
Readiness Proposal

**with Caribbean Development Bank (CDB)
for Belize**

03 December 2020

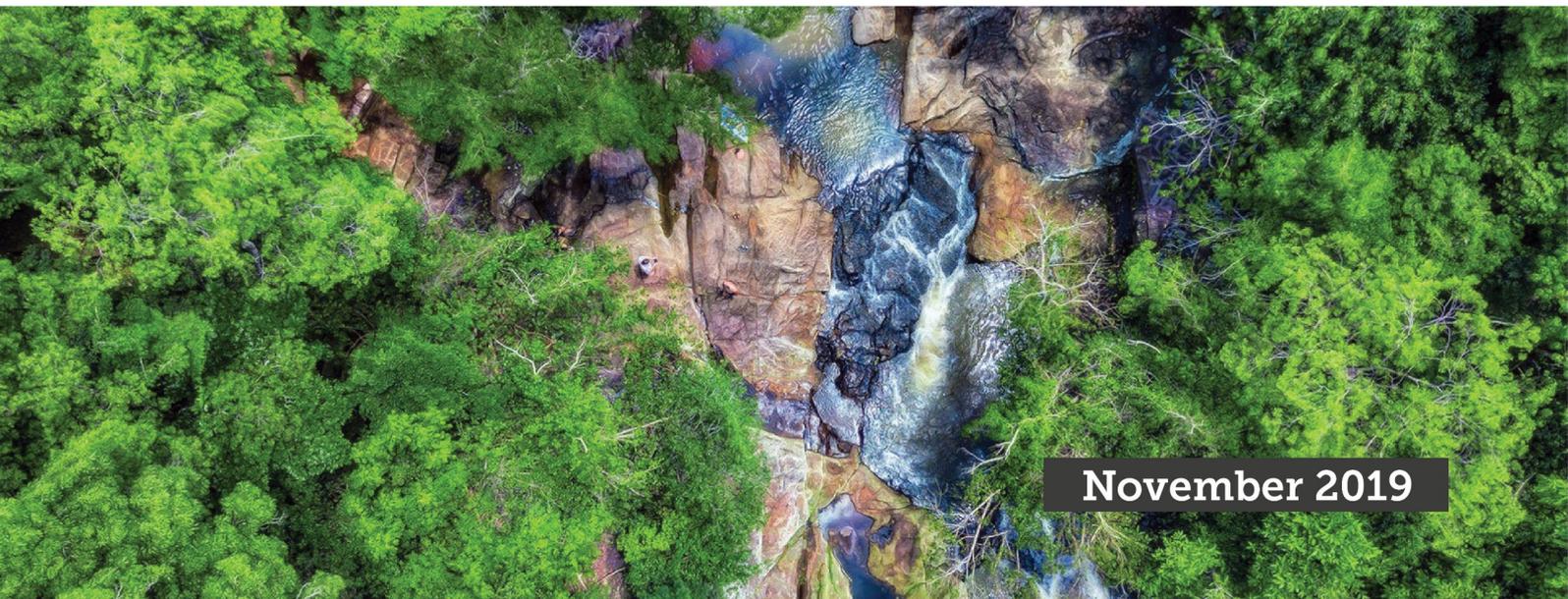


**GREEN
CLIMATE
FUND**

READINESS & PREPARATORY SUPPORT PROPOSAL TEMPLATE



Proposal title:	Belize Development Finance Corporation Capacity Strengthening for Accreditation to the Green Climate Fund
Country:	Belize
National designated authority:	Ministry of Economic Development, Petroleum, Investment, Trade and Commerce
Implementing Institution:	Caribbean Development Bank
Date of first submission:	5 August 2020
Date of current submission / version number	13 November 2020 V.3



November 2019

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Download the guidebook:
<https://g.cf/xxxxx>



How to complete this document?

This document should be completed by National Designated Authorities (NDA) or focal points with support from their Delivery Partners where relevant. Once completed, this document should be submitted to the GCF by the NDA or focal point via the **online submission system**, accessible through the Country Portal of the GCF website.

Please be concise. If you need to include any additional information, please attach it to the proposal.

If the Delivery Partner implementing the Readiness support is not a GCF Accredited Entity for project Funding Proposals, please complete the Financial Management Capacity Assessment (FMCA) questionnaire and submit it prior to or with this Readiness proposal. The FMCA is available for download at the [Library](#) page of the GCF website.

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Note: Environmental and Social Safeguards and Gender

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

Please visit the Country Portal on the GCF website to submit this proposal via the **online system**.

When submitting the proposal, please name the file:
GCF Readiness -[Country]-[yyymmdd]

1. SUMMARY

1.1 Country submitting the proposal

Country name: Belize C.A.
 Name of institution representing NDA or Focal Point: Ministry of Economic Development and Petroleum, Investment, Trade and Commerce.
 Name of contact person: Ms. Yvonne S. Hyde
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1.2 Date of initial submission

5 August 2020

1.3 Last date of resubmission

15 November 2020

Version number V.3

1.4 Which institution will implement the Readiness and Preparatory Support project?

- National designated authority
 Accredited entity
 Delivery partner

Please provide contact information if the implementing partner is not the NDA/focal point

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1.5 Title of the Readiness support proposal

Belize Development Finance Corporation (DFC) Capacity Strengthening for Accreditation to the Green Climate Fund

1.6 Type of Readiness support sought

Please select the relevant GCF Readiness objective(s) below (click on the box – please refer to Annex I and II in the Guidebook):

- I. Capacity building
 II. Strategic frameworks
 III. Adaptation planning
 IV. Pipeline development
 V. Knowledge sharing and learning

1.7 Brief summary of the request

Belize has made significant efforts to respond to climate related challenges, guided by policy documents such as the National Climate Change Policy, Strategy and Action Plan (NCCPSAP) 2015-2020. Challenges in delivering Belize's climate change priorities include access to, and in some instances, disbursement of climate finances owing to the lack of capable deployment vehicles at the national level. One of the keys to unlocking climate action funds, at scale, is to leverage the unique position of national Development Finance Institutions (DFIs). These institutions sit at the nexus of entrepreneurship and capital for the creation of economic and social goods and services. Building the capacity of DFIs to access and deploy climate funds from various sources, in particular the Green Climate Fund (GCF), can facilitate climate smart investments. Additionally, it can facilitate delivery of gender-responsive climate finance, directly into local economies.

Understanding that climate financing must be scaled up to match increasing demand, the Government of Belize (GOBZ) has nominated the Development Finance Corporation (DFC) of Belize for accreditation to the GCF as a Direct Access Entity (DAE). In 2019, Price Waterhouse Coopers (PwC) conducted a Gap Assessment of DFC to analyse the Corporation's performance regarding the requirements of GCF accreditation standards. The assessment identified a number of performance gaps and recommendations for actions to be taken by DFC to meet GCF accreditation standards.

This proposed Readiness grant is informed by the recommendations from the PwC Gap Assessment. The Readiness grant provides technical support to strengthen the operational policies of the DFC to enable compliance with GCF accreditation requirements. The project outputs will include the following:

- (a) Investment Management Policy;
- (b) Asset and Liability Committee;
- (c) Environmental and Social Management System;
- (d) Internal Audit Policy and Procedures;
- (e) Procurement Policy and Procedures; and
- (f) Communication Policy.

Operating as a quasi-government institution since 1973, the DFC can deploy and effectively manage gender-responsive climate finance, and form effective bridges between the GCF (and other similar institutions) and the private sector. This is in keeping with its objective of stimulating green and inclusive growth. The DFC has knowledge regarding basic fiduciary criteria with a robust organisational structure in place, including established financial control procedures. As Belize' only development bank, the DFC is highly relevant as a vehicle to foster economic development through providing access for development credit and technical assistance to the private sector. The GOBZ has therefore, prioritised DFC for accreditation to the GCF.

1.8 Total requested amount and currency

USD 498,902

1.9 Implementation period

14 months

1.10 Is this request a multiple-year strategic Readiness implementation request?

- Yes
 No

For more information on how a country may be eligible to access Readiness support through this modality, please refer to **Annex IV of the Readiness Guidebook**.

1.11 Complementarity and coherence of existing readiness support

- Yes
 No

Belize' first GCF Readiness grant of USD300,000 received in 2018 was used to strengthen the capacity of the National Designated Authority (NDA) to engage with the GCF. The grant also helped to develop a strategic framework including a country

programme for engagement with the GCF and stakeholders. Complementing the first Readiness grant, was a second Readiness grant entitled - “Accreditation of the Development Finance Corporation (DFC) and the Belize Social Investment Fund (BSIF) which focused on activities to further strengthen Belize’s national capacities to effectively and efficiently access, manage, disburse and monitor climate financing. It will strengthen the NDA’s coordination mechanism and to give institutional and governance support to entities identified as potential DAE to the GCF¹. Also it will assist the Protect Areas Conservation Trust (PACT) with post accreditation support to undertake its legal mandate and its functions as a DAE. Furthermore, a third readiness was approved by the GCF to develop a gap analysis and action plan to seek accreditation of the Development Finance Corporation with the support of Price WaterCoopers (PWC).

