

INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

GRENADA

**ECOMICRO - GRENADA DEVELOPMENT BANK - GREEN FINANCE FOR
MSMEs AND LOW-INCOME HOUSEHOLDS**

RG-T3255

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

PROJECT DOCUMENT

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PROJECT SUMMARY

Grenada Development Bank - Green Finance for MSMEs and Low-Income Households

RG-T3255

As climate change threatens to disrupt key economic sectors of Grenada's economy, adapting to its impacts and mitigating its effects are crucial for the economic stability of the island. Moreover, diminishing the 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, particularly where high energy costs increase the energy burden for low-income households as well as business costs for Micro, Small and Medium Enterprises (MSMEs), with negative implications for productivity and growth.

The objective of this EcoMicro Project is to build climate resilience of MSMEs and low-income households in Grenada, through new green finance that enables the acquisition of RE/EE technologies and implementation of adaptation methodologies. This will be achieved through the development of two distinct green finance products that will support access to: (i) RE/EE technologies (mitigation finance), and (ii) adaptation technologies/measures (adaptation finance). Under mitigation finance, the project will target MSMEs in the fisheries, manufacturing, retail, services, transport and tourism sectors, as well as low-income households in the home mortgage sectors, to enable them to invest in RE/EE technologies. Under adaptation finance, the project will target smallholder farmers in the agriculture sector as well as low-income home mortgage clients to enable them to adopt adaptation technologies/measures that will build their resilience to climate change. 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 facilities. This project is innovative as it is the first EcoMicro project to jointly pilot adaptation and mitigation finance.

The Executing Agency for this project is the Grenada Development Bank (GDB), the leading provider of development financing in Grenada. It is expected that the project will directly benefit 130 MSMEs and low-income households across Grenada. The project will also benefit the 28 managerial and technical staff belonging to GDB, 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, the MIF 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 development banks can best support MSMEs and low-income households to mitigate and adapt to the impacts of climate change through market-based green finance solutions. 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 Grenada as guiding principles for low-carbon development.

ANNEXES

ANNEX I	Results Matrix
ANNEX II	Draft Milestones Table

AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF 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

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

PROJECT INFORMATION

GRENADA

Grenada Development Bank - Green Finance for MSMEs and Low-Income Households RG-T3255

Country and Geographic Location:	Grenada ¹		
Executing Agency:	Grenada Development Bank (GDB)		
Focus Area:	Inclusive Cities		
Coordination with Other Donors/Bank Operations:	This project comprises part of RG-O1649, which expanded to the Caribbean the EcoMicro Program RG-M1205 / RG-X1131. It will be financed through resources from Global Affairs Canada (GAC), 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 and with the Caribbean Development Bank (CDB).		
Project Beneficiaries:	The project is expected to directly benefit 130 MSMEs and low-income households and to train 28 managerial and technical staff belonging to GDB.		
	Counterpart (cash and in-kind):	US\$120,000	30%
	Co-financing from GAC:	US\$280,000	70%
	TOTAL PROJECT BUDGET:	US\$400,000	100%
Execution and Disbursement Period:	36 months of execution and 42 months of disbursement.		
Special Contractual Conditions:	Special conditions precedent to first disbursement will be the execution of the contract with the EcoMicro pre-qualified consulting partner.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on 02 July 2018. Given the limited impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	COF Barbados: the project will be supervised by the EcoMicro Program Team Leader supported by the EcoMicro Team within CCB/CBA.		

¹ Grenada is eligible for MIF 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 (CBD) are potentially eligible recipients of financing from the MIF 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 the Multilateral Investment Fund (MIF), 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 the MIF. It was originally approved on September 20, 2011², and was subsequently amended³ in 2015 to increase contributions from the MIF and NDF. In 2016, GAC made an additional contribution to increase the outreach of the original program specifically in the Caribbean Region⁴. 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 components⁵. The EcoMicro modular approach was originally approved by the MIF 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 30th, 2022.
- 1.3. **Selection of Consulting Firm during Design Phase.** In accordance with *Section C: Execution and Administration of the Program* of the Donors Memorandum for the EcoMicro Program (RG-M1205), the MIF pre-qualified 18 consulting firms as 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.
- 1.4. This is the **nineteenth EcoMicro project**, the first in Grenada, and the fourth to be funded by GAC through the Operation ATN/CN-15796-RG, Project: RG-X1131 EcoMicro2/EcoMicro3 – Green Finance for MSMEs and Low-Income Households.

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

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

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

⁵ The three intervention areas approved by the MIF 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 MIF Management for Project Approvals:** The Donors delegated authority to the MIF General Manager for the approval of projects under the EcoMicro Program (MIF-AT-1143-2).

