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MULTILATERAL INVESTMENT FUND

TRINIDAD AND TOBAGO

**EcoMicro: ANSA MERCHANT BANK LIMITED GREEN FINANCE FOR THE
AGRICULTURE SECTOR IN TRINIDAD AND TOBAGO**

TT-T1151

PROJECT DOCUMENT

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PROJECT SUMMARY
TRINIDAD AND TOBAGO
ECOMICRO: ANSA MERCHANT BANK LIMITED GREEN FINANCE FOR THE AGRICULTURE
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The agriculture sector in Trinidad and Tobago (T&T), which relates mainly to crop and livestock farming, is dominated by smallholder farmers. These farmers are highly vulnerable to the impacts of climate change, including rising temperatures, changes in precipitation patterns, and an increase in the frequency and intensity of extreme weather events such as storms, floods, and droughts. These climate-related impacts, especially when coupled with the loss of local natural capital (for example, declining soil fertility and loss of pollinators) negatively impact yields and ultimately affect the livelihoods and food security of smallholder farmers. Aquaculture, another area of agriculture which has hitherto remained underdeveloped in T&T, has the potential to contribute to national food security and local livelihoods. However, like other forms of farming, aquaculture is challenged by climate and nature-related impacts.

Facing exposure to climate risks, vulnerable groups of the agriculture sector (related to crop, livestock and aquaculture production) have low adaptive capacities to effectively respond. Despite gains that would result from the deployment of adaptation technologies/measures, there is limited uptake by farmers owing to several key barriers, including limited knowledge and awareness of climate-smart agriculture technologies and Nature-based solutions (NbS), and limited access credit and other support to finance adaptation.

In an effort to address these challenges, the objective of this project is to build climate resilience of small and medium-scale farmers in T&T, through new green finance that enables the implementation of adaptation methodologies. This project will implement the prescribed modular approach of the EcoMicro Program aimed at building climate resilience of the most vulnerable, through the execution of two mutually reinforcing and interlocking components: (i) design and implementation of the green finance product(s); and, (ii) assessment of the institution's loan portfolio vulnerability to climate change and natural capital risks. This project is innovative as it will couple technological solutions with natural capital approaches to build climate resilience of small and medium-scaled farmers in T&T.

The Executing Agency for this project is ANSA Merchant Bank Limited (AMBL). It is expected that the project will directly benefit 10 small and medium-scaled farmers adopting adaptation technologies/practices and NbS. The project will also benefit 50 managerial, technical and support staff that belong to AMBL and its subsidiaries ANSA Bank Limited and ANSA Merchant Bank (Barbados) Limited. The potential to scale this pilot will be guided by the development of a scale strategy post-pilot.

This project is aligned with the IDBG [Second Update to the Institutional Strategy](#), specifically the cross-cutting issue of climate change and environmental sustainability. The project is also in line with the IDB Invest [2022 Business Plan Update](#), in particular the opportunity to play a critical role in financing the sustainable transformation of the financial sector. The project also supports a key cross-cutting objective of [IDB's Country Strategy for Trinidad and Tobago 2021-2025](#) to, inter alia, promote climate change and environmental sustainability.

ACRONYMS AND ABBREVIATIONS

AMBL	ANSA Merchant Bank Limited
CBA	Country Office in Barbados
CCF	Canada Cooperation Framework
COF	IDB Country Office
CTT	Country Office in Trinidad
DICI	Assessment of Integrity and Institutional Capacity
EA	Executing Agency
ESG	Environmental, Social and Governance
FI	Financial Intermediary
GAC	Global Affairs Canada
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
MSME	Micro, Small and Medium-Sized Enterprise
NbS	Nature-based Solutions
NDF	Nordic Development Fund
NGO	Non-governmental Organization
PC	Project Coordinator
PSG	Project Specific Grant
PSR	Project Status Report
TNDF	Taskforce on Nature-related Financial Disclosures
T&T	Trinidad and Tobago

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TRINIDAD AND TOBAGO
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Country and Geographic Location:	Trinidad and Tobago		
Executing Agency:	ANSA Merchant Bank Limited (AMBL)		
Focus Area:	Agriculture & Natural Capital Financial Inclusion		
Coordination with Other Donors/Bank Operations:	This project comprises part of RG-O1649, which expanded the EcoMicro Program to the Caribbean MIF-AT-1143-4. It will be financed by Global Affairs Canada, through resources from the Canada Cooperation Framework (CCF), managed under RG-X1131 ATN/CN-15796-RG. This project will also be carried out in close collaboration with the IDB Lab operation TT-T1148.		
Project Beneficiaries:	The project is expected to directly benefit 10 small and medium sized farmers involved in crop, livestock and aquaculture production; and train 50 managerial and technical staff belonging to AMBL.		
Financing:	Technical Cooperation (via Canada Cooperation Framework – CCF):	US\$300,000	70%
	Equity:	US\$0	
	Loan:	US\$0	
	Other (explain):	US\$0	
	TOTAL IDB Lab FUNDING (via CCF):	US\$300,000	
	Counterpart:	US\$128,600	30%
	Co-financing (if available; include a separate line for IDB co-financing if applicable):	US\$0	
	TOTAL PROJECT BUDGET:	US\$428,600	100%
Execution and Disbursement Period:	30 months of execution and 36 months of disbursement.		
Special Contractual Conditions:	Special conditions precedent to first disbursement will be: (i) selection of the EcoMicro pre-qualified consulting partner.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's Environment and Social Policy Framework (GN-2965-21) on August 14, 2023. Given the limited impacts and risks, the proposed category for the project is FI-2.		
Unit responsible for disbursements	COF Barbados. The project will be supervised by the EcoMicro Team within the Barbados Country Office (CCB/CBA), in coordination with the IDB Lab team in the Trinidad and Tobago Country Office (CCB/CTT).		