In 2019, Belize benefitted from a fourth approved Readiness grant to support private sector engagement with the GCF. This support for the private sector will strengthen the capacity of small, medium enterprises to access GCF Funds from its Private Sector Facility and complement the work of the third Readiness grant.

The relationship between these and other non-GCF projects which support the current readiness grant proposal is elaborated under the situational analysis in a tabular format-Table 1.

2. SITUATION ANALYSIS

Context

Belize is highly exposed and vulnerable to climate change and natural hazards. Among all small states, Belize ranks third at risk for natural disasters, and fifth at risk to the adverse impacts of climate change (IMF, 2018)². Hurricanes, flooding, sea level rise, coastal erosion, coral bleaching, and droughts, remain threats, with impacts likely to intensify given expected increases in weather volatility and sea temperatures. Belize’s national climate change strategies, policies and action plans highlight the country’s commitment to making its territory and people resilient to climate change and climate variability. The country is committed to global efforts to keep mean temperature increases below two degrees celsius.

The Nationally Determined Contributions (NDCs) for Belize indicates the intention to source 85% of its energy needs from Renewable Energy (RE) by 2030, mainly through the use of hydropower, solar, wind, and biomass energy resources. In addition, Belize intends to reduce the use of fossil fuels by 20% through improving efficiency in the transport sector. The country also intends to utilise energy efficient technologies across major sectors. The NDCs also emphasize the country’s intention to improve its carbon capture and storage capacities via improved and sustainable forest management, reduction of fuel wood consumption by 27-66% and protection and restoration of mangroves forests. Targets set out in the NDCs are complemented by the NCCPSAP, the National Adaptation Strategy (Agriculture sector) and the Low Carbon Developments (LCDS) Roadmap. These policy instruments are supported by the Growth and Sustainable Development Strategy (GSDS), which is Belize’s medium-term development plan.

¹ Belize needs to strengthen its capacities to holistically mobilise and deploy climate finances in order to achieve the goals and objectives outlined in national strategies and actions plans. This is expected to be done by leveraging the established networks and unique position of national financial institutions such as Belize’s Social Investment Fund (BSIF) and DFC to compliment the accreditation of the PACT.

² Belize Climate Change Policy Assessment, International Monetary Fund (IMF) Country Report No. 18/329 (2018).

Prior to this current Readiness grant request, Belize would have benefitted from other GCF Readiness grants focused on: (a) strengthening capacity within the NDA and the development of a country programme; (b) building the NDAs coordination mechanism to allow it to manage the non-objection procedure and associated platforms and seeking support for the accreditation of potential Direct Access Entities of the Social Investment Fund (SIF) and the Development Finance Corporation (DFC) and post accreditation support to the Protected Areas Conservation Trust (PACT); (c) Support for accreditation gap assessment and action plan for the DFC; and (d) readiness support for the strengthening of the Belize private sector engagement with the GCF to access funding for climate actions. The Belize private sector readiness was developed as a result of a regional readiness aimed to articulate clear actions to combat climate change in the Caribbean. This current readiness grant will build on the previous readiness grants targeting the private sector in Belize. Further details on these are included in Table 1 below.

The GCF Board in 2019 approved an US\$20M project for Belize to increase resilience of smallholder farmers to climate change impacts³. GCF financing for the project totaled US\$8M, which was made up of grants (US\$6.1M) and a senior loan (US\$1.9M). Co-financing totaling US\$12M came from the International Fund for Agricultural Development (IFAD) and the GOBZ.

TABLE 1: LINKAGES OF ONGOING AND PAST INITIATIVES TO CURRENT READINESS GRANT			
Grant/Project Reference	Agency/Readiness Delivery Partner & Value	Status	Objective and linkages to current readiness request
BLZ-RS-001 NDA Strengthening and Country Programming	CCCCC US\$.30M	Completed	BLZ-RS-001 sought to put in place the systems and procedures for enabling Belize' NDA to engage with the GCF (including the elaboration of its Country Programme) and with national stakeholders. The current readiness seeks to ensure that a proposed DAE will be in a position to support the implementation of Belize's Country Programme.
BLZ-RS-002 Building Capacity for Direct Access to Climate Finance	CCCCC US\$.39M	Under Implementation	BLZ-RS-002 aimed to facilitate the preparation of nominated entities to meet GCF accreditation standards in areas such as environmental and social safeguards (ESS), the GCF gender policy, and project development, monitoring and evaluation. This current readiness grant building on this work by further strengthening DFC a nominated entity to the GCF.
Belize support for accreditation gap assessment and action plan to development Finance Corporation (DFC) of Belize	PwC US\$.034M	Completed	The objective of the PwC support was to identify the areas in DFC which needed strengthening to support its accreditation to the GCF. This current readiness grant request is a direct response to the issues raised in the PwC readiness support.
BLZ-RS-003 Belize Capacity building for PACT as a GCF National Direct Access Entity	CCCCC US\$.28M	Under Implementation	As a GCF Accredited Entity, BLZ-RS-003 seeks to support PACT in post accreditation activities towards "supporting national strategies within the Growth and Sustainable Development Strategy to strengthen the resiliency of the economy". The current readiness grant request continues the support of enabling DFC as a potential DAE for Belize to contribute to this same national mandate of supporting growth and sustainable development strategies.

³ The project, name "Rural Resilient Belize", aims to introduce climate resilient agricultural practices that will allow smallholder farmers to have a sustainable production process and improved market access for their produce, even under the stress of climate change and extreme climatic events; therefore increasing their economic, social, and environmental resilience. IFAD is the accredited entity for this project.

BLZ-RS-004 Belize readiness support for strengthening Belize' Private Sector to access climate finance	CDB US\$.30M	In legal Processing	BLZ-RS-004 seeks to through improve the Private Sector's understanding of the GCF processes and how to design of bankable funding proposals. The Private Sector is a key client group for the DFC. The work to be undertaken through this current readiness grant request) will support and be supported by the work being undertaken through BLZ-RS-004.
Mobilizing Private Sector to Support Low-Carbon and Climate Resilient Development in Jamaica and other CARICOM States	US\$582,000	Completed	Additionally, Belize was also a participant in a regional Readiness project implemented by Jamaica seeking to mobilize private sector engagement, specifically to propose recommendations to crowding-in and maximizing the engagement of the Caribbean's private sector in climate change.
GA 64/BZE DFC Institutional Strengthening Grant.	CDB US\$0.185M	Under Implementation	GA 64/BZE seeks to a) improve the institutional capacity of DFC to access and manage climate risk in its credit appraisal process (the CRA consultancy) and (b) to enhance the corporation's capacity to provide competitive and cost-effective financial services to its customers and to support the corporation's operational and commercial viability. Component (a) has already been implemented.
BL-T1122 Green Finance for Renewable Energy and Energy Efficiency for MSMEs	IADB Eco-Micro US\$0.35M	Under Implementation	BL-T1122 seeks to pilot and test green finance for the implementation of RE/EE investments under an EPC approach in partnership with Energy Service Companies. Deployment of RE/EE technology will reduce operational costs of MSMEs through energy savings, thereby increasing MSMEs' overall productivity. This project will implement the prescribed modular approach of the EcoMicro Program aimed at building climate resilience of MSMEs, through the execution of three mutually reinforcing and interlocking components: (i) design and implementation of the green finance product; (ii) assessment of the institution's loan portfolio vulnerability to climate change (to be completed with counterpart funding); and, (iii) greening the DFC through development of environmental guidelines and policies.
DFC Gender Policy and Action Plan	CDB	Completed	This was a CDB funded grant to finance a pilot project to develop a Gender Policy and Action Plan for each of three participating regional DFI's including Belize.

Furthermore, the country programme highlights the priority sectors and measures for adaptation and mitigation including a pipeline of projects and programmes that can move Belize further along a true sustainable development pathway. Seeking the DFC accreditation will allow Belize to further access funding such as loans and technical assistance for the private sector. This will allow the DFC to expand its portfolio and promote green and climate smart investments in the productive, tourism and other sectors. Belize' private sector contributes to over 90% of national employment, and on average, accounted for more than two-thirds of credit and four-fifths of consumption⁴. According to an Inter-American Development Bank (IDB) 2014 Report, the private sector is dominated by micro, small and medium-sized enterprises (MSMEs), including in the tourism sector, which accounts for the bulk of employment and value added in the economy. Unlocking the potential of

⁴ Private Sector Assessment of Belize, Inter-American Development Bank (2014).

the local private sector to contribute to green growth in Belize is therefore important. However, there are challenges as the appetite of the Belizean private sector to access funding for investment in climate actions is low because of a lack of understanding, and capacity limitations exist in designing climate smart projects. Additionally, commercial banks do not have the risk appetite for financing MSMEs. DFC has been in existence for over fifty years and has demonstrated its effectiveness in financing the MSME sector.

