b>	Inclusive Cities		
<b>Coordination with Other Donors/Bank Operations:</b>	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 RG-X1131 ATN/CN-15796-RG. The project will be executed in coordination with relevant activities of the IDB Climate Change and Sustainability Division (CSD) in the Caribbean Region.		
<b>Saint Lucia Eligibility</b>	Saint Lucia is eligible for financing under the EcoMicro Program in accordance with Article III, Section 3.1 of the Administrative Arrangement with Global Affairs Canada (GAC) of March 21, 2016.		
<b>Project Beneficiaries:</b>	The project is expected to directly benefit 100 SMEs and low-income households and to train 25 managerial and technical staff belonging to 1 <sup>st</sup> National Bank.		
	Counterpart (cash and in-kind):	US\$ 120,000	30%
	Co-financing from Canada Cooperation Framework (CCF):	US\$ 280,000	70%
	<b>TOTAL PROJECT BUDGET:</b>	US\$ 400,000	100%
<b>Execution and Disbursement Period:</b>	30 months of execution and 36 months of disbursement.		
<b>Special Contractual Conditions:</b>	Special conditions precedent to first disbursement will be: (i) non-objection from the Government of Saint Lucia indicating their support for the project; (ii) appointment of the Project Coordinator; and (iii) evidence of having selected the EcoMicro Consulting partner		
<b>Environmental and Social Impact Review</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on 23 <sup>rd</sup> January 2019. Given the limited impacts and risks, the proposed category for the project is C.		
<b>Unit responsible for disbursements</b>	COF Barbados: the project will be supervised by the EcoMicro Program Team Leader supported by the EcoMicro Team within CCB/CBA.		

<sup>1</sup> Saint Lucia is eligible for IDB Lab financing in accordance with Article III, Section 3(a) and 3(d) of the MIF II Agreement by which all regional developing member countries of the Bank and the Caribbean Development Bank (CDB) are potentially eligible recipients of financing from IDB Lab to the extent that they are eligible beneficiaries of financing from the Bank and that the financing is conducted in consultation and agreement with or 'through the CDB. Information on the project has been shared with CDB on October 12, 2018.

## 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<sup>2</sup>, and was subsequently amended<sup>3</sup> 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<sup>4</sup>. 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<sup>5</sup>. 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. In August 2018, the disbursement deadline of the Program was extended until November 30<sup>th</sup>, 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), 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-third EcoMicro project**, the first in Saint Lucia, and the seventh to be financed by Global Affairs Canada, through resources from the Canada Cooperation Framework (CCF), under the EcoMicro Operation ATN/CN-15796-RG, Project: RG-X1131 EcoMicro2/EcoMicro3 – Green Finance for SMEs and Low-Income Households.

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<sup>2</sup> Resolution MIF/DE-33/11 (MIF/AT-1143-2)

<sup>3</sup> Resolutions DE-89/15 and MIF/DE-38/15 (MIF/AT-2243-3)

<sup>4</sup> Resolutions DE-46/16 and MIF/DE-43/16 (MIF/AT-1143-4 and MIF/AT-1143-5 respectively)

<sup>5</sup> 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.



- 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. One of the windward islands, Saint Lucia is a Small Island Developing State (SIDS) located in the eastern Caribbean. In 2017, its population stood at 179,000, of which 81% is considered rural<sup>6</sup>. Like many Caribbean economies, Saint Lucia's small and open economy is characterized by a high debt to gross domestic product (GDP) ratio. Between 1978 and 2017, Saint Lucia's average economic growth rate was 3.66%<sup>7</sup>. While GDP growth is expected to remain buoyant in the near term - supported by large infrastructure investment, tourism-related FDI, and continued tourist inflows - growth is projected to decline gradually over the medium term as pipeline projects are completed<sup>8</sup>. In 2017, the GDP per capita based on purchasing power parity (PPP) stood at US\$ 13,500<sup>9</sup>. The economy is service-based and receives most of its foreign exchange from tourism and offshore banking. In 2017, the service sector contributed 83% to total GDP (of which tourism accounted for 65%), followed by industry (14%) and agriculture (3%)<sup>10</sup>.
- 2.2. Like many island nations, Saint Lucia is almost 100% reliant on imported fossil fuels for electricity generation, with the share of renewables in the energy mix standing at less than 1%<sup>11</sup>. Consequently, average retail electricity rates in Saint Lucia remain high at US\$0.34 when compared both regionally and internationally (e.g. Barbados at US\$0.24; Trinidad and Tobago at US\$0.06, and United States at US\$0.01)<sup>12</sup>. This represents a high proportion of the monthly expenditures for households and businesses and frustrates private sector growth. Saint Lucian firms report high energy costs as a major obstacle to growth<sup>13</sup>, that disproportionately impacts the productivity of SMEs.
- 2.3. The Government recognizes that the provision of affordable and reliable energy services is crucial to both the viability and productivity of the wider economy. Renewable and sustainable energy sources present an important opportunity to reduce dependence on fuel imports and to fulfill the country's commitment to global climate change mitigation. To this end, legislation has been amended since 1999 to offer import tax exemptions on some RE/EE technologies. The country's commitment is further reflected in the Sustainable Energy Plan developed in 2001 as well as the National Energy Policy developed in 2010, the latter which outlines provisions to increase the use of renewable energy technologies and offset the fossil fuel imports required to meet country's energy needs. Under the Paris Agreement, Saint Lucia has also set RE targets of 35% by 2025 and 50% by 2030.