I. INTRODUCTION

- 1.1. **The EcoMicro Program:** The “Green Finance for Micro, Small and Medium Enterprises (MSMEs) and Low-Income Households: The EcoMicro Program” MIF-AT-1143 (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 Intermediaries (FIs) in collaboration 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 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, 2011¹, and was subsequently amended² 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 Region³. 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 components⁴. 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 30th, 2022⁵. In October 2022, this was subsequently extended until 30 November 2027⁶.
- 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 that 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 **32nd EcoMicro project**, the **2nd in Trinidad**, and the **11th 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.
- 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).

¹ Resolution MIF/DE-33/11 (MIF/AT-1143-2)

² Resolutions DE-89/15 and MIF/DE-38/15 (MIF/AT-2243-3)

³ Resolutions DE-46/16 and MIF/DE-43/16 (MIF/AT-1143-4 and MIF/AT-1143-5 respectively)

⁴ The three intervention areas 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.

⁵ See Memorandum: Approval of Program Extension – The EcoMicro Program Facility (RG-O649) in EZSHARE-1770217548-5.

⁶ See Email: Approval of Program Extension – The EcoMicro Program Facility (RG-O649) in EZSHARE-1518326852-29.

II. The Problem

A. Problem Description

- 2.1. From a historical perspective, the agriculture sector in Trinidad and Tobago (T&T) has been steadily declining, contributing only about 0.5% of the country's GDP and employing 10% of the population. The consistent decline in the agriculture sector has seen a concomitant increase in the country's food import bill, which stands at over US\$590 million. Where T&T now imports 85% of its food supply, this trend has rendered T&T the only country in the Caribbean to spend more on food than it generates from agriculture⁷.
- 2.2. In light of the recent disruptions to supply chains globally, food security is consistently being prioritized as a national objective to insulate the economy against the impact of shortages and such supply chain disruptions. In addition, the fall in the global demand for oil and gas as well as the less favorable longer-term view of the industry, is providing the opportunity for T&T to explore viable options for sustainable agriculture which can reduce the import bill, improve the country's food security, propel economic diversification and create employment and sustainable livelihoods, especially for vulnerable members of society.
- 2.3. The agriculture sector in T&T related to crop and livestock production is dominated by smallholder farmers⁸ whose holdings collectively account for 52% of the total number of holdings in the country and cover 9% of the total agricultural land area⁹. Approximately 71% of rural communities in T&T are dependent on the agricultural sector and biodiversity for their food and livelihoods, including vulnerable groups such as youth¹⁰¹¹.
- 2.4. These farmers are highly vulnerable to the impacts of climate change, including rising temperatures, changes in precipitation patterns, an increase in the frequency and intensity of extreme weather events such as storms, floods, and droughts and sea level rise. Climate change also compounds other environmental challenges faced by smallholder farmers in T&T such as declining soil fertility, growing water scarcity for irrigation, invasive alien species, the loss of/ reduction in key pollinator species and increasing incidences of pests and diseases. These changes negatively impact yields ultimately affecting the livelihoods of smallholder farmers who are dependent on agriculture for their income and food security. What is worth noting is that despite its limited land size, climate impacts are not experienced at the same severity spatially across Trinidad. These differences in impacts are determined by several factors, including biogeography (vegetative cover), site geology and community preparation. Among the multiple hazards to which T&T has been exposed in recent decades, flooding has been highlighted as the most frequent and widespread across the country. The calculated losses by flooding from June 2017 to November 2020 indicate that losses reached 231 farmers (51% of which were concentrated in 2017) and totaled US\$433,458¹².

⁷ <https://oxfordbusinessgroup.com/online-reader?id=183072>

⁸ A smallholder farmer owns/operates on an area of up to 5 acres.

⁹ Trinidad and Tobago Agricultural Census (Central Statistical Office, 2004): [Agriculture Census 2004 \(cso.gov.tt\)](https://cso.gov.tt)

¹⁰ Shah, K. U., Dulal, H. B., Johnson, C., & Baptiste, A. (2013). Understanding livelihood vulnerability to climate change: Applying the livelihood vulnerability index in Trinidad and Tobago. *Geoforum*, 47, 125–137. Accessed from: <https://www.sciencedirect.com/science/article/abs/pii/S0016718513000766?via%3Dihub>

¹¹ Webster, Nicole, and Wayne G. Ganpat. 2015. "Youth: Adding Value to Agriculture in the Caribbean." *Sustainable Food Production Practices in the Caribbean* 2: 34-52

¹² The Adaptation Fund. [Multisectoral Adaptation Measures to Climate Change in the South Oropouche River Basin for Flood Relief](#), 2017.