Purpose of the Readiness Grant

This readiness grant will build on, on-going efforts targeting the Belize's private sector, especially micro and small enterprises. According to the journal study "Challenges Faced by Micro and Small Businesses in Belize"⁵, the micro and small enterprises in Belize plays a key role in the national economy by generating employment, securing income, and contributing to national output. Data from the Statistical Institute of Belize (SIB), shows the private sector accounting for 86% of national employment (September 2019 labour force survey) and for an estimated 68% of final consumption expenditure at the end of 2018. Given the size and economic contribution of the private sector, there is a need to scale-up actions targeting private sector entities to access concessional financing for green growth opportunities. However, there are challenges to be addressed and according to an IMF report⁶, these challenges mainly relate to the technical demands placed on the private sector and the protracted timeframe to access climate funds.

The Development Finance Corporation

DFC plays an important role in providing financing and technical support to micro, small and medium enterprises in Belize. This role has led to its nomination by the GOBZ, to become a DAE to the GCF, for supporting the private sector's access to GCF funds. In 2019, DFC undertook a gap assessment with GCF Readiness funds after having uploaded a series of submissions on GCF's Online Application System (OAS) for its review. This assessment, performed by the accounting firm PricewaterhouseCoopers, identified a number of constraints to DFC's accreditation to the GCF. PwC recommended the following actions to address these constraints:

- (a) an established Internal Audit Manual that provides guidelines for the execution of the Corporation's financial or operational audits and, which provides a sample internal audit report on procurement, and provides details pertaining to the status of action on all observations and recommendations made by internal and external audit reports;
- (b) a detailed procurement policy that considers roles and responsibilities of Board of Directors (BOD) and Executive Management, authorisation limits, types of procurement, conflict of interest, and an evaluation process;
- (c) an established Asset and Liability Committee (ALCO) with clear terms of reference (TOR) including a financial investment policy, and an international corporate credit rating;
- (d) a formal Environment and Social Safeguards (E&S) Policy that is in line with international standards and which considers among other things - institutional E&S risks and impacts identification and assessment procedure, and a system dedicated to monitoring mitigation and performance improvement measures;
- (e) a formal communications policy that includes documented procedures, register of inquiries/complaints and responses for DFC funding projects, and which includes external communications function;
- (f) published financial details of loans to beneficiaries and a standardised procedure for making beneficiaries and results for each project publicly available; and
- (g) have gender policies and procedures but need to strengthen them to ensure that DFC funded projects have non-discriminatory practices that are in line with international best practices and GCF requirements⁷.

Once accredited, DFC will be required to identify and prepare concept notes for submission for GCF consideration, and to implement approved projects. While DFC has extensive experience in implementing development finance programs, engagement with the GCF is new to the corporation. In preparation for this role, DFC has enlisted its officers to all NDA sponsored training events regarding engagement with the GCF. The

⁵ International Journal of Business and Applied Social Science, March 2019.

⁶ IMF 2018 Report.

⁷ DFC has engaged CDB in the development of a Gender Strategy that will be aligned with international best practices and with GCF requirements; hence no activities are required in this project to address gender gaps.

most recent of such activities is a training program conducted by the Firm – Acclimatise on behalf of the NDA. Among the objectives of this GCF Project Requirements Course was to enhance the capacity of national prospective and existing accredited entities, including the DFC. DFC registered six attendees to this program all which were awarded completion certificates at the conclusion of the course. In fact, the consultants cited that the work of the DFC candidates was of exceptional quality. Notwithstanding, it is envisioned that additional capacity building will be required to facilitate this process.

DFC’s vision is to support the economic, social and environmental resilience of the Belizean economy “through the provision of world-class, high-impact, innovative, inclusive and accessible financial products and services”. As at June 2019, DFC administered a loan portfolio of US\$57M for approximately 6,000 sub-loan accounts. These loans cover investments in agriculture (21% of loan portfolio), manufacturing and agro-processing (6%), commercial fishing (9%), tourism (11%) and services that support the productive sectors (14%). There were also loans to the residential (20%) and education (13%) sectors. The remaining six per cent (6%) entails credits to financial institutions, real estate and staff loans.

Mainstream Climate Resiliency in all Operations

The DFC’s Strategic Development Plan – “Strategy 2021: Building Resilience against Climate Change and Economic Volatility” proposes to, among other things, to “build resilience to the effects of climate change, and to mainstream climate resiliency across DFC’s operations –particularly its credit function”. CDB is currently providing technical assistance to improve DFC’s institutional capacity to assess and manage climate risks in its credit delivery and administration processes. This support to DFC will integrate appropriate climate risk assessment provisions into DFC’s investment policies and procedures, strengthen staff skills, and improve the Corporation’s overall due diligence process in its credit function. It will also enable the sustainability of DFC operations, particularly for micro and small enterprises (MSEs) projects in the productive sector (agriculture, tourism and industry) and low-income housing. DFC supports climate mitigation projects and there is an opportunity to integrate mitigation considerations into the sectors financed, to improve climate resilience while simultaneously increasing viability and performance of MSE projects.

In 2017, DFC launched its RE/Energy Efficiency (RE/EE) credit programme, with support from CDB. This programme is a mitigation response to combating the adverse impacts of climate change through a reduction of energy emissions. While initial uptake of the credit programme was low (primarily due to a lack of knowledge of the benefits of (RE/EE), after a concerted knowledge sharing/promotion campaign by DFC, credit uptake slowly increased. At June 2019, total commitments under the RE/EE programme amounted to US\$0.567 million for 15 sub projects. The programme is available for investments in the residential mortgages and productive sectors, with a focus on energy intensive sub-sectors including tourism, manufacturing and agro-processing. The DFC has also been identified as one of the pilot institutions for participation in the CARICOM Development Fund’s Climate Risk Abatement Program (CRAF). This GCF funded program is geared towards providing partial credit guarantees to facilitate increased uptake of RE/EE credits in three pilot countries including Belize. In terms of adaptation interventions by the DFC, these have mainly been in the agriculture sector through activities such as - drainage and irrigation, water harvesting, flood mitigation, and soil conservation. DFC has also been identified as a participating institution in a CDB Pilot project - “Transforming Finance to Unlock Climate Action in the Caribbean.” Under the programme, CDB will blend GCF and CDB resources to extend concessional lines of credit to Development Finance Institutions (DFIs), who in turn will on-lend to MSMEs and homeowners for climate action investments. DFC will also be participating in the World Bank Funded Rural Resilient Belize project which seeks to promote climate smart agricultural investments in targeted communities through credit guarantees. This Readiness Grant will be better position the DFF for successful participation in these important programs.

Building on its experience of supporting the private sector with climate change related investments, DFC plans to access GCF funding to scale up existing climate change mitigation and adaptation investments, such as the RE/EE credit programme, as well as to fund new projects or credit lines related to: climate smart agriculture; climate resilient buildings; energy generation and energy efficiency; public transportation; sustainable tourism; enhancing livelihoods; and food and water security. The accreditation of the DFC will complement the accreditation of the Protected Areas Conservation Trust (PACT) by mobilising both grants and loans for climate actions. The outputs of this readiness grant will improve the governance and administrative structure of the DFC. They are essential to ensure the sustainability of its operations and facilitate continued access to development resources to support Belize’s economic growth. The policies and procedures established under this readiness grant will all contain elements to support “buy in” at all levels of the corporation, and detail definitive roles and

responsibilities for the respective players. This project will strengthen the capacity of the DFC to become the second DAE in Belize.

Stakeholder Engagement

This proposal will be implemented based on inclusive and comprehensive stakeholder consultations, with a particular emphasis on achieving gender balance. The DFC will explore the establishment a “Project Steering Committee” that will vet policies for relevance and effectiveness. This committee will be comprised of stakeholders from the public and private sectors, including CSO. Gender balance will be maintained within the committee. It should be noted that this proposal has been designed based on consultations, especially during the Gap Assessment preparation by PricewaterhouseCoopers LLP.

3. LOGICAL FRAMEWORK

3.1 General

The Logical Framework has been developed with a view to addressing the gaps identified with the PwC Gap Assessment. DFC will ensure broad stakeholder consensus with the targeted outputs, through active engagements with the NDA, The Belize Chamber of Commerce and other Private Sector Associations and NGO's, line ministries including the Ministries of Agriculture, Energy, Tourism and Economic Development. Due consideration will be given to issues relating to gender equity in all such stakeholder engagements and the concerns arising from such consultations will be embedded in the final outputs. It must also be noted that consistent with the requirements of the DFC Act, the corporation's Board comprises representatives from both public and private sector entities including the Ministries of Finance, Agriculture and Economic Development, the Belize Chamber of Commerce, the Association of Tertiary Level Institutions, the Belize Tourism Industry Association, the Belize Bar Association, and the Association of Public Certified Accountants. Such a composition ensures that private sector interests are represented in all of DFC's, products and services, policies, procedures and guidelines.