II. THE PROBLEM

A. Problem Description

- 2.1. Grenada is a Small Island Developing State (SIDS) located in the south-eastern Caribbean and consisting of three islands: Grenada, Carriacou and Petite Martinique. In 2017, the country's population was estimated at 107,317⁶. Per capita Gross Domestic Product (GDP) stood at US\$9,469 in 2016. The country's economy is service-oriented and relies on tourism and hospitality, education, banking and communications as key drivers of economic growth. In 2017, these service sectors accounted for 77% of GDP, while industry and agriculture contributed 14% and 9%, respectively⁷. Within these sectors, the small business sector (comprising micro, small and medium enterprises - MSMEs) accounts for approximately 50% of total employment⁸.
- 2.2. Like other SIDS, however, Grenada's small, open economy makes it highly vulnerable to adverse economic shocks and to the impacts of climate change. Grenada ranks 16th on the Long-Term Global Climate Risk Index⁹, its high ranking making it the most affected country in the English-speaking-Caribbean over the period 1996-2015. This is reflected in pronounced fluctuations in annual real GDP growth¹⁰ as well as high levels of public debt, which stood at 83.4% in 2016. Damages from Hurricanes Ivan (2004) and Emily (2005) alone amounted to more than 200% of GDP¹¹.
- 2.3. Grenada is expected to endure more frequent heat waves and droughts, rainfall and hurricanes with increased intensity, and rising sea levels. The potential costs of inaction are projected at 21% of the current GDP by 2025, 46% by 2050, 76% by 2075, and 111% by 2100¹². Moreover, rising sea levels pose a threat to 22% of the population, which live in areas where elevation is below 5 meters. These impacts threaten to disrupt Grenada's economy and critical economic sectors like agriculture and tourism and damage critical infrastructure and personal property, making climate change adaptation crucial for the economic stability of the island.
- 2.4. In the **tourism sector**, sea level rise and storm surge impact place tourist resorts at risk of inundation, as well as contribute to beach erosion and localized landslides. It is estimated that a 1 meter sea-level rise will place 73% of Grenada's major tourism

⁶ World Bank Open Data

⁷ CIA World Factbook

⁸ International Fund for Agricultural Development (IFAD) Grenada Country Strategy Note (8 May 2017).

⁹ The Germanwatch Global Climate Risk Index, 2017

¹⁰ Green Climate Fund, Consideration of funding proposals – Addendum I Funding proposal package for FP059, 2018

¹¹ Ibid., 2018

¹² World Bank Climate Change Knowledge Portal

resorts at risk¹³, reinforcing the need to adapt the tourism infrastructure in order to avoid loss and damages to the sector.

- 2.5. Similarly, in the **housing and infrastructure sectors**, flooding, coastal erosion from sea-level rise, and inundation - especially during storm surges and other extreme events - bring severe adverse impacts on coastal communities and infrastructure, and in particular on low-income households. For example, 28,000 houses or 89% of the country's housing stock of 31,122 houses were damaged by Hurricane Ivan. Nearly 10,000 houses or 30% were so severely damaged that they required complete replacement, and approximately 22,000 houses or 70% were in need of repairs¹⁴.
- 2.6. In the **agriculture sector**, recurring natural disasters and the effects of climate change have significant impacts on agricultural yields, food production, food prices, and the livelihood of the rural population. Estimates suggest that 3% of agricultural lands could be lost due to sea level rise. Moreover, where lower levels of rainfall are projected, sustaining crop, poultry and animal production would require the introduction of irrigation measures. The effect of increased temperatures would further exacerbate the situation through increased evapotranspiration and reduced soil water¹⁵.
- 2.7. As it relates to the island's energy mix, fossil fuel accounts for 98% of the country's energy needs. Solar power accounts for the remaining 2%. While an electrification program has been completed with nearly 100% of the population having access to electricity,¹⁶ Grenada's average electricity tariffs at US\$0.52/kWh remain high 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)¹⁷. This represents a high proportion of the monthly expenditures for households and businesses. MSMEs, in particular, report high energy costs as a major obstacle to growth¹⁸ that disproportionately impact their productivity. Along with the high cost of finance, one of the main issues noted as affecting Grenada's tourism sector is the high cost of energy, which deters investment and has resulted in several tourism business closures across the island¹⁹.
- 2.8. Altogether, despite gains that would result from the deployment of adaptation technologies/measures and RE/EE technologies, there is limited uptake by MSMEs and low-income households owing to several key barriers.