- 2.5. Freshwater aquaculture, another area of farming, experienced its largest increase in production in T&T between 2011 and 2014¹³. Since 2014, this type of farming declined and has been recorded as unstable despite its potential to augment local food production and contribute to food security and livelihoods¹⁴. A draft Aquaculture Strategic Plan for T&T (2018 – 2023) was prepared but is yet to be finalized and implemented. The most recent published data indicates that the sector is dominated by small and medium-scaled activities with over 100 farmers¹⁵. Aquaculture farming, much like other forms of farming in T&T is expected to be impacted by climate change¹⁶ and must therefore be carefully planned and managed at both a national and farm scale.
- 2.6. Facing exposure to climate risks, vulnerable groups of the agriculture sector have low adaptive capacities to effectively respond. Despite gains that would result from the deployment of adaptation technologies/measures, there is limited uptake by farmers owing to several key barriers, including:
- **Limited knowledge and awareness of climate-smart agriculture technologies and Nature-based solutions (NbS).** Farmers lack the appropriate information and technical 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 accurate, local climate change information, such as long-term weather forecasts and climate impacts. The limited on-farm application of climate-smart technologies and NbS constrains smallholder farmers' ability to respond to climate change and environmental shocks in their current and future agricultural production and contributes to low farm productivity and returns.
 - **Inadequate level of investment in agricultural adaptation.** There remain limited opportunities for low-income farmers to access credit to finance adaptation. This is largely due to a lack of understanding of the agriculture sector within the financial sector, 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.
- 2.7. This vulnerability of smallholder farmers in T&T highlights the need for comprehensive and effective adaptation strategies to increase their adaptive capacity and diversify livelihoods to respond to increased climate risks. These strategies must address the unique challenges faced by smallholder farmers, including the limited access to finance and the limited awareness about sustainable and climate-resilient farming practices and technologies.
- 3.1. In addition, because agriculture is a sector of the economy with a high material dependency on natural capital, adaptation strategies should also consider natural capital approaches to building resilience. According to T&T's Fifth National Report to the United Nations Convention on Biological Diversity, there is significant economic value assigned to natural capital in T&T. For example, soil retention services provided by the forests in Trinidad's Northern Range are valued at around US\$622 million annually. Intact forests

¹³ <https://www.planning.gov.tt/content/trinidad-and-tobagos-aquaculture-sector-struggling-buck-regional-trend>

¹⁴ *Ibid.*

¹⁵ <https://agriculture.gov.tt/wp-content/uploads/2021/03/Aquaculture-Sector-Strategic-Plan-A-Framework-for-Sustainable-Development-in-Trinidad-and-Tobago-2018-2023.pdf>

¹⁶ [Frontiers | Climate Change Effects on Aquaculture Production: Sustainability Implications, Mitigation, and Adaptations \(frontiersin.org\)](#)

on steep slopes (30 – 50 degrees) can help to reduce soil erosion by as much as 95% and they provide flood prevention services valued at around US\$16 million per (severe) flooding event. It is further estimated that the economic value of pollination provided by pollinators such as bees and ants is between 9% and 13% of the annual value of all vegetable production in T&T. Given that US\$12,692 per cycle can be lost by subsistence farmers for crops such as cucumbers solely on account of the loss of pollinators, biodiversity-supported pollination plays an important role in agriculture.

- 3.2. With the above considerations in mind, unlocking greater levels of adaptation finance is required to incentivize on-farm options to adapt to climate change.

III. The Innovation Proposal

A. Project Description

- 3.3. The objective of this project is to build the climate resilience of small and medium-scale farmers in Trinidad and Tobago (involved in crop, livestock and aquaculture production), through new green finance that enables the implementation of adaptation methodologies and approaches. This will be achieved by focusing on the development of green finance products that will support access to climate-smart agriculture technologies and NbS for adaptation (adaptation finance). This project will implement the prescribed modular approach of the EcoMicro Program aimed at building climate resilience of the most vulnerable, through the execution of two mutually reinforcing and interlocking components: (i) design and implementation of the green finance product(s); and, (ii) assessment of the institution's loan portfolio vulnerability to climate change and natural capital risks, and implementation of a framework to enable ongoing assessment of the impact of these risks on the institution's sustainability¹⁷.
- 3.4. **Climate-smart agriculture technologies.** It is expected that climate-smart technologies customized to support on-farm needs will impact productivity and income of small and medium-scaled farmers and build their resilience to climate change. Some technologies that will be considered include efficient irrigation, solar dehydrator, solar hydroponics, greenhouses and pisciculture. The promotion of ag-tech solutions and digital tools will also be incorporated under this project. Among these are remote sensors, mobile technology, geolocation, IoT, AI for predictive analysis and robotization, blockchain, big data and precision agriculture, to name a few.
- 3.5. **NbS for adaptation.** NbS will also be considered given these approaches are often low-cost options to protect, sustainably manage, and restore natural and modified ecosystems¹⁸. In the context of small and medium-scaled farmers, NbS or climate solutions mostly refer to ecological agriculture and permaculture. They can have many different forms and sizes depending on the context. Some examples of NbS that will be considered under this project include (i) agricultural support – e.g., organic fertilizers, soil conditioning, rainwater reservoirs, drainage systems; mixed agricultural systems – e.g.,

¹⁷ Note: The EcoMicro modular approach typically 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 FI through development of environmental guidelines and policies. Under this project, only the first two components will be undertaken given the already ongoing work relating to institutional greening being undertaken by the EA, similar to those that would be delivered under EcoMicro Component 3.

¹⁸ https://repositorio.cepal.org/bitstream/handle/11362/48101/1/S2200229_en.pdf

crop and livestock or crop and aquaculture; (ii) agriculture practices – e.g., organic agriculture, crop diversification, crop rotation, sustainable pest management; closed recirculatory systems; and, (iii) ecological support – e.g., sustainable forest management, agroforestry, filtering dams, seed banks, mixed-plant nurseries and encouraging natural pollinators. These solutions can be very cost-efficient, high impact options for small and medium-scale farmers, as they not only increase their resilience, but also their productivity - and hence income. These measures will also likely contribute to the improvement of natural capital assets in and around the beneficiary farms.