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<sup>6</sup> World Bank Open Data

<sup>7</sup> Ibid.

<sup>8</sup> IMF, Article IV Consultation 2018

<sup>9</sup> World Bank Open Data

<sup>10</sup> Ibid.

<sup>11</sup> National Renewable Energy Laboratory (NREL), Energy Transition Initiative: Energy Snapshot Saint Lucia, 2015

<sup>12</sup> IDB, 2016

<sup>13</sup> As a percentage of sales. Compete Caribbean PROTEqIN 2014.

- 2.4. In particular, Saint Lucia's abundant geothermal, wind, and solar resources make it a promising country for green finance, especially for the deployment of RE/EE technologies. 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.
- 2.5. Despite gains that would result from the deployment of RE/EE technologies, there is limited uptake by SMEs and low-income households owing to several key barriers.
- 2.6. **Limited awareness and knowledge among SMEs and low-income households** about the benefits of investing in RE/EE technologies. Huge information asymmetries exist among the smaller and more informal businesses and lower-income households 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.
- 2.7. **Limited capacity within the finance sector in green lending.** While 1<sup>st</sup> National Bank recognizes the potential market and developmental opportunities that green finance represents, the organization lacks the technical capacity to undertake the requisite market analysis, identify appropriate technology solutions, and develop the relevant financial terms of green loans. 1<sup>st</sup> National Bank 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<sup>14</sup> among SMEs and low-income households, making this a worthwhile venture in the medium and long term.
- 2.8. **Partially favorable regulatory framework.** Since 1994, Saint Lucia's energy policy has evolved to make way for a clean energy policy environment. In 1994, the Electricity Supply Act enabled the island's utility, LUCELEC, to advance development of renewable resources through voluntary financial incentives. Additionally, in 1999, the Government waived import duties and consumption taxes on renewable energy equipment. An important recent achievement was the amendment of the Electricity Supply Act to allow independent power producers to access the grid. An Electricity Services bill is in draft<sup>15</sup>. Notwithstanding these efforts, continued policy, program, and regulatory support is required to drive the transition towards clean energy sources and the adoption of more energy-efficient practices<sup>16</sup>.

<sup>14</sup> Market Study and Partner Scoping in the Caribbean - The EcoMicro Program, Econoler 2016.

<sup>15</sup> International Monetary Fund Saint Lucia Climate Policy Assessment, June 2018.

<sup>16</sup> Namely, since 2015 households that install solar panels or other RE technologies can feed in the excess energy to the national grid and benefit from net metering. However, the procedure to qualify is bureaucratic since end users need a certificate from St. Lucia Electricity Services Limited (LUCELEC), the country's power company.