Adaptation:

- 2.9. **Limited knowledge and awareness of climate-smart agriculture technologies and practices.** Limited agricultural extension services are offered via district administrations and collective associations; where these are available, they

¹³ GIZ, The Economic Effects of Climate Change in Grenada: A brief from the Integrated Climate Change Adaptation (ICCAS) Programme.

¹⁴ Ibid.

¹⁵ Ibid.

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

¹⁷ IDB, 2016

¹⁸ Compete Caribbean PROTEqIN 2014

¹⁹ Ibid., 2014

insufficiently incorporate climate-resilient best practices. Farmers therefore lack the appropriate information and knowledge on efficient practices such as water management, ag-tech solutions, soil conservation and sustainable land management. This is further compounded by the lack of climate change information, such as long-term weather forecasts and climate impacts. The limited on-farm application of climate-smart technologies and methodologies constrains smallholder farmers' ability to respond to climate change in their current and future agricultural production and contributes to low farm productivity and returns.

- 2.10. **Inadequate level of investment in agricultural adaptation.** There remain limited opportunities for low-income households and farmers to access credit to finance adaptation. This is largely due to a lack of understanding of the agriculture sector within the FI, which results in a high risk-aversion among lenders. When credit is available, often inappropriate terms and conditions misaligned to the agriculture cycle are offered, as well as inadequate periods of amortization. In addition, many farmers lack the collateral traditionally required by FIs to secure loans.

Mitigation:

- 2.11. **Limited awareness and knowledge among MSMEs and low-income households** about the benefits of investing in RE/EE technologies. Vast 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.
- 2.12. **Limited capacity within the microfinance sector in green lending.** While Grenada Development Bank (GDB) 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. GDB 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 technologies²⁰ among MSMEs and low-income households, making this a worthwhile venture in the medium and long term.
- 2.13. **Partially favorable regulatory framework.** In 2017, the Government of Grenada undertook electricity sector reform with the promulgation of new electricity supply legislation, which would break the sole electricity supplier GRENLEC's monopoly on electricity generation, transmission, and distribution. This has paved the way for a more favorable investment climate, and for cleaner, more efficient energy and cheaper electricity costs. The Government has additionally elaborated a study on technology needs assessment for RE/EE and for climate change adaptation and mitigation. Still, there remains some uncertainty on the energy reform agenda, with key stable policies and supporting regulations not yet fully developed and adopted.

²⁰ Market Study and Partner Scoping in the Caribbean - The EcoMicro Program, Econoler 2016.

This includes a feed-in tariff or organized system for interfacing with the national grid.

B. Project Beneficiaries

- 2.14. The direct beneficiaries of this project are **130 MSMEs and low-income households** across all six parishes of Grenada, serviced via the Grenada Development Bank (GDB) Office in St. George's. GDB will target MSMEs in the agriculture, fisheries, manufacturing, retail, services, transport and tourism sectors. GDB will focus on two key MSME sub-groups: (i) micro-enterprises²¹ under their Small Business Development Fund (SBDF); and (ii) small²² and medium²³ business under the GDB Business Loan facility. GDB will target low-income households under the Home Mortgage segment of its portfolio.
- 2.15. The project will also benefit GDB's **28 employees** (22 women and 6 men) comprising 7 Senior Management staff; 14 loans and technical officers; 4 clerical staff, and 3 ancillary staff. Staff will receive technical training and awareness building in areas relating to the key components of the project: design and piloting of green finance, climate vulnerability and risk assessment and institutional greening.
- 2.16. GDB 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. GDB is increasingly aware of the risks of climate change and the impact on the productivity of its clients as well as the positive impact on disposable income that can be derived from energy savings from RE/EE technologies.
- 2.17. GDB will also benefit from institutional capacity building to analyze the vulnerability of its portfolio to climate change. Strengthening the climate risk management capacity of the organization will improve future credit decisions and help reduce its portfolio at risk. In addition, the project will enable GDB to expand its already existing 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.

²¹ Micro Enterprises are qualified as businesses with less than 5 employees.

²² Small Enterprises are qualified as businesses with less than 25 employees and less than US\$125,000 in annual sales.

²³ Medium enterprises are qualified as businesses with between 25 and 50 employees and US\$125,000 to US\$750,000 in annual sales.