- 3.6. **Gender.** The Gender Analysis to be conducted at the inception of this project - using EcoMicro's [Gender-Smart Green Financing Toolkit](#) - will establish whether specific measures will be needed to address possible gender inequalities during execution and ensure equitable benefits to both women and men, including improved responsiveness to the differential needs of male and female clients.
- 3.7. **Climate & Natural Capital Risk Assessment.** Over the course of this project, AMBL will build internal capacity and a framework to assess the climate vulnerability of its loan and investment portfolios. This will allow the Bank to integrate climate risk assessment into its credit decision-making and to offer clients tailored recommendations and products which build their climate resilience. AMBL will additionally perform a baseline assessment of the natural capital materiality and risks associated with its investment and lending portfolios using a combination of the Taskforce on Nature-related Financial Disclosures (TNFD) approach and the Capitals Protocols. This will allow AMBL to develop a natural capital framework which will be fully integrated into its banking operations. Ultimately, the framework will facilitate decision-making for lending along more nature-positive lines; and it can unlock additional opportunities for green financing and investment.
- 3.8. **Innovation.** This project is innovative as it will integrate technological solutions with natural capital approaches to build climate resilience of small and medium-scaled farmers in T&T. To date, there has been an overemphasis on technological solutions without adequate attention to how technology and NbS can be effectively combined to augment impact. Natural capital approaches also offer a unique opportunity to consider and assign socio-economic value to the potential positive effects of NbS and ecosystem services within the local context. Additionally, bridging the current financing gap and boosting the level of green investment will unlock the deployment of climate smart technologies for a previously underserved and vulnerable segment of the private sector, enabling them to realize associated cost savings and productivity improvements. The EcoMicro modular approach is also unique as it incorporates two mutually reinforcing interlocking interventions: (i) design and implementation of a green finance product(s); (ii) assessment of the institution's loan portfolio vulnerability to climate change and natural capital risks.
- 3.9. **Knowledge.** The project will serve as an important case study, generating real evidence and best practices on how FIs can combine traditional investment and banking approaches with environmental, social and governance (ESG) insights to support the financing of climate smart technologies and NbS. As part of the EcoMicro Program facility, this project will benefit from knowledge derived from other EcoMicro projects, 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 (CCF: US\$160,000; Counterpart: US\$58,500).** The objective of this component is to design and pilot green financial product(s) for adaptation that will allow small and medium-scale

farmers to invest in climate smart technologies and NbS to build resilience to climate change. AMBL 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 EcoMicro's [Gender-Smart Green Financing Toolkit](#) - as well as a valuation study of the impacts and dependencies that are associated with AMBL's portfolios – using a combination of the Natural Capital Protocol¹⁹, the TNFD Leap Approach²⁰ and other appropriate tools; (ii) Review of technologies and technology providers and locally-relevant NbS, including climate-smart agriculture solutions. This is intended to provide the EA with specific technology selection guidance/best practice manuals to help FIs evaluate technology providers and appropriate NbS; (iii) Building strategic partnerships with the broader climate finance ecosystem. This will require identification and engagement with key local agents such as community groups, local cooperatives, producers' associations, and extension providers to better serve the needs of farmers at the community level and foster greater youth involvement in agriculture, where possible. Key potential partners include, inter alia: Ministry of Agriculture, Land and Fisheries, Ministry of Youth Development and National Service, Agricultural Development Bank (ADB), National Agricultural Marketing and Development Corporation (NAMDEVCO), Caribbean Agricultural Research and Development Institute (CARDI), Inter-American Institute for Cooperation on Agriculture (IICA), The University of the West Indies St. Augustine Campus (UWI STA), University of Trinidad and Tobago (UTT), the Institute of Marine Affairs (IMA) and The Cropper Foundation. 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 Product(s); (iv) Elaboration of Operational Guide and Internal Processes for the new green finance product(s); (v) Training of investment and loans officers and other key staff; (vi) Beneficiary Outreach and Awareness Building among clients on the potential benefits of the new green finance product(s); (vii) Interim and Final Evaluation of the performance of the green finance product(s), including implementation of improvements; and, (viii) Scale Strategy, including recommendations for scaling and leveraging of private/donor funds required to scale.

- 3.11. Key targeted results for this component include: (i) market study and landscape analysis (including gender analysis and valuation study), (ii) design of adaptation finance product(s) and other green products that are appropriate for AMBL; and (iii) case study on adaptation technologies (including ag-tech and digital tools) and NbS to support and enhance small and medium scale farming in Trinidad and Tobago.
- 3.12. **Component II: Analyzing the Vulnerability of the Financial Institution Loan Portfolio to Climate Change and Natural Capital Risks (CCF: US\$125,000; Counterpart: US\$5,500).** Under this component, AMBL's investment and loan portfolios will be analyzed for vulnerability to climate change and natural capital risks. The former will include a spatial map of climate change risks (determined based on existing publicly available information and activities under the project), and their specific impacts on clients. The natural capital risk assessment will focus on identifying the material ways in which credit and investment activities within AMBL's portfolio depend on and impact the natural environment, how dependencies are threatened by environmental changes, and how impacts and dependencies translate to risks and opportunities for the Bank. This analysis will include

¹⁹ https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp_filter_tabs=guide_supplement

²⁰ <https://framework.tnfd.global/leap-the-risk-and-opportunity-assessment-approach/>

both quantitative and qualitative analysis of existing data/ information using a combination of the TNFD approach and the Capitals Protocols. This will inform the design of a climate and natural capital risk assessment framework, including technological systems/software modules to incorporate analysis of climate and natural capital risks into future credit decisions. Managerial and technical staff within AMBL will be trained in the use of the climate and natural capital risk management tool and in monitoring climate change and natural capital risks on future loans. The project will develop an accompanying climate and natural capital risk policy with specific recommended actions to reduce exposure to climate change and natural capital risks within AMBL's portfolio. In addition, the project will deliver a series of training sessions to disseminate knowledge of the process and outcomes of this component to AMBL staff.