## **B. Project Beneficiaries**

- 2.9. The direct beneficiaries of this project are **100 SMEs<sup>17</sup> and low-income households** across Saint Lucia, serviced via 1<sup>st</sup> National Bank's Corporate Office, 5 branches in Castries, Rodney Bay, Choc, and Vieux Fort, and its satellite branch in Marigot Bay. 1<sup>st</sup> National Bank will target SMEs in the Distributive Trade, Services and Manufacturing Sectors under both the SME and Commercial Lending Units. 1<sup>st</sup> National Bank will also target low-income households under the Home Mortgage segment of its portfolio. 1<sup>st</sup> National Bank's SME loan portfolio accounts for 5% of their overall loan portfolio, with 179 borrowing members at present. The manufacturing segment (including SME and larger manufacturers) falls under 1<sup>st</sup> National Bank's demand loans segment, which makes up 56% of their total portfolio. Meanwhile, 1<sup>st</sup> National Bank's home mortgage sector represents 38% of their overall loans portfolio<sup>18</sup>.
- 2.10. The project will also benefit **25 managerial and technical staff** that belong to 1<sup>st</sup> National Bank. All 25 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. Through a train-the-trainers approach, training received by these 25 staff will be disseminated to the wider 1<sup>st</sup> National Bank staff totaling 164 (57 male and 107 female).
- 2.11. 1<sup>st</sup> National Bank will receive specialized technical assistance to design and pilot new green finance products. This will allow them to diversify their product offering, differentiate themselves from other FIs, and attract new clients. This is in line with strategic objective of improved and enhanced service delivery to SMEs through the newly established SME Unit. 1<sup>st</sup> National Bank is increasingly aware of the risks of climate change and its impact on the disposable income that energy savings derived from RE/EE technologies can bring to low-income households. Additionally, 1<sup>st</sup> National Bank recognizes the business opportunities that new green finance can create for suppliers of RE/EE technologies.
- 2.12. 1<sup>st</sup> National Bank will also benefit from institutional capacity building to analyze the vulnerability of its loan portfolio to climate change. Strengthening the climate risk management of the organization will improve future credit decisions and help reduce its portfolio at risk. In addition, the project will enable 1<sup>st</sup> National Bank to expand its commitment to generate energy savings, reduce greenhouse gas (GHG) emissions, and promote environmental sustainability through implementation of energy consumption audits and development of an institutional greening policy with short-to-medium-term priorities and recommended actions.

## **III. THE INNOVATION PROPOSAL**

### **A. Project Description**

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<sup>17</sup> 1<sup>st</sup> National Bank SME classification: Small Enterprises are qualified as businesses with revenues between US\$1-US\$111,111; Medium Enterprises are qualified as businesses with revenues between US\$111,111 and US\$185,185.

<sup>18</sup> Further disaggregation and analysis of these segments will be conducted by the EcoMicro Consulting Partner during the initial analysis of the portfolio and market study.

- 3.1. The objective of this project is to finance RE/EE technologies for SMEs and low-income households that complement, reduce the usage of, and displace energy from fossil fuels. Deployment of RE/EE technology will reduce operational costs of SMEs, and increase disposable income of low-income households, through energy savings. Additionally, supporting the expansion of RE/EE product suppliers will further enable MSME participation in the clean energy sector. This project will implement the prescribed modular approach of the EcoMicro Program aimed at building climate resilience of SMEs and low-income households, 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; 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 SMEs and low-income households and allow SMEs to become suppliers of RE/EE technology.
- 3.3. Under 1<sup>st</sup> National Bank's new SME portfolio, SMEs are primarily in the following sectors: Distributive Trade, Manufacturing, and Services sectors. Prioritizing clients within these sectors presents the greatest potential for SMEs to lower their energy expenditure, thereby reducing operational costs and improving overall productivity.
- 3.4. In addition, mitigation finance will be tested in the context of 1<sup>st</sup> National Bank's home mortgage portfolio, which represents 38% of the overall portfolio. Specifically, the pilot will test the integration of RE/EE technologies into low-income housing loans for new constructions and renovations, where longer loan terms (15-30 years) will offer a sufficient period for a positive return on investment to occur.
- 3.5. **Gender.** 1<sup>st</sup> National Bank's overall portfolio includes more women than men, with a distribution of 55% and 45%, 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, to ensure equitable benefits to both women and men.
- 3.6. **Climate Risk Assessment.** The project model will also build 1<sup>st</sup> National Bank's capacity to assess the vulnerability of its current loan portfolio to climate change and to integrate climate risk assessment into future credit decisions. Vulnerability analysis and risk assessment will be based on a review of publicly available climate data sets<sup>19</sup>. The project will develop a technology-based risk assessment tool to be incorporated into 1<sup>st</sup> National Bank's 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.
- 3.7. **Institutional Greening.** 1<sup>st</sup> National Bank 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 1<sup>st</sup> National Bank to

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<sup>19</sup> Climate data sets include information available from Saint Lucia's [Ministry of Sustainable Development, Energy, Science and Technology](#), [United Nations Framework Convention on Climate Change \(UNFCCC\)](#), [Global Climate Scope](#) and the [World Bank Climate Change Knowledge Portal](#).

consolidate its commitment to institutional greening by conducting an energy consumption assessment (with full energy audits) of its Castries Branch (1 of its 2 owned locations) and by developing a greening policy for the overall institution. This will enable the realization of energy savings and a reduction of the organization's carbon footprint.