III. THE INNOVATION PROPOSAL

A. Project Description

- 3.1. The objective of this EcoMicro Project is to building climate resilience of MSMEs and low-income households in Grenada, through new green finance that enables the acquisition of RE/EE technologies and implementation of adaptation methodologies This will be achieved through the development of two distinct green finance products that will support access to: (i) RE/EE technologies (mitigation finance), and (ii) adaptation technologies/measures (adaptation finance). This is the first EcoMicro project that will pilot both mitigation and adaptation finance.
- 3.2. **Mitigation finance** will increase access to clean and efficient energy technology products and services by low-income households and MSMEs in the manufacturing, retail, services, transport and tourism sectors. Lower energy costs will reduce operational costs and improve the competitiveness of MSMEs, while energy savings will increase the disposable income of low-income households.
- 3.3. **Adaptation finance** will enable smallholder farmers (including poultry and animal farmers as well as fisherfolk) to invest in climate-smart technologies and implement adaptation measures customized to support on-farm needs, that will build their resilience to climate change. Adaptation finance will also allow low-income home mortgage clients to invest in climate-proofing new construction and retrofitting existing structures to make them more resilient to extreme weather events.
- 3.4. **Gender.** GDB's overall portfolio includes more men than women, with a distribution of 49% male, 36% female, and 15% joint account holders. This reflects a gender division of labor where key productive sectors are traditionally led by men e.g. transport, agriculture, and fisheries. Meanwhile, women predominate in the education and mortgage loan segments of GDB's portfolio, while the same percentage of men and women prevail in the manufacturing sector, which includes agro-processing based cottage industries. GDB retains a gender-inclusive outlook throughout its operation. In September 2017, the Board of Directors approved a Gender Policy and Action Plan²⁴. 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.
- 3.5. **Climate Risk Assessment.** The project model will also build GDB's capacity to assess the vulnerability of its current portfolio to climate change and to integrate climate risk assessment into future credit decisions. Vulnerability analysis and risk

²⁴ GDB's Gender Policy and Action Plan has four main objectives: a) to ensure that by adopting a gender-sensitive approach, the GDB will achieve greater, more effective, sustainable, and equitable climate change results, outcomes and impacts, in an efficient and comprehensive manner in all of its procedures and activities; b) to build equally women and men's resilience to, and ability to address climate change, and to ensure that women and men will equally contribute to, and benefit from activities supported by the GDB; c) to address and mitigate against assessed potential project/programme risks for women and men associated with adaptation and mitigation activities financed by the GDB; and, d) to contribute to reducing the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities (pg. 3).

assessment will be based on a review of publicly available climate data sets²⁵. The project will develop a technology-based risk assessment tool to be incorporated into GDB's existing loans review processes. This will strengthen the organization's capacity to offer adaptation-related finance, enabling clients to invest in climate smart technologies/adaptation measures that build their climate resilience. GDB has developed a Comprehensive Risk Management Policy²⁶ with specific reference to climate risk – that has recently been approved by the Board. This is in line with GDB's present thrust to consolidate itself in the climate finance space. The risk assessment tool developed under this project will be a strong complement to these ongoing efforts. Under the project, 100% of GDB's portfolio will be assessed for climate vulnerability and the risk assessment tool will be fully integrated into the policy context and objectives.

- 3.6. **Institutional Greening.** GDB has already undertaken institutional greening activities at its Office in St. George's, including transitioning to 100% LED lighting and inverter air conditioners and implementation of other greening activities. This has resulted in a 60% reduction in the organization's energy bill. Cognizant of the substantial energy savings and cost benefits to be derived, GDB is considering the possible installation of a solar photovoltaic system in the future based on a projection of its feasibility. This project will therefore allow GDB to consolidate their commitment to institutional greening by conducting an energy consumption assessment (with full energy audits) and by developing a greening policy and recommendations for the overall institution. This will allow them to assess the potential for further investments in RE/EE, thereby enabling the realization of greater energy savings and a further reduction of the organization's carbon footprint.
- 3.7. **Innovation.** This project is innovative as it is the first EcoMicro project to jointly pilot adaptation and mitigation, through placement of two distinct green finance products in the market. This will provide wide-scale climate finance to Grenada. It is also the first time that EcoMicro will work with a development bank, thus testing public-private approaches to catalyzing the green finance ecosystem by leveraging the EA's role as the leading provider of development finance in Grenada. Bridging the current financing gap and boosting the level of green investment will unlock the deployment of RE/EE and adaptation technologies for a previously underserved and vulnerable segment of the private sector and wider society, many of whom are women, enabling them to realize associated cost savings and productivity improvements. The EcoMicro modular approach is also unique as it incorporates three mutually reinforcing interlocking interventions: (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 financial institution through development of environmental guidelines and policies.
- 3.8. **Knowledge:** This is the first test case in the EcoMicro Program where a project will be executed by a development bank. Moreover, the project will pilot both adaptation and mitigation finance, as the small ecosystem in Grenada provides the perfect

²⁵ Climate data sets include information available from the [United Nations Framework Convention on Climate Change \(UNFCCC\)](#), [Global Climate Scope](#) and the [World Bank Climate Change Knowledge Portal](#).