- 3.13. Key targeted results for this component include: (i) vulnerability assessment of loan portfolio to climate change and natural capital risks; (ii) design of climate and natural capital risk assessment tool; and, (iii) development of climate and natural capital risk policy.
- 3.14. **Component III: Knowledge Management and Communications (CCF: US\$15,000; Counterpart: US\$38,000).** 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 will also be developed for broader dissemination under the project by the EA in collaboration with the selected EcoMicro Consulting Partner. 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.
- 3.15. **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

- 3.16. By the end of this project the following results are expected: (i) adopting adaptation technologies/practices and NbS; (ii) US\$1 million in financing mobilized from AMBL's balance sheet for adaptation technologies/practices and NbS accessed by smallholder farmers; (iii) 50 FI employees trained in adaptation finance products and integrating climate and natural capital risk assessments into credit decision-making processes; (iv) 1 climate and natural capital risk management tool and portfolio vulnerability reduction policy approved by AMBL; (v) EA has participated in knowledge sharing events to benefit from and/or disseminate best practice and lessons learned.
- 3.17. **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, technology type, NbS approach, sector, loan type and value, region, number of small and medium-scaled farmers by gender (e.g. women or men led) and age, beneficiaries or staff trained, and outreach to stakeholders.

- 3.18. **Monitoring and Evaluation.** The baseline will be verified at the start of the project with inputs from key assessments to be conducted by the EcoMicro Consulting Partner, including the market study in Component I and the vulnerability analysis in Component 2. Baseline information will include key ex-ante data, including *inter alia*: (i) current income/sales, acreage, credit size, and productivity of small and medium-scaled farmers accessing the green lending products; (ii) hectares under sustainable cultivation; and (iii) current diesel consumption or CO₂ emissions, volume of water utilized and water quality in water bodies on/in close proximity to the farm. 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. AMBL will report information on scale-up one year following completion of the project.
- 3.19. Within the IDB/IDB Lab, the project will be supervised by the IDB Lab EcoMicro Program Team Leader supported by the EcoMicro Team within CCB/CBA, and in close coordination with the IDB Lab Lead Specialist in CCB/CTT. The Country Office in Barbados will retain responsibility for disbursements.
- 3.20. **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 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.
- 3.21. **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 new adaptation technologies and NbS that can build resilience of small and medium-scaled farmers to climate change in T&T. 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 agriculture 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 [Second Update to the Institutional Strategy](#), specifically the cross-cutting issue of climate change and environmental sustainability. This outlines the focus on increasing capacity to manage disaster and climate risks, and pursuing opportunities for climate resilience and adaptation to climate impacts and ensuring a just and inclusive transition toward low GHG emissions and climate-resilient development.
- 4.2. The project is also aligned with IDB Group goals for climate change with approximately 100% of the total funding for this project being invested in climate change adaptation activities according to the joint MDB approach on climate finance tracking. This contributes to the IDB Group's goal of increasing the financing of projects related to climate change to 40% of total approvals.
- 4.3. The project is also in line with the IDB Invest [2022 Business Plan Update](#), in particular the opportunity to play a critical role in financing the sustainable transformation of the financial sector, mainly by supporting FI partners to embed sustainability in their business models, investments, and loan approval processes, as well as respond to the demand for financial inclusion and MSMEs.
- 4.4. The project also supports a key cross-cutting objective of [IDB's Country Strategy for Trinidad and Tobago 2021-2025](#) to, inter alia, promote climate change and environmental sustainability. This recognizes that the country faces important risks stemming from climate change, including more intense rainfall, sea level rise, water stress and coastal erosion, which may affect fishing communities and the agroindustry, and disproportionately affect the poor and vulnerable.
- 4.5. The project will also complement the ongoing IDB Lab project *TT-T1148 Facilitating Finance for Biodiversity in Agriculture through Bio tokens* being conducted by The Cropper Foundation in collaboration with AMBL to pilot a blockchain based farm credit model to incentivize farmers' adoption of pro biodiversity agricultural practices in T&T. First, it expands on the above biodiversity approach to pilot additional innovative financing products for climate change adaptation among small and medium-scaled farmers in T&T, including climate-smart agriculture, ag-tech and NbS. Second, by working directly with AMBL, this project will further strengthen AMBL's capacity to pilot market-based frameworks for fostering finance sector participation in climate action. As a key financial service industry partner, this is important to demonstrate the leading role that FIs in the region can play in (i) devising solutions that protect their portfolios in an era of accelerating climate impacts; (ii) identifying potential opportunities around new green finance products that build resilience to climate change, and (iii) incorporating climate change considerations into product and investment strategy, risk management, and operational policy, and stakeholder communications and engagement.
- 4.6. The project is also being designed to dovetail with an IDB Invest project that is currently being negotiated by AMBL, entitled '*Launching green lending and climate ambition for ANSA Merchant Bank Limited*'. The IDB Invest project is designed to provide a source of blended finance for AMBL along with technical support to transition AMBL towards greener lines of lending and investments. The technical support under the IDB Invest project

