

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

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

(RG-X1244)

TECHNICAL COOPERATION DOCUMENT

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

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Technical Cooperation Document

I. Basic Information for TC

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

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

II. Objectives and Justification of the TC

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

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

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

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

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

³ [Farrell, Remes, Bressand, Laabs, Sundaram; February 2008. The case for investing in energy productivity](#).

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

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

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

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

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

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

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

III. Description of activities/components and budget⁹

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

Indicative Results Matrix

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

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

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

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

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

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

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

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

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

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

Indicative Budget (US\$)

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

IV. Executing agency and execution structure¹²

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

¹² For details of the structure the Program, see [Project Proposal Document](#) submitted and approved by the BMUB.

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

V. Major issues

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

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are envisioned.

VII. Environmental and Social Strategy

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

Required Annex:

- [Procurement Plan](#)

Required Electronic Links:

- [Requests from the clients/ beneficiaries](#)
- [Terms of Reference for activities/components to be procured](#)

PROCUREMENT PLAN FOR NON-REIMBURSABLE TECHNICAL COOPERATIONS										
Country: Regional				Executing agency: Inter-American Development Bank				Public or private sector: (indicate which applies)		
Project number: RG-X1244				Title of Project: LAC Green Finance Program to mobilize private investment in mitigation actions and low-carbon and sustainable business models through NDBs						
Period covered by the plan:										
Threshold for ex-post review of procurements:			Goods and services (in US\$):			Consulting services(in US\$):				
Item Nº	Ref. AWP	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Review of procurement (3)	Source of financing and percentage		Estimated date of the procurement notice or start of the contract	Technical review by the PTL (4)	Comments
						IDB/IKI-BMUB %	Local/other %			
1		Component 1: Market assessment and financing line designed								
		Proposal of financial and non-financial mechanism	3,770,250	QBS/IICC		3,770,250	693,000	Q3 2015		
		Individual consultants (7)	368,000	NICQ		368,000	0	Q3 2015		
2		Component 2: Implementation of each financing strategy								
		Consultancy firm or individual consultant (1)	380,000	QBS/IICC		380,000	0	Q3 2015		
		Training	1,396,000	PC		1,100,000	296,000	Q4 2015		
3		Component III: Dissemination and promotion strategy								
		Consultancy firm or individual consultant (1)	100,000	QBS/IICC		100,000		Q4 2015		
		Dissemination and promotion plan	245,000	PC		135,000	110,000	Q4 2016		
		Total	6,259,250			5,853,250	1,099,000			
		Total	6,259,250	Prepared by:		Date:				
<p>(1) Grouping together of similar procurement is recommended, such as computer hardware, publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value of US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and X1".</p> <p>(2) Goods and works: CB: Competitive bidding; PC: Price comparison; DC: Direct contracting.</p> <p>(2) Consulting firms: CQS: Selection Based on the Consultants' Qualifications; QCBS: Quality and cost-based selection; LCS: Least Cost Selection; FBS: Selection under a Fixed Budget; SSS: Single Source Selection; QBS: Quality Based selection.</p> <p>(2) Individual consultants: IICQ: International Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection.</p> <p>(2) Country system: include selection Method</p> <p>(3) Ex-ante/ex-post review: In general, depending on the institutional capacity and level of risk associated with the procurement, ex-post review is the standard modality. Ex-ante review can be specified for critical or complex process.</p> <p>(4) Technical review: The PTL will use this column to define those procurement he/she considers "critical" or "complex" that require ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.</p>										

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/16

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

The Board of Executive Directors

RESOLVES:

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

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

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

(Adopted on ____ 2016)