²⁶ The Comprehensive Risk Management Policy is being developed in alignment with the Green Climate Fund to support accreditation as a National Direct Access Entity.

testing ground to test this combination approach. The project will therefore serve as an important case study, generating real evidence and best practices on how development banks can best support micro enterprises and low-income households to mitigate and adapt to the impacts of climate change through market-based green finance solutions in a variety of sectoral 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.

- 3.9. **Component I: Design & Implementation of Green Finance Products.** The objective of this component is to design and pilot two complementary climate finance products, for mitigation and adaptation, that will allow MSMEs to invest in RE/EE technologies and low-income households to implement measures to build their climate resilience. 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, and key adaptation stakeholders; (iii) Building capacity of the climate finance ecosystem. This will require identification, engagement with and capacity building of key local agents such as extension providers, producers' associations²⁷, Association of Engineers, T.A. Marryshow Community College, Bureau of Standards, Ministry of Energy and Ministry of Agriculture, so that they are better positioned to serve MSMEs needs at the community level in the long-run. This will involve stakeholder outreach, community consultations, training of direct beneficiaries, training of trainers, fostering networks and linkages – including with climate smart 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 Products; (iv) Elaboration of Operational Guide and Internal Processes for the new green finance products; (v) Training of loans officers and other key staff; (vi) Beneficiary Outreach and Awareness Building among clients on the potential benefits of green finance; (vii) Interim and Final Evaluation of the performance of the green finance product, including implementation of improvements; and, (viii) 5 year Scale Strategy and Action Plan, including recommendations for scaling and leveraging of private/donor funds required to scale.
- 3.10. **Component II: Analyzing the Vulnerability of the Finance Institution Loan Portfolio to Climate Change.** Under this component, the EA's entire 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 GDB clients. This will inform the design of a climate risk assessment tool and technological systems/software modules to incorporate analysis of climate risks into future credit decisions. 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

²⁷ Including the following: Grenada Poultry Association, Grenada Cooperative Nutmeg Association, Grenada Cocoa Association, Marketing & National Importing Board, and the Fisheries Cooperation.

an accompanying climate risk policy with specific recommended actions to reduce GDB's exposure to climate change.

- 3.11. **Component III: Reducing the Environmental Impact of the Finance Institution.** In order to achieve a strong commitment to building resilience to climate change through green finance, this component will conduct an energy/institutional greening audit and design an institutional greening policy and action plan for GDB that will: (i) foster "green" habits among employees and management teams; (ii) establish targets to reduce GDB'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. GDB will implement the institutional greening policy recommendations.
- 3.12. **Component IV: Knowledge Management and Communications.** The objective of this component is to capture, synthesize and disseminate the knowledge generated at the project level, including lessons learned, best practices, and key factors of success. One of the main components of the EcoMicro program is directly related to the systematization, documentation and dissemination of the knowledge generated by each of the individual projects under the facility. FIs will participate in knowledge sharing events with other EcoMicro project partners to share experiences and lessons learned. Knowledge products developed by the EA will be disseminated via the EcoMicro Program website and events, including project-specific sub-regional workshops. Developing successful initiatives will be crucial to creating demonstration effects for replication. In addition, this component will generate strategic knowledge for private and financial sector adoption to ensure scalability of this intervention.
- 3.13. **Plan for Scale:** All EcoMicro pilots that have concluded, have gone on to scale. Some institutions have continued to offer loans with their own resources while others have attracted private investment. The potential to scale this pilot will be assessed under the project, subsequently informing the development of a scale strategy post-pilot.

B. Project Results, Measurement, Monitoring and Evaluation

- 3.14. **Project Results.** By the end of this project, the following results are expected: (i) 130 MSMEs and low-income households adopting RE/EE technologies and adaptation technologies/measures; (ii) US\$ 2.4 million in financing mobilized from GDB's balance sheet for RE/EE technologies and adaptation strategies/technologies accessed by MSME (including smallholder farmers) and low-income household clients; (iii) 28 FI employees trained in RE/EE and adaptation green product(s); (iv) 100% of GDB's portfolio analyzed for vulnerability to climate change; (v) 1 climate risk management tool and portfolio vulnerability reduction plan approved by FI management; (vi) 100% of facilities owned and occupied by the FI have completed energy consumption diagnostics/carbon footprint analysis and are implementing recommendations; and (viii) EA has participated in knowledge sharing events to disseminate best practice and lessons learned.