focuses on three strategic interventions/ activities: (1) development of a comprehensive Sustainable Finance Roadmap which will guide AMBL's transition towards reducing the carbon and ecological footprints of its portfolios; (2) undertaking a detailed market study to identify the most appropriate opportunities for green lending in Trinidad and Tobago and the Caribbean region. This component will include the identification of (new) green financial products that are suitable for AMBL (with special focus on Bonds); a methodology and framework for tracking green lending at AMBL; and the preparation of documentation to pave the way for development of a Green Bond; and (3) building the capacity of AMBL staff to implement the activities in 1 & 2, and to iterate the Sustainable Finance Roadmap as necessary.

- 4.7. The currently proposed IDB EcoMicro project and the IDB Invest project (under negotiation) have the potential to complement each other in the following ways:
- The Climate and Natural Capital risk analyses completed under the EcoMicro Project will feed into the development of the Sustainable Finance Roadmap (under IDB Invest), which in itself may provide useful insights into the rollout of the Climate and Natural Capital Credit Risk Assessment Framework at AMBL (which will be developed under EcoMicro).
 - The IDB Invest project will utilize insights gained from the development and piloting of the new financial product under to the EcoMicro Project (focused specifically on adaptation financing for small and medium farmers) to inform the development of additional lines of green financing and investment for AMBL.
 - Capacity building for AMBL staff under the IDB EcoMicro and IDB Invest projects will be streamlined to maximize training investment impact across the two projects.
- 4.8. **Mainstreaming Gender and Promoting Inclusion of Poor and Vulnerable Groups.** As mentioned in ¶2.3, the agriculture sector in T&T is dominated by smallholder farmers and rural communities that are dependent on the agricultural sector and biodiversity for their food and livelihoods, including vulnerable groups such as youth²¹²². Recognizing they often bear the brunt of climate change's adverse effects, this project will prioritize actions that mainstream gender and promote inclusion of these vulnerable groups, including: (i) establishing partnerships with entities that are actively working with these groups (e.g. Cropper Foundation, Agriculture Development Bank) to offer technical assistance to help smallholders implement climate-resilient farming techniques. This can involve extension services, knowledge-sharing networks, and partnerships with agricultural experts. The design of the green finance product will also consider opportunities to promote community-based adaptation strategies where smallholders can work together to implement climate-resilient practices and share resources. Regarding the Gender Analysis - using EcoMicro's [Gender-Smart Green Financing Toolkit](#), the project will implement tools to help AMBL mainstream gender-smart solutions in their green finance operations, as well as to support their clients to become more gender-smart and climate resilient. This includes, *inter alia*, the Gender Self-Assessment, Gender-Inclusive Green Loan Design Checklist, Gender-Responsive Market Research Guidance Note, Gender-Lends Marketing Guidance Note, and Sex-Disaggregated Data Guidance Note, to name a few.
- 4.9. **SDG Alignment.** This project is aligned with *SDG2: Zero Hunger*, *SDG13: Climate Action*, and *SDG15: Life on Land*. As it relates to *SDG2: Zero Hunger*, specifically the target of

²¹ Shah, K. U., Dulal, H. B., Johnson, C., & Baptiste, A. (2013). Understanding livelihood vulnerability to climate change: Applying the livelihood vulnerability index in Trinidad and Tobago. *Geoforum*, 47, 125–137. Accessed from: <https://www.sciencedirect.com/science/article/abs/pii/S0016718513000766?via%3Dihub>

²² Webster, Nicole, and Wayne G. Ganpat. 2015. "Youth: Adding Value to Agriculture in the Caribbean." *Sustainable Food Production Practices in the Caribbean* 2: 34-52

ensuring sustainable food production systems and implementing resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality. This is measured by the project result of # of Small & Medium scale farmers adopting adaptation technologies/NbS. As it relates to *SDG13: Climate Action*, the project is well-aligned with the goals of strengthening resilience and adaptive capacity to climate related disasters, building knowledge and capacity to meet climate change, and integrating climate change measures into policies and planning. This is demonstrated in the expected project results of new green finance products designed to improve the adaptive capacities of vulnerable groups of the agriculture sector (related to crop, livestock and aquaculture production) when facing exposure to climate risks. It is also expected that institutional capacity will be strengthened as staff are trained on new green finance products as well as on climate risk and natural risk management frameworks and tools. As it relates to *SDG15: Life on Land*, the objective of the project to build climate resilience of small and medium-scale farmers in T&T, through new green finance that enables the implementation of adaptation methodologies and nature-based solutions, aligns with the goals of protecting, restoring, and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combatting desertification, and halting and reversing land degradation and biodiversity loss. As outlined in the expected project results, US\$1 million is expected to be mobilized from the EA's balance sheet by the end of the project to finance adaptation technologies/NbS accessed by small & medium-scaled farmers.