- 3.8. **Innovation.** This project is innovative as it is the first time that EcoMicro will work with a commercial bank. Commercial banks represent the lead players in the financial sector across the Caribbean, thus the results of this project will prove relevant for the broader Caribbean financial sector context, by leveraging the EA's role as the only indigenous commercial bank in Saint Lucia. Bridging the current financing gap and boosting the level of green investment will unlock the deployment of RE/EE technologies for a previously underserved and vulnerable segment of the private sector and wider society, 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; and, (iii) greening the FI through development of environmental guidelines and policies.
- 3.9. **Knowledge:** The project will serve as an important case study, generating real evidence and best practices on how commercial banks, both indigenous and otherwise, can best support SMEs and low-income households to mitigate the impacts of climate change through market-based green finance solutions in a variety of socio-economic, sectoral and geographical contexts. 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.
- 3.10. **Component I: Design & Implementation of Green Finance Products.** The objective of this component is to design and pilot a green financial product for RE/EE that will allow SMEs and low-income households to invest in mitigation technologies to complement, reduce the usage of, and displace energy from fossil fuels. The EA will mobilize its balance sheet to finance the pilot loans. This component will include: (i) Landscape Analysis and Market Study, including a Gender Analysis – using the Toolkit for Mainstreaming Gender in MIF Projects; (ii) Review of Technologies, Technology Providers and Strategic Alliances. This is intended to provide the EA with specific technology selection guidance/best practice manuals to help FIs evaluate technology providers; (iii) Building capacity of the climate finance ecosystem. This will require identification, engagement with and capacity building of key local agents, *inter alia*, Bureau of Standards, Saint Lucia Institute of Architects, Association of Engineers, Institute of Surveyors Saint Lucia Inc, Ministry of Sustainable Development, Small Business Development Centre under the Ministry of Commerce, Saint Lucia Industrial and Small Business Association, Saint Lucia Manufacturer's Association, Chamber of Commerce, Sir Arthur Lewis Community College, National Skills Development Centre, so that they are better positioned to serve MSME and low-income household needs at the community level in the long-run. This will involve stakeholder outreach and fostering networks and linkages - including with technology providers and private service providers. This is a particularly key area of need and a key strategy for ensuring long-term potential for scale and sustainability of climate finance post-pilot; (iv) Design and implementation of Green Finance Product; (v)

Elaboration of Operational Guide and Internal Processes for the new green finance product; (vi) Training of loans officers and other key staff; (vii) Beneficiary Outreach and Awareness Building among clients on the potential benefits of green finance; (viii) Interim and Final Evaluation of the performance of the green finance product, including implementation of improvements; and, (ix) Scale Strategy, including recommendations for scaling and leveraging of private/donor funds required to scale.

- 3.11. **Component II: Analyzing the Vulnerability of the Finance Institution Loan Portfolio to Climate Change.** Under this component, the EA's loan portfolio will be analyzed for vulnerability to climate change. The analysis will include a map of climate change risks (determined based on existing publicly available information and activities under the project), and their specific impact on 1<sup>st</sup> National Bank's clients. This will inform (i) the priority sectors and overall % of the total portfolio to be assessed for climate risk; and (ii) the design of a climate risk assessment tool and technological systems/software modules (if necessary) to incorporate analysis of climate risks into future credit decisions of the areas to be prioritized. Relevant staff will be trained on use of the climate risk management tool and on monitoring climate change impact on future loans. The project will develop an accompanying climate risk policy with specific recommended actions to reduce 1<sup>st</sup> National Bank's exposure to climate change.
- 3.12. **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 with full energy audits at their Castries Branch, 1 of its 2 owned locations. Based on these assessments, the project will design an institutional greening policy and action plan for 1<sup>st</sup> National Bank that will: (i) foster "green" habits among employees and management teams in its 7 locations; (ii) establish targets to reduce 1<sup>st</sup> National Bank'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.
- 3.13. **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.
- 3.14. **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, subsequently informing the development of a scale strategy post-pilot.