- 3.15. **Measurement.** The EA will measure project results using their existing banking software and management information systems. The EA will ensure that data capture systems satisfy reporting requirements under the project and results matrix. Where necessary, additional monitoring and evaluation systems will be developed to generate data for the project. These results will be rolled-up at the programmatic level to allow for donor reporting, in accordance with donor requirements. Data captured will be broken down according to green finance product type (RE vs. EE vs. adaptation), technology type, sector, loan type and value, branch/region, number of MSME clients or low-income household by gender (e.g. women or men led), beneficiaries or staff trained, strategic partnerships fostered, and outreach to stakeholders.
- 3.16. **Monitoring and Evaluation.** The baseline will be verified during the start of the project with inputs from key assessments to be conducted by the consulting partner, including the market study in Component 1, vulnerability analysis in Component 2 and the institutional greening diagnostic in Component 3. Baseline information will include key ex-ante data such as: (i) current energy costs of micro enterprises accessing the green lending products; and (ii) GHG emissions and energy costs of GDB's Office. 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. GDB will report information on scale-up one year following completion of the project.
- 3.17. Within the IDB/MIF, the project will be supervised by the MIF 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.
- 3.18. **Reports.** The EA in close collaboration with the consulting partner will be responsible for presenting Project Status Reports (PSRs) within thirty (30) days after the end of each semester, or more frequently as determined by the MIF 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 the MIF, which will highlight results achieved, project sustainability, evaluation findings, and lessons learned. These reports are necessary to comply with the Program Evaluation Plan that requires annual reports to the Donor's Committee describing the progress, performance and all recorded results.
- 3.19. **Final Evaluation:** A final project evaluation will be carried out on conclusion of the green finance pilot and will include the identification of key factors needed to build a sustainable business case for green finance for MSMEs and low-income households in Grenada. 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 and adaptation ecosystems. The MIF 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 MSMEs 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 Grenada as guiding principles for low carbon development: the Growth and Poverty Reduction Strategy (GPRS) 2014-2018, which emphasizes the importance of climate and disaster-proofing development initiatives, strengthening the collection, analysis and use of climate and disaster-related data and impacts, and up-scaling investment in the development of clean and renewable sources of energy; the National Energy Policy of Grenada, which states as an objective that 20% of all domestic energy usage (electricity and transport) will originate from renewable energy sources by 2020; the recently approved National Climate Change Adaptation Plan 2017-2021, which provides the framework to mobilize financial resources for prioritized climate change adaptation actions that build resilience to climate change at all levels, including resilient infrastructure and disaster risk reduction.

- 4.6. The project will also complement the Caribbean Development Bank's (CDB) ongoing portfolio of operations in Grenada, notably, the US\$10 million Consolidated Line of Credit offered since 2015 that includes support for clean energy access among MSMEs. The funds, which are being disbursed through GDB, seek to enhance awareness and mitigate high energy costs among an initial five participating MSMEs, through both a loan as well as the provision of technical assistance for RE/EE enhancements.

B. Scalability

- 4.7. Post-pilot, GDB will scale green finance to new clients in the business and home mortgage sectors, the fastest segments of its portfolio, with the SBDF representing an important segment of lending to the business sector. Over the past 8 years, GDB has undergone a process of consolidating its financial strength and has actively diversified its portfolio to pursue business clients. The results of these efforts have been demonstrated over the past 3 years wherein the total value of its business portfolio has nearly doubled from US \$4.3 million in 2015 to US \$8.2 million at the end of 2017. Meanwhile, home mortgages stand at US \$7.3 million (37%) of the total portfolio. Roll-out of the green finance product across therefore represents an opportunity to contribute to the organization's strategic objectives of providing new and innovative products and services and obtaining a minimum of \$58.9 million additional funding by 2021 for project and human capital development.
- 4.8. In addition, GDB has recently received several new lines of credit, which could potentially serve as sources of financing to scale the EcoMicro pilot. In 2015, GDB received a US\$10 million Consolidated Line of Credit from the CDB, which included US\$0.5 million to support clean energy access among MSMEs. GDB also received a US\$10 million credit line and EC\$9 million (US\$3.3 million) from Petrocaribe Grenada Ltd. and the Eastern Caribbean Home Mortgage Bank respectively to provide loans to the home mortgage sector. In February 2018, the Green Climate Fund approved the project Climate-Resilient Water Sector, which aims to introduce both adaptation and mitigation measures to create a climate resilient water sector in Grenada. Under the project, GDB will manage a challenge fund of approximately US\$3.4 million to promote water efficiency in the agriculture and tourism sectors. Additionally, GDB has been designated as Grenada's Service Provider for a US\$2 million Revolving Fund included in a GCF approved Enhanced Direct Project for the Eastern Caribbean, which is being implemented in connection with the Department of the Environment of Antigua and Barbuda.
- 4.9. Taking the above into account, GDB'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.
- 4.10. During the project, GDB together with their EcoMicro consulting partner will develop a branding and marketing strategy for the new green finance products. The marketing strategy will incorporate events and promotional materials to facilitate the wider rollout of the new green finance products.