- 4.10. **Paris Agreement Alignment.** The design and implementation of green finance products with the use of proceeds limited to climate-smart agriculture technologies (3.4) and nature-based solutions for adaptation (3.5) ensure the operation's alignment with BB1 and BB2, following the transaction-based approach for intermediated financing. The alignment is ensured by appropriate safeguards integrated into the project impact assessment, such as the mapping of farms onto natural capital spatial maps to assess potential impacts on forested areas; monitoring and recording changes in environmental indicators (e.g. energy use on farms); and measuring and monitoring soil quality. Through components II and III, the operation also improves AMBL's alignment with BB1 (3.18) and particularly BB2 – with transformational potential for the country and the region (3.14) - by improving its ability to identify, manage, and report on climate and natural capital risks on its portfolio (3.12), making the project also aligned from a counterparty-based approach. These activities do not oppose but rather support actively Trinidad and Tobago's climate priorities (National Climate Change Policy, 2011; First National Determined Contribution, 2018).
- 4.11. Post-pilot, AMBL will scale green finance to its broader material portfolio. Roll-out of the green finance product across remaining client segments represents an opportunity to contribute to the organization's vision of acting as a catalyst for wider-scale business action towards a more sustainable future.
- 4.12. AMBL'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 of the scale strategy to be presented to the Board for approval; and (iii) training of all technical staff across AMBL's offices (in both T&T and Barbados), as well as within ANSA Bank, to ensure readiness for scale.
- 4.13. During the project, AMBL, with the support of its EcoMicro Consulting Partner, 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.

- 4.14. 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.

B. Project and Institutional Risks

- 4.15. **Limited appetite among small and medium-scaled farmers for green financing.** The project will address potential limited demand by devoting significant resources to an initial market study, review of suitable technologies / NbS, 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 green loan products in the market will be prepared, with a view to making necessary adjustments to scale post-pilot.
- 4.16. **Limited number of adaptation 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 adaptation technologies by small and medium-scaled farmers, the project will establish alliances between AMBL and leading suppliers to ensure that this increasing demand can be met.
- 4.17. **Weak ecosystem for climate finance.** The project will identify and develop strategic partnerships to offer technical training and extension support to farmers and fisherfolk in order to build demand for and maximize the impact of investments in climate smart technologies. This will be complemented with direct outreach and training within beneficiary communities to stimulate demand for the new climate finance products. Together these interventions are intended to strengthen actors in the ecosystem, establish linkages and partnerships and increase the long-term potential for scale and sustainability of climate finance post-pilot.

V. INSTRUMENT AND BUDGET PROPOSAL

- 5.1. The project has a total cost of *US\$428,600*, of which *US\$300,000 (70%)* will be provided by GAC, and *US\$128,600 (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
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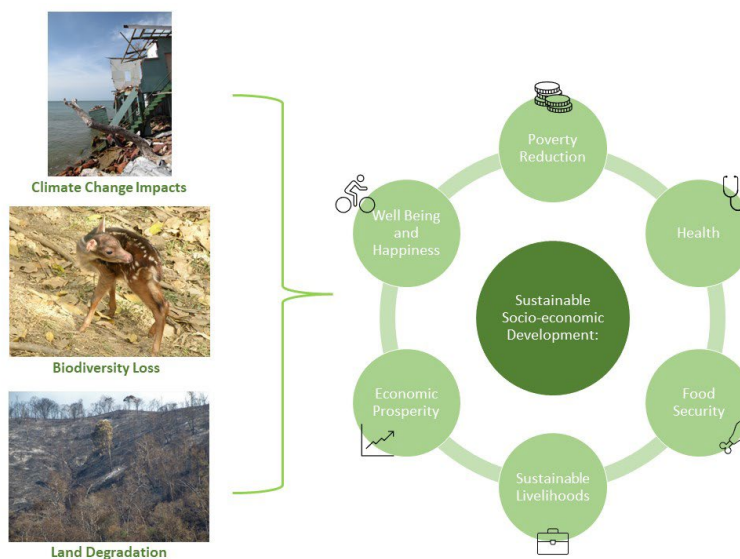
Component 1: Design & Implementation of Green Finance Products	160,000	58,500	218,500
Component 2: Analyzing the Vulnerability of the Loan Portfolio to Climate Change and Natural Capital Risks	125,000	5,500	130,500
Component 3: Knowledge Management and Communications Strategy	15,000	38,000	53,000
Project Administration	0	26,600	26,600
Grand Total	300,000	128,600	428,600
% 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 ANSA Merchant Bank Limited (AMBL). Established in 1987 and headquartered in Port of Spain, T&T, areas of focus include asset finance loans, leases, merchant Bank loans, foreign exchange trading, investment services, wealth management services and management of mutual funds. The current portfolio value of AMBL is US\$81M, with an overall client base of 6,718 members. At present, the average size loan is between US\$1,000 and US\$1.79M.
- 6.2. AMBL is committed to the continued transformation of its business model and operations to ensure full alignment with the three pillars of corporate sustainability – ESG. As a major part of this, AMBL has embarked on a multi-faceted programme that seeks to bring environmental considerations into the core of its business ethos, focusing on the issues of highest priority in Trinidad and Tobago and in the Caribbean region more broadly. These include climate change, biodiversity loss and unsustainable land use; as well as the implications of these anthropogenic-driven changes for socio-economic development (including food security, poverty, health and sustainable economic prosperity) – see diagram below. The Bank believes that by investing in activities that concomitantly address multiple environmental challenges, greater transformative action can be achieved.