## **B. Project Results, Measurement, Monitoring and Evaluation**

- 3.15. **Project Results.** By the end of this project the following results are expected: (i) 100 SMEs and low-income households adopting RE/EE technologies; (ii) US\$ 600,000 in financing mobilized from 1<sup>st</sup> National Bank's balance sheet for RE/EE technologies and strategies accessed by micro and low income clients; (iii) 25 FI employees trained in RE/EE green product(s); (iv) 1 climate risk management tool and portfolio vulnerability reduction plan approved by FI management; (v) 50% of facilities owned and occupied by the FI have completed energy consumption diagnostics/carbon footprint analysis and are implementing recommendations; and (vi) EA has participated in knowledge sharing events to disseminate best practice and lessons learned.
- 3.16. **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 SME clients or low-income household by gender (e.g. women or men led), beneficiaries or staff trained, and outreach to stakeholders.
- 3.17. **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 SMEs and low-income households accessing the green lending products; and (ii) GHG emissions and energy costs of 1<sup>st</sup> National Bank's Castries Branch. 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. 1<sup>st</sup> National Bank will report information on scale-up one year following completion of the project.
- 3.18. 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 Barbados will retain responsibility for disbursements.
- 3.19. **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.

- 3.20. **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 SMEs and low-income households to climate change in Saint Lucia. 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 SMEs - 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 Climate Change Action Plan, 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 2017-2019, in particular, the goal to expand access to finance in partnership with FIs to increase investments in SMEs and green companies, and its broader commitment to help clients build their climate resilience.
- 4.5. The project is aligned to several of the policies adopted by the Government of Saint Lucia as guiding principles for low carbon development: the National Energy Policy,



which was officially adopted in 2010 and whose main thrust is to “create an enabling environment, both regulatory and institutional, for the introduction of indigenous renewable energy to the national energy mix, thus achieving greater energy security and independence”; also, the National Energy Plan, which was approved by Cabinet in 2001 and whose core goal is to “enhance the security of energy supply and use for all sectors of the economy”; and, the Saint Lucia National Energy Transition Strategy and Integrated Resource Plan developed in 2016, with a detailed 20-year strategy as well as a suite of optimal near-term projects for a sustainable, reliable, cost-effective, and equitable electricity sector using the island’s local resource. Overall, these are in line with the Government’s refined energy targets announced in 2014, setting a renewable energy penetration target of 35 percent by 2025 and 50% by 2030.

- 4.6. The project is also aligned to the recent initiative of the Government of Saint Lucia, through the Ministry of Education, Innovation, Gender Relations and Sustainable Development in collaboration with the Department of Infrastructure, Ports and Energy to conduct a market potential study at the national level. This study will assess the potential for MSMEs to incorporate RE technologies that contribute to economic development and resilience. The study is being implemented in partnership with the Organization of Eastern Caribbean States (OECS).
- 4.7. The project will also complement the ongoing project being conducted by 1<sup>st</sup> National Bank in collaboration with the Savings Bank Foundation for International Cooperation (Sparkassenstiftung für international Kooperation) under the Eastern Caribbean Central Bank, which seeks to support the strengthening of the financial sector and improvement of access to financial services in the Eastern Caribbean Currency Union (ECCU) by MSMEs. This project has supported the establishment of a new SME Unit within 1<sup>st</sup> National Bank and will in the near term, roll out new diversified financial products and services geared to the needs of existing and future SME clients. This forms part of the EA’s overall strategy to increase its SME portfolio.

## **B. Scalability**

- 4.1. Post-pilot, 1<sup>st</sup> National Bank will scale green finance to its broader loan portfolio, which represents 94% of the institution’s overall credit portfolio. This is made up of 38% home mortgages and 56% demand loans (i.e. loans to SMEs and the commercial sector). Roll-out of the green finance product across remaining client segments therefore represents an opportunity to contribute to the organization’s strategic objectives of focusing on organic growth to increase its share of the market and grow its customer base, as the new product offering is expected to attract new MSME and low-income household clients to 1<sup>st</sup> National Bank.
- 4.2. 1<sup>st</sup> National Bank’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 and presentation of the scale strategy to the Board for approval; and (iii) training of all technical staff across all of the agency’s branches to ensure readiness for scale.
- 4.3. During the project, 1<sup>st</sup> National Bank 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.

- 4.4. Once the pilot has successfully concluded, the EcoMicro Program can support efforts to scale by linking the project partner with relevant funds for potential financing for scale.

### C. Project and Institutional Risks

4.5. **Limited appetite among SMEs and low-income households 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.