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

C. Project and Institutional Risks

- 4.12. **Limited appetite among MSMEs 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 both the RE/EE and climate adaptation loan products in the market will be prepared, with a view to making necessary adjustments to scale post-pilot.
- 4.13. **Limited number of RE/EE and climate smart agriculture 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 and climate-smart agriculture technologies by low-income households and MSMEs (including smallholder farmers), the project will establish alliances between GDB and leading suppliers to ensure that this increasing demand can be met. In addition, the market study will assess the potential for GDB to encourage new 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\$400,000*, of which *US\$280,000 (70%)* will be provided by GAC, and *US\$120,000 (30%)* by the EA counterpart consisting of cash and in-kind contributions. The expected execution period for this Project is 36 months and the expected disbursement period is 42 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	GAC	Counterpart	Total
Component 1: Design & Implementation of Green Finance Products	170,000	15,000	165,000

Component 2: Analyzing the Vulnerability of the Loan Portfolio to Climate Change	80,000	10,000	90,000
Component 3: Reducing the Environmental Impact of the Finance Institution	20,000	10,000	25,000
Component 4: Knowledge Management and Communications Strategy	10,000	15,000	50,000
Project Administration	0	70,000	70,000
Grand Total	280,000	120,000	400,000
% of Financing	70%	30%	100%

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

VI. EXECUTING AGENCY (EA) AND IMPLEMENTATION STRUCTURE

A. Executing Agency(s) Description

- 6.1. The EA for this project will be the **Grenada Development Bank (GDB)**, formerly the Grenada Agricultural and Industrial Development Corporation which itself was the successor to the Grenada Agricultural Bank, originally established in 1965. GDB is authorized to act generally as agent for the Government where it can do so appropriately and, in a manner, not inconsistent with its functions. It is the only institution that can align itself directly with the Government's developmental imperatives for the tri-island state. Their mission is to be an innovative and viable development organization, providing high quality financial and related services to the state of Grenada, with the aim of fostering socio-economic development. It provides financial and technical assistance in the areas of Agriculture, Fisheries, Tourism, Industry, Housing, Small Business Development and Human Resource Development.
- 6.2. As of December 2017, GDB serves 969 clients through its Head Office in St. George's. GDB's overall portfolio is valued at US\$19.9 million. GDB's Business segment serves 200 clients and is valued at US\$8.2 million, nearly doubling over 2 years from US\$4.3 million in 2015 to represent 42% of the total portfolio. The SBDF has a total value of US\$1.5 million, with 459 clients. The home mortgage segment represents 37% of GDB's total portfolio, with a value of US\$7.3 million and 137 mortgages.
- 6.3. With the level of non-performing loans at 5%, GDB is one of the best performing development banks in the Eastern Caribbean in terms of loan portfolio quality. Combined with over 50 years of experience in the microfinance sector and its main focus on enhancing the socio-economic development of Grenada and improving the standard of living of the populace, GDB is a strong local partner for EcoMicro, with the capacity to significantly scale green finance post-pilot.

B. Implementation Structure and Mechanism

- 6.4. GDB's Manager will have overall responsibility for the oversight of this project. As part of the necessary structure to execute project activities and manage project resources effectively and efficiently, the Manager has appointed the Business Support and Development Officer as the EcoMicro Project Coordinator (PC) with responsibility for the day-to-day management and coordination of project activities,

including obtaining final approval of key deliverables by the consulting partner from the Senior Management Team, chaired by the Manager. The PC will be supported by an Administrative Officer who will carry out tasks relating to the coordination of administrative and logistical arrangements.