To ensure continuity and Transfer of Knowledge, the TOR's for relevant activities will be crafted such that manuals and models will be developed for future guidance of staff. Training programs will require pre and post evaluation assessments of personnel. The former will be a critical input into the final design of the training program whilst the later will be an integral part of the Consultant's Final report.

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
<p>Outcome 1.2:</p> <p>Direct access applicants and DAEs have established capacity to meet</p>	<p>The DFC is a DFI with existing fiduciary standards but lacks some of the necessary policies,</p>	<p>Establishment of Financial, E&S Safeguards, Gender and Communication policies to satisfy</p>	<p>Output 1.2.1: Investment Management Policy developed and Asset Liability Committee established to streamline DFC's investment priorities.</p>	<p>Activity 1.2.1.1¹⁰: Establish an ALCO reflecting gender considerations with documented, clear and specific functions in line with international best practices.</p>	<p>Deliverable 1.2.1.1: ALCO reflecting gender considerations established with TORs produced – <i>completed eight months after first disbursement.</i></p> <p>Deliverable 1.2.1.2: Investment Policy document finalized and approved</p>

⁸ Please briefly elaborate on current baselines on which the proposed activities can be built on, processes that are in place that the current Readiness Proposal can strengthen, or any gaps that the proposed activities would fill in. If more space is needed, please elaborate this in Section 4.

⁹ Please include tangible and specific deliverables for each activity proposed. Please note that during implementation, all deliverables should be included within the implementation reports for GCF consideration.

¹⁰This activity will complement work started by CDB and European Investment Bank in strengthening DFC financial management procedures.

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities.	procedures and institutional structures needed for accreditation to the GCF as a DAE.	GCF accreditation requirements.		<p>Activity 1.2.1.2: Develop and operationalise a formal Investment Management Policy that draws on the results of the technical assistance DFC is receiving in relation to investment management.</p> <p>Activity 1.2.1.3: Conduct ALCO meeting</p>	<p>Deliverable 1.2.1.2: ALCO meeting conducted and minutes of the meeting provided – <i>completed nine months after first disbursement.</i></p>
			<p>Output 1.2.2: Private Corporate Credit Rating from a recognized international or regional credit rating agency acquired.</p>	<p>Activity 1.2.2.1: Review DFC's credit operations and assign the Corporation a private regional-scale corporate credit rating.</p>	<p>Deliverable 1.2.2.1: Review completed, and corporate credit rating assigned to DFC – <i>completed eight months after first disbursement.</i></p>
			<p>Output 1.2.3: Internal Audit Manual developed.</p>	<p>Activity 1.2.3.1: Develop an Internal Audit Manual that sets out guidelines for the execution of financial and operational audits, and guidelines for internal audit reports on procurement.</p> <p>Activity 1.2.3.2: Develop training material and conduct training on the new internal Audit Manual taking due consideration of gender balance.</p> <p>Activity 1.2.3.3: Conduct post training assessment</p>	<p>Deliverable 1.2.3.1: Internal Audit Manual finalized and validated – <i>completed nine months after first disbursement.</i></p> <p>Deliverable 1.2.3.2: Training materials developed and training report on the new internal Audit Manual, reflecting gender considerations completed– <i>completed 10 months after first disbursement.</i></p> <p>Deliverable 1.2.3.3: Post training assessment completed after the training has ended – <i>14 months after first disbursement</i></p>

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
			<p>Output 1.2.4: Detailed procurement policy developed.</p>	<p>Activity 1.2.4.1 Develop a Procurement Policy for inclusion in DFC revised Accounting Manual. The policy will cover:</p> <ul style="list-style-type: none"> i. Roles and Responsibilities of Board of Director (BOD) and Executive Management; ii. Authorisation limits; iii. Types of Procurement; iv. Conflict of Interest; v. Evaluation Process; vi. Oversight of Procurement Functions; vii. Control/oversight of Procurement undertaken by Executing Entities; and viii. green (environmental, sustainable) and social inclusion-oriented principles. <p>Activity 1.2.4.2: Develop Procurement Guidelines. The procurement guidelines will cover:</p> <ul style="list-style-type: none"> i. Summary of Procurement methods; ii. Procurement Planning; iii. Bid evaluation based on different criteria; iii. Draft Statement of Works and TOR; 	<p>Deliverable 1.2.4.1: Finalized procurement policy for DFC operations, in line with GCF requirement, and approved by DFC Board- <i>completed 11 months after first disbursement.</i></p> <p>Deliverable 1.2.4.2: Finalized guidelines for DFC operations, in line with GCF requirement, and approved by DFC Board- <i>completed 11 months after first disbursement.</i></p> <p>Deliverable 1.2.4.3: Validated policy and procurement guidelines by DFC and other key stakeholders. - <i>completed 11 months after first disbursement.</i></p> <p>Deliverable 1.2.4.4: Developed training material for new procurement policy and guidelines, and training report completed on staff training reflecting consideration of gender balance. – <i>completed 12 months after first disbursement.</i></p> <p>Deliverable 1.2.4.5: Completed post training assessment– <i>completed 14 months after first disbursement</i></p>

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
				<ul style="list-style-type: none"> iv. Reporting and archiving procurement activities; v. Contract management including types of contracts and their termination requirements; vi. Time considerations on complaints management; vii. Publishing of awards and viii. green (environmental, sustainable) and social inclusion-oriented principles. <p>Activity 1.2.4.3 Consult on policy and procurement guidelines with DFC and other key stakeholders</p> <p>Activity 1.2.4.4 Develop training material (in a form that can be used to facilitate future training) and train DFC staff on new procurement policy and guidelines taking due consideration of gender balance.</p> <p>Activity 1.2.4.5 Conduct post training assessment.</p>	
			<p>Output 1.2.5: Communication Mechanism for GCF funded projects and programmes developed and operationalised.</p>	<p>Activity 1.2.5.1 Develop Communications Policy and documented procedures for the external communications function. This will include guidelines on and mechanisms for publishing information about the beneficiaries and results of GCF funded</p>	<p>Deliverable 1.2.5.1 Communication policy and procedures for external communication function developed and approved by DFC Board - <i>completed 14 months after first disbursement.</i></p>

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
				<p>project and programme as well as other DFC projects and programmes going forward.</p> <p>Activity 1.2.5.2 Develop a register of inquiries/complaints and responses.</p>	<p>Deliverable 1.2.5.2 validated and activated register of inquiries/complaints and responses – <i>completed 14 months after first disbursement.</i></p>

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
			<p>Output 1.2.6: Environment and Social Management System (ESMS) aligned with GCF's Environmental and Social Policy developed and institutionalised.</p>	<p>Activity 1.2.6.1 Develop and provide a formal institutional E&S policy aligned with GCF's Environmental and Social Policy that:</p> <ul style="list-style-type: none"> - Includes an overarching statement of the E&S objectives and principles guiding the institution. - States the E&S standards the institution adheres to including laws implementing host country obligations under international law. - Specifies the persons within DFC who will ensure conformance with the policy and be responsible for its execution. - Is consistent with the IFC Environmental and Social Performance Standards 1 to 8. - Is endorsed by Management and is communicated within the organisation. <p>Activity 1.2.6.2 Design and document an institutional E&S risks and impacts identification and assessment procedures that are consistent with GCF's Performance Standards and is applied to all of DFC's programmes and specifies the responsibilities for implementation. The design and</p>	<p>Deliverable 1.2.6.1: Completed formal ESMS for DFC Operations, approved by DFC's BOD - <i>completed 13 months after first disbursement.</i></p> <p>Deliverable 1.2.6.2: Designed institutional E&S risks and impacts identification and assessment procedures for DFC.</p> <p>Deliverable 1.2.6.3 Training materials developed and training report reflecting gender considerations completed for staff training on new E&S policy - <i>completed 14 months after first disbursement.</i></p> <p>Deliverable 1.2.6.4: post training assessment completed after the training has ended – <i>14 months after first disbursement</i></p>

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
				<p>documentation process should factor in the following;</p> <ul style="list-style-type: none"> - current practices to meet the requirements established by the Belize Department of Environment so that the procedures that are developed meet national legal requirements and are in line with good international practice. - Include an E&S risk categorisation framework (e.g. A- high risk, B - medium risk, C- low risk) in the new institutional E&S risks and impacts identification, and assessment procedure that is developed. - guidance and procedures for managing mitigation measures and actions stemming from an E&S risk identification process that meets the requirements established by the Department of Environment and that is in line with national legal requirements and good international practice. - The provision of policies and practices relating to audit 	

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
				<p>(conducted by external experts) on institutional E&S risk management programme effectiveness.</p> <ul style="list-style-type: none"> - job descriptions of responsibilities of key E&S personnel in the DFC along with the curriculum vitae of persons currently holding these roles. - institutional system dedicated to the monitoring of mitigation and performance improvement measures at the institutional level and a document containing the internal processes, along with clearly defined roles/responsibilities and timelines, to support a monitoring system that tracks and ensures completion of mitigation and performance improvement. <p>Activity 1.2.6.3 Develop training material and conduct training taking due consideration of gender balance, in the</p>	

Outcomes	Baseline ⁸	Targets	Outputs	Activities (brief description)	Deliverables ⁹
				<p>use of the new ESS Policy for DFC Staff¹¹.</p> <p>Activity 1.2.6.4: Conduct post training assessment.</p>	

¹¹ E&S Consultant to help relevant DFC staff understand and fulfill their roles within the DFC E&S system to be established during project implementation. This will increase the ability of DFC to properly apply this new policy to their day-to-day work after the completion of the readiness project.