- 4.6. **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 SMEs and low-income households, the project will establish alliances between 1<sup>st</sup> National Bank and leading suppliers to ensure that this increasing demand can be met. In addition, the market study will assess the potential for 1<sup>st</sup> National Bank 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\$ 400,00*, of which *US\$ 280,000 (70%)* will be provided by the Government of Canada, via the EcoMicro Program Facility (EcoMicro RG-O1649) with resources from CCF, and *US\$ 120,000 (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 is not applicable under this operation.

**Table 1: Project Budget**

Project Categories	CCF	Counterpart	Total
Component 1: Design & Implementation of Green Finance Products	170,000	38,500	208,500
Component 2: Analyzing the Vulnerability of the Loan Portfolio to Climate Change	80,000	4,000	84,000

Component 3: Reducing the Environmental Impact of the Finance Institution	20,000	1,500	21,500
Component 4: Knowledge Management and Communications Strategy	10,000	15,000	25,000
Project Administration	0	61,000	61,000
<b>Grand Total</b>	<b>280,000</b>	<b>120,000</b>	<b>400,000</b>
<b>% of Financing</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>

\* 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 **1<sup>st</sup> National Bank Saint Lucia Limited (1<sup>st</sup> National Bank)**, formerly the Saint Lucia Co-operative Bank Limited, which was established in January 1938. 1<sup>st</sup> National Bank is the oldest indigenous bank in Saint Lucia. Their mission is "to improve our customers' financial well-being by providing high quality financial solutions as we create sustainable return on shareholders' investments and contribute to national development".
- 6.2. As of January 2019, 1<sup>st</sup> National Bank serves 2,260 clients (55% of which are female and 45% are male) through its Corporate Office, its 5 branches in Castries, Rodney Bay, Choc, and Vieux Fort, and its satellite branch in Marigot Bay. Their total loans portfolio is valued at US\$ 146 million.
- 6.3. With over 81 years of experience in the finance sector, a wide branch network, and its position as the leading indigenous commercial bank in Saint Lucia, 1<sup>st</sup> National Bank is a strong local partner for EcoMicro, with the capacity to significantly scale green finance post-pilot.

### B. Implementation Structure and Mechanism

- 6.4. 1<sup>st</sup> National Bank's Managing Director 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 Business Development Manager 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 EcoMicro Steering Committee (ESC).
- 6.5. The PC 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 1<sup>st</sup> National Bank's Rodney Bay Branch.
- 6.6. The PC 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 will review

and ensure quality control of all reports and deliverables prior to submission to the Managing Director. The Managing Director will have responsibility for approval of all final deliverables/reports.

- 6.7. The PC will report directly to the Managing Director and to regular meetings of the ESC, chaired by the Managing Director. The five members of the ESC include: Manager Business Development, Manager Credit Assessment, Executive Manager Marketing and Public Relations, Executive Manager Client Services, and SME Project Coordinator. The PC will be responsible for the strategic planning and supervision of the project. Periodic reporting to the Managing Director, 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<sup>20</sup> and financial management<sup>21</sup> 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<sup>22</sup>. 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.

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<sup>20</sup> IDB Procurement Policies

<sup>21</sup> Financial Management Operational Guidelines

<sup>22</sup> 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.

- 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 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) non-objection from the Government of Saint Lucia indicating their support for the project; (ii) appointment of the Project Coordinator; and (iii) evidence of having selected the EcoMicro 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<sup>23</sup>, 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<sup>24</sup>), 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.

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<sup>23</sup> Link to the document Financial Management Operational Guidelines.

<sup>24</sup> MIF/AT-1143-2

- 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.
- 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 IDB Lab CEO, under the Delegation of Authority granted by the Donors Committee by Resolution MIF/DE-33/11 adopted on September 20<sup>th</sup>, 2011 and the use of resources from the CCF EcoMicro allocation to the EcoMicro Program, totaling up to US\$ 280,000, in order to finance the corresponding project.

## **X. APPROVAL**

- 10.1. I hereby approve, according to the Delegation of Authority provided by the President of the Bank according with the facility approved by the Donors Committee by Resolution MIF/DE-33-11 adopted on September 20<sup>th</sup>, 2011 (MIF/AT-1143-2), up to US\$ 280,000 for the financing of the project "EcoMicro – 1<sup>st</sup> National Bank Green Finance for Renewable Energy and Energy Efficiency for SMEs and Low-Income Households" RG-T3401, 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. The commitment and disbursement of these resources shall be made only by the Bank in US\$. The same currency shall be used to stipulate the remuneration and payment to the consultant, except in the case of local consultants working in their own Borrowing Member Countries who shall have their remuneration defined and paid in the currency of such country.

10.4. 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