- 6.3. Together with its subsidiaries ANSA Merchant Bank (Barbados) Limited and ANSA Bank Limited and in conjunction with The Cropper Foundation established the Caribbean Natural Capital Hub in July 2022, which is a voluntary multi-stakeholder platform that aims to mainstream the application of natural capital principles and practice in the Caribbean through enhancing the understanding, capacity and inclusion of natural capital approaches in business. This approach recognizes that the finance sector is one of the most influential sectors for reversing the loss of biodiversity globally due to its ability to influence the behavior of other corporates and consortia. Their vision is that by 2030, businesses, financial institutions and governments will include the value of natural capital, social capital and human capital in their decision-making.
- 6.4. Under the aegis of the Hub, AMBL is placing significant emphasis on building a sustainable green financing framework especially (although not exclusively) targeted at SMEs. This project forms part of the growing portfolio of such activities at the Bank, as described in earlier sections of this document.
- 6.5. With 36 years of experience in the finance sector and its strategic commitment to combining traditional investment and banking approaches with ESG insights through its Caribbean Natural Capital Hub, AMBL is a strong local partner for EcoMicro, with the capacity to significantly scale green finance and mainstream natural capital approaches to building resilience post-pilot.

B. Implementation Structure and Mechanism

- 6.6. As part of the necessary structure to execute project activities and manage project resources effectively and efficiently, AMBL's Environmental, Social and Governance (ESG) Natural Capital Lead will serve as the Project Coordinator (PC) with overall responsibility for oversight of this project. The ESG Natural Capital Lead will have responsibility for the day-to-day management and coordination of activities, including obtaining final approval of key deliverables by the EcoMicro Consulting Partner from the Project Steering Committee (PSC). The PSC will comprise members of AMBL's Senior Leadership Team, including those responsible for Risk Management; Legal; Compliance; Corporate and Investment Banking; Private Banking; ESG Natural Capital; and Marketing and Communication. Other appropriate AMBL staff will also be included as necessary. The PSC will be chaired by AMBL's Managing Director or a suitable designate.
- 6.7. 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 EcoMicro 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 AMBL's Office in Port-of-Spain, T&T.
- 6.8. 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 AMBL's Managing Director. The Managing Director will have responsibility for approval of all final deliverables/reports.

- 6.9. The PC will report directly to the Managing Director and to regular meetings of the PSC, chaired by the Managing Director. The PC will be responsible for the strategic planning and supervision of the project. Periodic reporting to the Managing Director, PSC, and Board will be required during execution. Required reports, analysis and/or presentations will be facilitated, where relevant, by the EcoMicro 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 policy²³ and financial management²⁴ 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 COF Barbados, 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 milestones²⁵. 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 method: (i) Direct Payment to Supplier/Contractor, in particular, for payments to the selected EcoMicro Consulting Partner. 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/IDB Lab. The Assessment of Integrity and Institutional Capacity (DICI) generated a low 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

²³ [IDB Procurement Policies](#)

²⁴ [Financial Management Operational Guidelines](#)

²⁵ 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.

counterpart funds. Given that 100% of the disbursements will be reviewed on an ex-ante basis (as defined in 7.4 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 General Manager signs the contract and upon fulfilment of the following conditions in addition to those set by the Bank's agreement: (i) appointment of the Project Coordinator; and (ii) selection of the EcoMicro pre-qualified 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 guidelines²⁶, and in accordance with the payment schedule in the executed contract with the EcoMicro consulting partner.
- 7.8. **Procurement.** The EA will execute one main procurement under this project: the selection of their EcoMicro consulting partner to deliver technical assistance services related to (i) design and implementation of the green finance product under Component I; and (ii) assessment of the climate and natural capital risk of the institution's loan portfolio, and development of climate and natural capital risk assessment tool under Component II. This procurement will be undertaken in accordance with paragraphs 5.4 - 5.8 of the Donors Memorandum for The EcoMicro Program (RG-M1205²⁷). 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 Lab EcoMicro team will guide the EA to complete the final selection of the pre-qualified, eligible, consulting firm, after the IDB Lab General Manager approves the project.
- 7.9. **Social and Environmental Aspects.** This operation was screened and classified as required by the IDB's ESPF (GN-2965-21). Given the limited impacts and risks, the proposed category for the project is FI-2.
- 7.10. **Information Disclosure.** This project is classified as public for the purpose of the Bank's information disclosure policy.
- 7.11. **Intellectual Property.** The knowledge products and materials produced with the funds disbursed under the project remain the property of the Inter-American Development Bank.

VIII. RECOMMENDATION

- 8.1. The Chief of Unit, Discovery Unit, César Buenadicha, recommends the approval of this operation by the IDB Lab General Manager, under the Delegation of Authority granted by the Donors Committee by Resolution MIF/DE-33/11 adopted on September 20th, 2011, and use of resources from the CCF EcoMicro allocation to the EcoMicro Program, totaling up to US\$300,000, in order to finance the corresponding project.

²⁶ Link to the document [Financial Management Operational Guidelines](#).

²⁷ MIF/AT-1143-2

IX. APPROVAL

- 9.1. 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 20th, 2011 (MIF/AT-1143-2), up to US\$300,000 for the financing of the project “EcoMicro: ANSA Merchant Bank Limited Green Finance for the Agriculture Sector in Trinidad and Tobago” TT-T1151, the “Project,” to be considered as part of the EcoMicro Facility.
- 9.2. 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 CCF EcoMicro allocation to the EcoMicro Program (RG-X1131) on a non-reimbursable basis.
- 9.3. 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.
- 9.4. No resources of the Program shall be made available to cover amounts greater than the amount certified herein above for the implementation of this Project Document.

Approved

Irene Arias Hofman
IDB Lab General Manager

11/27/2023

Date