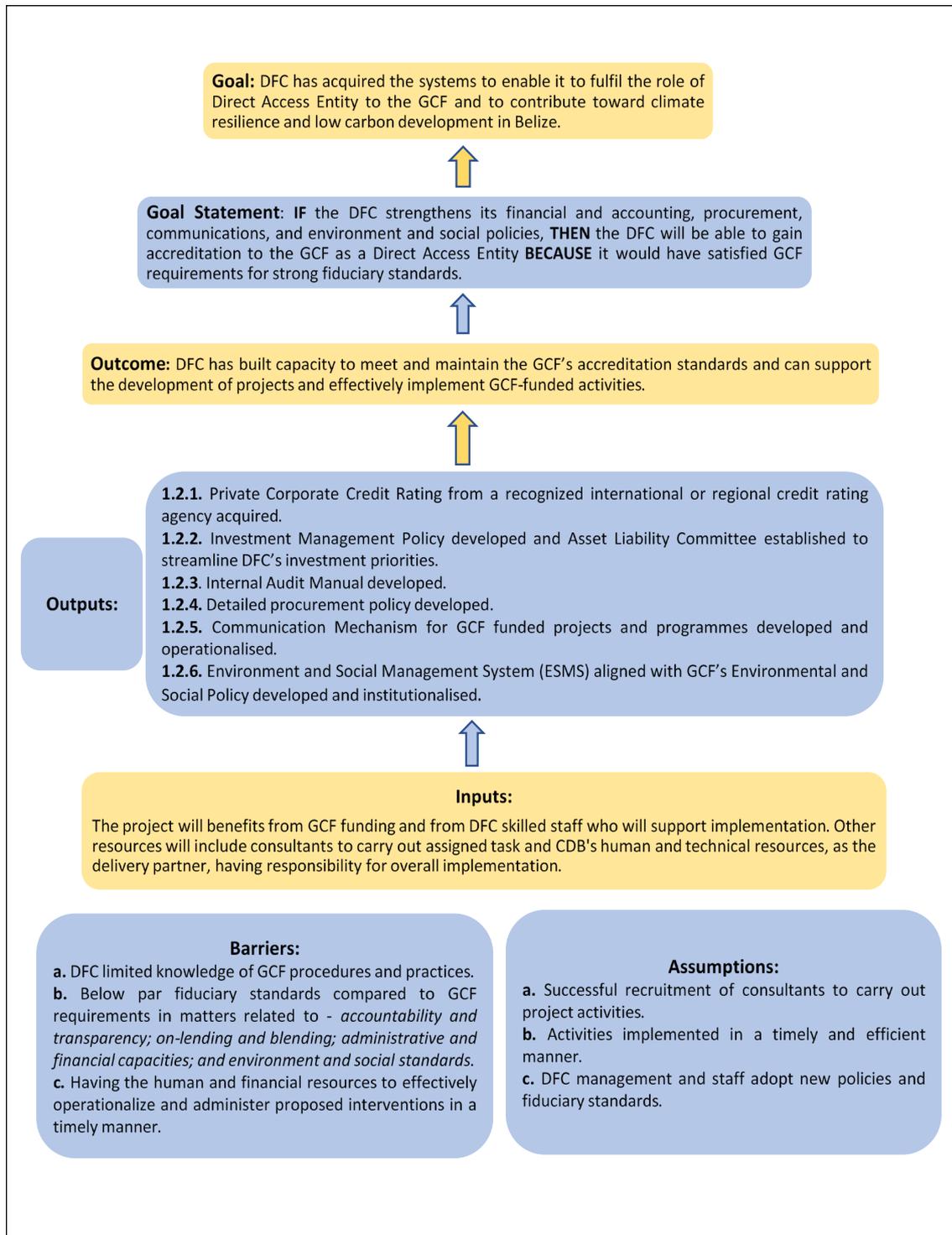
4. THEORY OF CHANGE ¹²

One of the strategic objectives of the DFC will be to ensure that it is conscious of, and actively promotes, climate resilient (both adaptation and mitigation) practices in both its internal operations and through its product offerings. To accomplish this objective the DFC will need to access and leverage funding from International climate funds and other strategic partners. It is therefore within this context that DFC is seeking accreditation to the GCF and will need to strengthen its standards to address the issues raised in Section 2. These issues will present significant barriers to the DFC's accreditation, if not addressed. It will hinder the DFC's objective to provide climate resilience and low carbon solutions for the private sector and to help Belize achieve its SDGs and NDCs.

The purpose of this Readiness project is to address some of the key barriers. For example, the DFC will need to strengthen areas related to - accountability and transparency; on-lending and blending funds; administrative and financial capacities; and environment and social standards. The project therefore will build the capacity of the DFC to attain accreditation to the GCF as a DAE. As an accredited entity the DFC will support its clients (and the wider private sector), based on their profile, in developing projects for GCF funding, to build climate resilience and promote low carbon development. Figure 1 presents the project's Theory of Change (ToC) and the expected outputs and actions to be taken. The project outcome in this ToC is the result of capacity built within DFC to address the financial, procurement, communication and environmental and social gaps that are currently inhibiting it from becoming accredited to the GCF. By addressing these gaps, the project will create the necessary environment for DFC management and staff to better interface with its clients and with GCF.

¹² It should be noted that the Belize's NDA, under a separate readiness project, is supporting the DFC staff, through a virtual training workshop, to address the barrier of limited knowledge of GCF procedures and practices.

Figure 1: Theory of Change



5. BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT PLAN

5.1 Budget plan

Please complete the Budget Plan in Excel using the template available in the [Library](#) page of the GCF website.

5.2 Procurement plan

Please complete the Procurement Plan in Excel using the template available in the [Library](#) page of the GCF website. For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in section 2, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

5.3 Implementation Plan

Please complete the Implementation Plan in Excel using the template available in the [Library](#) page of the GCF website.

5.4 Disbursement schedule¹³

Please specify the proposed schedule for requesting disbursements from the GCF. For periodicity, specify whether it is quarterly, bi-annually or annually only.

Please choose one option among the two below and delete the one that does not apply to you. Please fill in information under brackets:

Readiness Proposal that falls within a Framework Agreement with the GCF

Disbursements will be made in accordance to [Clause xx] “Disbursement of Grants” and [Clause xx] “Use of Grant Proceeds by the Delivery Partner” of the Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and [Delivery partner name] on *Click or tap to enter a date*.

Readiness Proposal that requires a bilateral Grant Agreement

Please include an indicative disbursement table showing the expected amounts to be requested and keep to multiples of USD5,000.

- The first disbursement *amounting USD Four Hundred and Thirty Nine Thousand and Ninety Nine Dollars (\$439,099)* will be transferred upon approval of the readiness request and effectiveness of the Grant Agreement;
- The second and final disbursement *amounting USD Fifty Nine Thousand Eight Hundred and Three Dollars (\$59,803)* will be made upon submission of a completion report and financial report, in form and substance acceptable to the Fund, including an audited expenditure statement.

¹³ To avoid any large negative cash flow for CDB, an 80/20 disbursement ratio is used. It is expected that 80% of GCF funds will be allocated upfront to cover most of the project activities cost, and the other 20% will be allocated after the required reports are submitted and approved.

6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

6.1 Implementation arrangements

Please describe how implementation arrangements will be made and how funds will be managed by the NDA and/or the Delivery Partner.