- 6.4. The PC (with the assistance of the Administrative Officer) will ensure effective coordination of all logistics as well as overall project administration 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 MIF. The PC will be based at GDB's Office in St. George's.
- 6.5. The PC (with the assistance of the Administrative Officer) 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 Manager. The Senior Management Team, chaired by the Manager, will have responsibility for approval of all final deliverables/reports.
- 6.6. The PC will report directly to the Manager and to regular meetings of the Senior Management Team. The PC will be responsible for the strategic planning and supervision of the project. Periodic reporting to the Manager and Senior Management Team 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 MIF disbursement by results, Bank procurement policy²⁸ and financial management²⁹ arrangements as specified in Annex V and VI.
- 7.2. **Results-based disbursement.** The Project will be monitored by the MIF 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 MIF in April 2008 and knowledge sharing requirements of The EcoMicro Program. Project disbursements will be contingent upon verification of the achievement of milestones³⁰. These milestones will be verified using their means of verification,

²⁸ IDB Procurement Policies

²⁹ Financial Management Operational Guidelines

³⁰ Milestones are activities or outputs critical to achieving the development objectives and must be determined

which will be agreed upon between the EA and the MIF. Achievement of milestones does not exempt the EA from the responsibility of reaching the logical framework indicators and the project objectives.

- 7.3. **Disbursements:** Disbursements will be made in accordance with the Financial Management Guidelines for IDB-financed Projects (OP-273-6) October 14, 2014 or future updates. All disbursements under this project will be made on an **ex-ante basis** via the following methods: (i) Direct Payment to Supplier/Contractor, in particular, for payments to the EcoMicro consulting partner. This disbursement method may also apply for the cost of travel relating to participation in knowledge exchange events; or (ii) Reimbursement of Payments (should the EA upfront expenses for participation in knowledge sharing events. Disbursements will be made on request by the EA, having conducted quality control and acceptance of consulting firm deliverables and to continue normal project implementation and after it is confirmed that no milestones are pending at the time of the request.
- 7.4. **Financial Management and Supervision.** The EA will establish and be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB/MIF. The Diagnostic of Executing Agency Needs (DNA) generated a medium level of risk in financial management. The MIF 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 MIF review conducted 100% on an ex-ante basis.
- 7.5. **Ex-Post Reviews and Financial Statements:** The MIF may contract independent auditors to carry out ex-post fiduciary reviews of this project. Ex-post fiduciary reviews may include a review fiduciary records relating to both project 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 MIF General Manager signs the contract and upon fulfilment of the following conditions in addition to those set by the Bank's agreement: (i) presentation of a signed contract with the EcoMicro selected consulting partner. *In the event that milestones are not reached, the MIF 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 guidelines³¹, 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.

jointly by the executing agency and the MIF. 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.

³¹ Link to the document Financial Management Operational Guidelines.

- 7.8. **Procurement.** In accordance with paragraphs 5.4 - 5.8 of the Donors Memorandum for The EcoMicro Program (RG-M1205³²), the EA will execute one main procurement under this project, the selection of their EcoMicro consulting partner. This selection will be via Single Source Selection, from the pool of consulting firms that have already been pre-qualified via competitive process by the MIF and are deemed eligible to participate in the EcoMicro Program. The IDB/MIF EcoMicro team will guide the EA to complete the final choice of the pre-qualified, eligible, consulting firm, after the MIF General Manager approves the project. The EA will make their final selection based on the firms technical ability to deliver specialized technical assistance to the EA in the context of their project in: (i) design and piloting of a green finance product for the final beneficiaries of the project; (ii) analysis of the vulnerability to climate change of the loan portfolio of the EA; (iii) development and implementation of internal policies for energy savings; and (iv) knowledge management and communications to capture, synthesize and disseminate the knowledge generated at the project level.
- 7.9. For the procurement of all other goods and contracting of consulting services under this project, the EA will apply the IDB Policies for the Selection and Contracting of Consultants (GN-2350-9) and the Operational Guidelines for Technical Cooperation Projects (OP-639), or future updates. The Diagnostic of Executing Agency Needs (DNA) generated a low level of risk classification for procurement management. The MIF 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/MIF'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, Grant's Unit, Maria Elena Nawar, recommends the approval of this operation by the MIF Manager, under the Delegation of Authority granted by the Donors Committee by Resolution MIF/DE-33/11 adopted on September 20th, 2011 and the use of resources from the GAC EcoMicro allocation to the EcoMicro Program, totaling up to US\$280,000, in order to finance the corresponding project.

³² MIF/AT-1143-2

X. APPROVAL

- 10.1. I hereby approve, according to the Delegation of Authority provided by the facility approved by the Donors Committee by Resolution MIF/DE-33-11 adopted on September 20th, 2011 (MIF/AT-1143-2), up to US\$280,000 for the financing of the project "EcoMicro – Grenada Development Bank Green Finance for MSMEs and Low-Income Households" RG-T3255, 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 MIF 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

Irene Arias Hofman
MIF General Manager

Date