

**PROJECT ABSTRACT**  
**HONDURAS**  
**SMARTSOLAR COMMERCIAL SCALE PV DEVELOPMENT**  
**HO-L1110**

**PROJECT OVERVIEW**

The Project consists of financing a portfolio of solar photovoltaic (PV) sub-projects implemented by Smartsolar throughout Honduras. The overall Project objective is to help end users to mitigate the effects of climate change while reducing their operating costs and increasing the competitiveness of Smartsolars' clients. The estimated total cost of the Project is US\$3.8 million. The Project's financial plan includes an IDB A loan for up to US\$1.9 million under the Climate and Clean Energy Facility (CCEF) RG-X1136 and up to US\$ 0.95 million in co-financing from the Canadian Climate Fund (C2F).

**PROJECT DESCRIPTION**

The Project will be implemented by Smartsolar, a Honduran solar developer established in 2013. The company develops "inside the fence" commercial-scale solar energy projects that generate electricity for self-supply by installing photovoltaic panels on the rooftops of its clients' buildings. Smartsolar has successfully implemented the largest rooftop solar project in Central America, which was also financed by the IDB in 2014. Smartsolar is one of the first Honduran solar developers and aims to increase the adoption of solar energy in the commercial and SME segment throughout the country. The Project will finance a portfolio of rooftop solar PV sub-projects which will generate zero-emission power. The energy generated by the solar panels will be sold to Smartsolar customers under a shared savings agreement. It is expected that the PV projects will have approximately 1.9 Megawatts (MW) of total installed capacity.

**DEVELOPMENT IMPACT**

The Project will reduce greenhouse gas emissions through the replacement of grid electricity with solar power which will be for self-consumption by Smartsolars' off-takers. The financial structure is highly innovative and replicable with other solar developers in the country and throughout the region.

**IDB's ADDITIONALITY**

The IDB is able to mobilize the additional co-financing required for the Project directly from the Canadian Climate Fund for the Private Sector in the Americas (C2F) to ensure the financial viability of the Project. Furthermore, the IDB A Loan will be backstopped by a combined 50 percent first-loss guarantee from the Nordic Development Fund (NDF) and the SREP Honduran Self-supply Renewable Energy Program (25 percent each) to mitigate Project risks. The IDB's participation is therefore critical to the financial feasibility of the Project by providing financing for which there is limited volume and at terms not generally available in the commercial market.

**PROJECT CONTRIBUTION TO IDB OBJECTIVES**

The Project is in compliance with the Honduran Public Utility Policy and specifically supports section 3.4 to promote innovation to foster efficiency, and environmental sustainability. In addition, the Project supports article 3.20(i) of the Honduras Country Strategy (GN- 2645) to

support the diversification of energy sources, by increasing power generation from renewable sources such as water, wind, geothermal, and solar through financing, leveraging of co-financing resources, and technical assistance. The Project will also support articles 2.9 and 2.12 of the IDB Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy (GN-2609), by implementing energy efficiency technologies for climate mitigation and programs in cities that help reduce energy demand and CO<sub>2</sub> emissions.