The implementation of this Readiness Grant for the DFC will be overseen by the GCF's NDA, the Ministry of Economic Development, Petroleum, Investment, Trade and Commerce, within the framework of its responsibilities as NDA. These will include timely reviews and approval of project reports and other deliverables along with the DFC, ensuring broad based consultations with relevant stakeholders to ensure their input in all project deliverables. CDB will serve as the Delivery Partner (DP) to implement activities approved under the Readiness grant. The GCF/NDA National Coordinator will liaise directly with the DP and DFC in fulfilment of the NDA's oversight responsibilities. The grant will be managed by GCF or fiduciary agent engaged for grant management services on behalf of the Fund.

As the Delivery Partner, CDB will be responsible for overall administration of the grant, as well as the delivery of the results. CDB's responsibilities will include - financial management, procurement, monitoring, and reporting. As an Accredited Entity to the GCF, CDB can deliver projects of the size USD10-50 mn; it has in place the institutional arrangements, fiduciary, and environmental and social performance standards, to satisfy the GCF requirements. CDB has established a relationship with the NDA through support for another readiness grant approved by GCF in 2019 for the Belize's private sector. CDB is working with the Government of Belize on major infrastructure projects and has supported the Ministry of Economic Development, Petroleum, Investment, Trade and Commerce in other initiatives. CDB is also working with the DFC through several lines of credit, which enable the DFC to continue financing, on affordable terms, market segments that are not readily catered for by the commercial banks and other financial institutions. The Readiness grant implementation will be led by staff of the Environmental Sustainability Unit (ESU)¹⁴ with the technical and administrative support of the Bank's areas of operation.

A Project Coordinator (PC) will be hired to oversee the execution of the project activities. Officers from the DFC, managed by the DFC's Chief Strategist/Climate Champion, will support the PC. The PC and the DFC will work closely with the DP and the NDA during project implementation. The DP with the support of the PC will submit an interim progress report and a financial report on the use of Grant funds after six months from the start of project implementation. An audited financial report on the use of Grant funds and a project completion report will be submitted to GCF or fiduciary agent engaged for grant management services on behalf of the Fund, in accordance with the terms of the Grant Agreement between CDB and GCF or fiduciary agent engaged for grant management services on behalf of the Fund. Through Belize's coordination mechanism and institutional arrangements, key constituents such as the Ministry of Finance, the private sector, Civil Society Organisations (CSOs), members of the indigenous population, and other agents deemed relevant by the NDA, will be enlisted to validate priorities¹⁵ and to ensure the successful implementation and achievement of the project outcomes.

Procurement will be undertaken by CDB in accordance with CDB's procedures for Use of Funds. CDB will prepare the draft TORs, which the NDA will review, for consulting services and will share all contracts and deliverables associated with the project with the NDA, prior to payments by the Bank. As the main beneficiary of the project, the DFC will work with consultants and will ensure that its staff are sensitised and informed about the project activities and deliverables. The NDA will work to ensure that all stakeholders are consulted on the project. As the Focal Point for the GCF, the NDA will provide strategic support during project implementation. The NDA will assist the PC, who will be based within the DFC, with the review of consultant's reports and other project deliverables ensuring broad based stakeholder consultation with private sectors entities, non-governmental organizations ensuring gender equity. Also, the NDA, along with the DFC and DP,

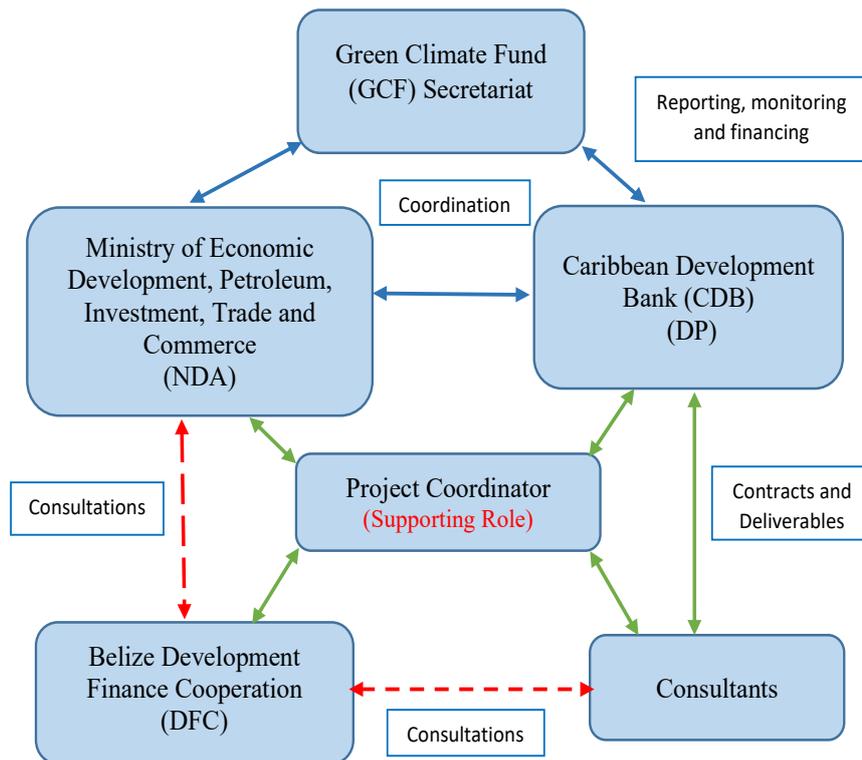
¹⁴ ESU is part of CDB's Project Department with responsibility for climate change matters. ESU will help to drive the implementation of the readiness project within the Bank, along with other units.

¹⁵ This is to ensure that chosen priorities are fully aligned with national plans and strategies and adequately includes inputs from consulted stakeholders.

will provide guidance and quality assurance for the project. The NDA has already established a working relationship with the DFC, whom they support for accreditation, and is committed to the project.

See Below a flow chart of the proposed implementation arrangements.

Implementation Arrangements for DFC Readiness



Note: The blue lines are showing the direct engagement between the main entities (GCF, DP and NDA). The red lines are communication lines between the DFC, consultants and the NDA. The green lines show direct engagement between the PC and the key agencies including consultants. There is also a green line showing direct engagement between CDB as DP and consultants.

6.2 Implementation and execution roles and responsibilities. Please briefly describe how the activities will be implemented and outputs delivered by project staff and consultants.

The project will be implemented by CDB with support from the NDA as part of its oversight responsibilities. To execute the activities under this project, CDB will hire a Project Coordinator (PC), whose qualifications and experience are acceptable to CDB. The PC will report to the GCF/NDA National Coordinator within the Ministry of Economic Development and Petroleum. He/she will be responsible for coordinating and monitoring all aspects of the implementation of the Project. Staff from the DFC will support the PC. The PC's duties will include, but will not be limited to:

- a. formulating a project monitoring and reporting plan, specifically to - carry out regular follow-up and monitoring of implementation activities; monitoring and reporting on risks and mitigation measures; and ensuring timely preparation and submission of required reports.
- b. supervising consultants and reviewing deliverables with the support of the DFC.
- c. providing technical and administrative inputs to facilitate implementation of project activities such as - consultations, workshops, training and other events.
- d. preparation and submission of monthly reports, using a format acceptable to CDB, to track implementation of the project; and
- e. support CDB in the preparation of milestone and project completion reports required for GCF or fiduciary agent engaged for grant management services on behalf of the Fund.

The PC should have a minimum of the following qualifications: a Bachelors Degree in Economic Development, Project Management, Business Management & Social Sciences, or other fields relevant to Environmental Sustainability and Climate Change; Project Planning/Development, Development Studies, Environmental Science/ Climate Change or related discipline with a minimum of 2 years' experience in either leading or assisting in the management and implementation of projects.

The prospective candidate should demonstrate the ability for clear and concise writing and must be able to communicate well and to work effectively as part of a team with multiple stakeholders. Knowledge of the GCF policies and procedures would be beneficial. Consultants would be required to have sound knowledge and experience in their area of expertise. In addition, good communication and reporting skills with the ability to work efficiently and effectively will be important. Prior experience working with GCF funded projects or with multilateral development bank projects, will be an advantage. Specifically, the qualifications and responsibilities of the individual Consultants and Firm(s) will be as follows:

- a. **Environment and Social management Specialists (Firm):** The consultants will undertake all tasks within the scope of services, with expected professional skills and based on research, experience, knowledge and strong analytical capacities, in accordance with generally acceptable international standards and professional practices acceptable to the DFC. The ESMS must comply with the Government of Belize national laws and regulations and must be consistent with the requirements of CDB's Environment and Social Review Procedures consistent with IFC's performance standards 1-8. The Firm will be required to conduct comprehensive stakeholder engagements during the development of the ESMS, including with the indigenous population, and ensure gender equity. Qualifications will include advance degrees in Environmental Studies, Natural Resource Management, Environmental Policy or a related discipline with a minimum of six (6) years relevant experience in areas related to environmental and natural resource management, environmental assessment, environmental monitoring and environmental stewardship. Good knowledge and experience in developing and managing the implementation of Environmental and Social Management Systems (ESMSs), Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMP), and Environmental Management Frameworks. Good knowledge and experience of multi-criteria assessments, stakeholder engagement and consultation, community participation; analytical skills to assess institutional capacity and to design/ review practical arrangements for implementing complex projects, particularly in the Caribbean; and experience working in the area of climate change, for Bilateral and Multilateral Organizations, and with a cross-section of stakeholders.
- b. **Communication specialist:** The single consultant will be responsible for developing a communication mechanism for GCF funded projects and programmes developed and operationalized by the DFC. The prospective candidates should have a Masters degree in Mass Communications; Development Communication; Organisational Communications, Journalism, or other relevant fields with at least five (5) years of relevant experience in developing, designing, production and publishing/dissemination/airing of communication products using various media, and organising, and producing major events of regional or international nature. Knowledge of the GCF would be beneficial.
- c. **Audit/Accounting Specialist:** The objective of this consultancy is to develop an Internal Audit Manual that sets out guidelines for the execution of financial and operational audits, along with

guidelines for internal audit reports on procurement. The prospective candidate should be a Chartered Accountant, a Chartered Internal Auditor, or a Certified Internal Auditor. A minimum of five (5) years of experience in applying a consistent audit methodology, auditing, business risk management, internal controls, and governance or in a related field. Experience with auditing financial institutions will be an asset.

- d. **Credit Rating Agency (Firm):** The DFC plans to engage a regional or international credit rating agency to carry out a review of DFC's operations and assign it a private corporate credit rating. The review will cover DFC's policies, procedures and practices with regards to its management quality and operating efficiency, capital adequacy, asset origination, funding strategy, risk management, and asset and liquidity management. This will provide DFC with an analysis of how it performs in relation to peers in the region, as well as make recommendations for improvement, consistent with regulatory and best-practice industry standards. The Consulting Team should consist of persons having the appropriate professional and academic qualifications with experience and core competencies in providing ratings for corporate clientele. Experience working in the Caribbean region will be a benefit.
- e. **Investment Management Specialist:** The objectives of this consultancy are to develop an Investment Management Policy (IMP), and an Asset and Liability Management Framework. These instruments will enable the DFC Board and Senior Management to inform business strategies and risk management processes that are consistent with the Corporation's risk appetite and financial goals and objectives. The consultancy will also establish an Asset and Liability Committee (ALCO) whose primary responsibility will be to manage the risks associated with the corporation's assets and liabilities. The consultant should have a Masters Degree or equivalent in Finance or Accounting with a minimum of four years' experience in the design of investment plans and policies.
- f. **Procurement Specialist:** The objective of this consultancy is to develop a formal procurement policy for DFC. The policy will provide standards, guidelines, and systems to ensure a fair and transparent procurement processes. The candidate should have a Masters Degree in Management Studies, Finance, Engineering or Procurement Management or other related field and more than five years' experience in procurement management with projects funded by international organisations. Experience and knowledge of the procurement procedures of MDBs is an asset.

Officers from the DFC, managed by the DFC's Chief Strategist/Climate Champion, will support the PC. This will include providing logistical support for organizing stakeholder consultations and training sessions, and other administrative support as needed. DFC will also ensure that all project deliverables are done on schedule and presented to its Board and management for approval consideration (including presentations and progress reports to the BOD and management).

6.3 Risks and mitigation measures

Please include a set of identified risks and mitigation actions for each. Please utilize the risk table below that identifies the probability of a given risk occurring and the entity that will manage the risk. Please refer to Part III Section 6.3 of the Readiness Guidebook for further information on how to complete this section.

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Scheduling and Time Constraints	Delay in the start-up of project activities.	Low	Medium	Timely submission of disbursement request to be processed by the GCF/ fiduciary agent engaged for grant management services on behalf of the Fund for the early receipt of funds.	CDB
Implementation Risk	Belize DFC interest and commitment declines because of change in corporate focus. The COVID-19 pandemic may also cause delays in the delivery of project activities.	Low	High	The Government of Belize (the NDA) will continue to support the DFC nomination for accreditation and will ensure that this remains a priority for the DFC. Take advantage of the GCF response to COVID-19 to extend Readiness Programme Grants by six months.	NDA and DFC
Human Resource Risk	Timely identification of suitable consultants.	Low	Medium	Individual Consultant Selection and Consultants Qualifications Selection (in the case of a firm) will be used to source the consultants with well-defined TORs.	CDB
Financing Risk	Funding not received in a timely manner to implement this readiness grant.	Medium	High	Once funding for this readiness grant is approved by the GCF, the bilateral grant agreement will be prepared and signed in a timely manner between the CDB and GCF or fiduciary agent engaged for grant management services on behalf of the Fund; this	CDB and GCF or fiduciary agent engaged for grant management services on behalf of the Fund

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
				agreement will govern the request for disbursement of funding for this readiness grant. CDB will make a request for disbursements in accordance with the grant agreement in a timely and efficient manner.	
Management and governance	Corruption and other prohibited practices	Low	Low	CDB has robust financial and procurement policies. Also, CDB's Integrity and Ethics Policy, and its Whistleblower Policy, speaks to the Bank maintaining the highest standards of integrity and ethics with zero tolerance for fraud, corruption and similarly corrosive conduct.	CDB

6.4 Monitoring

CDB will monitor progress against the approved logical framework and provide reports to GCF/ GCF or fiduciary agent engaged for grant management services on behalf of the Fund. As determined by the grant agreement with GCF or fiduciary agent engaged for grant management services on behalf of the Fund, CDB will provide an interim progress report and a financial report on the use of Grant funds after six months of receiving the first disbursement. The PC will provide monthly project reports to CDB. These reports will track project implementation and help to identify potential problems and inform the corrective actions to be taken by CDB, with the support of DFC and NDA. This will ensure that the project is within scope, on budget and meets the specified deadlines. In addition, effective communication will be maintained with the NDA and the DFC throughout the project, and with GCF staff and advisors, using already established communication channels.

6.5 Other Relevant Information

This readiness grant will further strengthen cooperation between CDB, the NDA and the DFC. Already CDB is providing technical support to DFC to strengthen its financial systems and to improve technical capacity to evaluate climate risk in DFC's credit programmes. In addition, the Bank is financing technical assistance to improve DFC's institutional capacity to assess and manage climate risks in its credit delivery and administration processes (recently concluded through CDB's grant resources) and providing a line of credit to the DFC to continue financing on affordable terms. CDB is also working with the Government of Belize (on-going) on various projects, including a recent Readiness grant, completed and approved in 2019. CDB as the delivery partner brings significant experience in the financial, procurement, environment and social safeguards elements of this project. These safeguards also include a Whistle-blower policy and a Project Complaints Mechanism policy, which is applied across its projects operations. As DP, these policies will also apply to this project. As a development agency working in the Region for fifty (50) years, CDB brings a wealth of knowledge and information to the development of this project. In addition, CDB is an Accredited Entity to the GCF since 2016 and has a good understanding of the GCF process.

The outputs of this readiness grant will improve the governance and administrative structure of the DFC. They are essential to ensure the sustainability of its operations and facilitate continued access to development resources to support Belize's economic growth. The policies and procedures established under this readiness grant will all contain elements to support "buy in" at all levels of the corporation, and detail definitive roles and responsibilities for the respective players. All policies will be approved without reservation by the Board of Directors. The Board will also ensure that the spirit of these policies and guidelines are reflected in all the BOD's decisions. Management will ensure effective communication of all policies and procedures throughout the organization and ensure that resources are deployed to support policy implementation (including training for all relevant staff). Management will also be charged with implementing systems for monitoring adherence of all policies and procedures. General staff will be required to attend training/ capacity building sessions in the use and applicability of these policies and procedures and will be held accountable for non-adherence to same.

Given CDB's long standing relationship with the DFC, and its experience with providing TA to the institution, the risk of Board/ Management rejection of the policies and procedures emanating from this TA is minimal. DFC's Board and Management are progressive and forward thinking. The organization is committed to its vision of providing World-class, high impact, innovative, inclusive and accessible financial services. The Board, management and staff are also committed to attaining the strategic objectives outlined in the corporation's Strategic Development Plan - including mainstreaming climate and gender in all its operations. This is clearly evident in the Board's recent approval of the Climate Change policy and associated Climate Risk Vulnerability Assessment (CRVA) tools emanating from the CDB funded Climate Risk Assessment Consultancy. In fact, both the policy and CRVA tools (outputs of the TA) were readily accepted by the management and staff and are already in use in the corporation's credit appraisal process.

CDB expects total and unreserved Board acceptance of the outputs of this proposed readiness grant. This project will strengthen the capacity of the DFC to become the second DAE in Belize. It is expected therefore, that lessons learned through this project will be of value for other national entities, which may emerge as DAE for accreditation to the GCF. On completion of the project, the DFC should have in place the requisite policies, systems and procedures to satisfy the accreditation requirements of the GCF, and will no longer require GCF support since the systems, policies and procedures will be fully owned and supported by DFC. This accreditation will allow the DFC to on-lending and blend finances for micro and small projects with low to medium risk, going to the GCF. The project will produce knowledge products, including manuals, which will serve DFC after the project has ended. This information while pertinent to DFC, will be shared with the NDA and other relevant stakeholders to build skills. The DFC will also receive continued support from the Government of Belize during the accreditation process.

READINESS & PREPARATORY SUPPORT



BUDGET, PROCUREMENT & IMPLEMENTATION PLAN

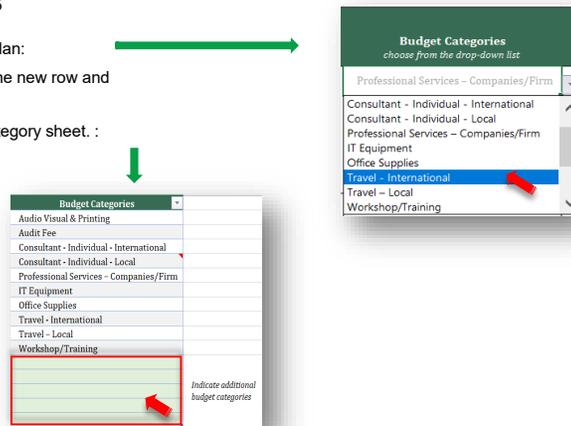
Readiness Grant Budget Preparation Guidelines

This file contains three specific planning tools to complete the supplementary information required when submitting a proposal for Readiness Programme support (including for NAP/adaptation planning):

- Budget plan and accompany Budget notes
- Procurement plan
- Implementation plan

The following considerations are important when completing the budget:

1. Before preparing the Readiness and budget, procurement, and implementation plans, please read the full guidance contained in the Readiness Programme Guidebook, specifically Part III Section 5
2. You can select the appropriate budget categories from the dropdown list in the budget plan:
3. To insert additional rows, right click on the row number below where you wish to insert the new row and choose INSERT.
4. Additional budget categories may be added by manually typing them on the Budget Category sheet. :
5. The Budget Notes sheet should be used to record explanations, further details or cost breakdowns for individual lines



Project Management Cost:

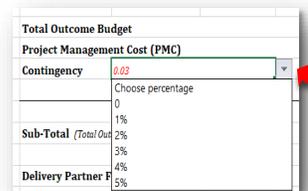
Project management costs (PMC) are the direct administrative costs incurred to execute a project. They should cover only incremental costs incurred due to the GCF contribution. In most cases, these costs are directly related to the support of a dedicated project management unit which manages the day to day execution related activities of the project.

General Principles for PMC costs:

1. The percentage of PMC financed by GCF should not be more than the percentage share of the overall budget financed by GCF
2. PMC budget thresholds: Up to 7.5 per cent of total activity budget.
 - > PMC exceeding 7.5 per cent for the readiness (including NAPs) proposals, and PPF proposals, up to \$ 3 million will require detailed documentation and justification supporting the entire PMC budget.
 - > The PMC should be shown as a separate component in the project budget. A detailed breakdown of PMC should be provided by budget category.
 - > Indicative list of eligible project management costs:
 - > **Project staffing and consultants:** Project manager, Project Assistant, Procurement personnel, Finance personnel & Support/admin. Personnel
 - > **Other direct costs:** Office equipment, Mission related travel cost of the PMU, Project management systems and information technology, Office supplies, Audit cost

Contingency :

1. Select the appropriate % of Contingency Budget from the dropdown list :
2. Contingency budget for unforeseen costs arising during the project implementation should not be included in the outcome budget separately.
3. Contingency budget must be used for any unforeseen programme (output level) cost that is unrelated to implementation/service fee.
4. Any use of contingency must be reported to and agreed by the GCF Secretariat in writing in advance provided with justifications that are acceptable to the GCF
5. If by the end of the grant implementation period, you have not spent Contingency, you may not increase the scope of the project or make any other expenditures using the Contingency.



If you are unsure about how to complete the budget template, please send your query to: accounts@peterborough.gov.uk

Budget Categories
Audio Visual & Printing
Audit Fee
Consultant - Individual - International
Consultant - Individual - Local
Professional Services – Companies/Firm
IT Equipment
Office Supplies
Travel - International
Travel – Local
Workshop/Training

Indicate additional budget categories

5.1 Budget Plan

Please add rows for Outcomes, Outputs and Cost Categories as required. Additional budget categories may be added by manually typing them on the Budget Category sheet.

Outcomes / Outputs	Detailed Budget (in US\$)						Total Budget (per outcome)	Expenditure Plan							
	Budget Categories choose from the drop-down list	Unit	# of Unit	Unit Cost	Total Budget (per budget category)	Total Budget (per sub-outcome)		6m	12m	18m	24m	30m	36m		
Outcome 1.2: Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities	Output 1.2.1: Investment Management Policy developed and Asset and Liability Committee established to streamline DFC's investment priorities	Consultant - Individual - International	W/Day	120	600	72,000	78,750	57,600	14,400						
		Travel - International	Trips	2	3,375	6,750			6,750						
	Output 1.2.2: Private Corporate Credit Rating from a recognized international credit rating company acquired.	Professional Services – Companies/Firm	Lumpsum			96,000	106,125	96,000							
		Travel - International	Trips	3	3,375	10,125		10,125							
	Output 1.2.3: Internal Audit Manual developed.	Consultant - Individual - International	W/Day	90	500	45,000	55,950	36,000	9,000						
		Travel - International	Trips	2	2,975	5,950		5,950							
		Workshop/Training	W/Day	2	2,500	5,000		5,000							
	Output 1.2.4: Detailed procurement policy developed.	Consultant - Individual - International	W/Day	65	500	32,500	45,535	26,000	6,500						
		Travel - International	Trips	3	2,678	8,035		8,035							
		Workshop/Training	W/Day	2	2,500	5,000		5,000							
	Output 1.2.5: Communication mechanism for GCF funded projects and programmes developed and operationalised.	Consultant - Individual - International	W/Day	45	500	22,500	30,835	18,000	4,500						
		Travel - International	Trips	3	2,778	8,335		8,335							
	Output 1.2.6: Environment and Social Management System (ESMS) developed and institutionalized.	Professional Services – Companies/Firm	Lumpsum			85,000	102,920	68,000	17,000						
		Travel - International	Trips	3	3,473	10,420		10,420							
		Workshop/Training	W/Day	3	2,500	7,500		7,500							
Total Outcome Budget						420,115	368,715	51,400							
Project Management Cost (PMC) Up to 7.5% of Total Activity Budget	Project Coordinator (local person based at the DFC)	Month	12	2,275	27,300	Actual amount and % of PMC requested: do not change the formula	Maximum PMC that can be requested: do not change the								
	Audit Fee	Lumpsum	1	4,000	4,000										
					-										
					-			31,300							
					-			7.45%							

Disbursement Plan		
1st	2nd	3rd
439,099	59,802	0

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Breakdown (per budget category)	Total (per budget category)
Audio Visual & Printing	-
Audit Fee	4,000
Consultant - Individual - International	100,000.00
Consultant - Individual - Local	-
Professional Services – Companies/Firm	181,000.00
IT Equipment	-
Office Supplies	-
Travel - International	49,615.00
Travel – Local	-
Workshop/Training	17,500.00
0	-
0	-
0	-
0	-
0	-
Total Outcome Budget + PMC	352,115.00

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Total Outcome Budget		420,115
Project Management Cost (PMC)	7.5% requested	31,300
Contingency	2% requested	8,402
<hr/>		
Sub-Total (Total Outcome Budget + Contingency + PMC)		459,817
<hr/>		
Delivery Partner Fee (DP) - Up to 8.5% of the Sub-Total		39,084
<hr/>		
Total Project Budget (Total Activity Budget + Contingency + PMC + DP)	\$	498,902

Budget Note	Detailed Description
Consultant - Individual - International	One international consultant (financial specialist) for 120 working days @USD600 per day for activity 1.2.1.
Professional Services – Companies/Firm	Credit rating company/firm (or similar agency) lumpsum payment of USD96,000 for activity 1.2.2.
Consultant - Individual - Internation	One regional consultant (audit specialist) for 90 working days @USD500 per day for activity 1.2.3.
Consultant - Individual - Internation	One regional consultant (procurement specialist) for 90 working days @USD500 per day for activity 1.2.4.
Consultant - Individual - Internation	One regional consultant (communications specialist) for 62 working days @USD500 per day for activity 1.2.5 and activity 1.2.6.
Professional Services – Companies/Firm	Companies/Firm (environment and social safeguard services) lumpsum paymet of UDS85,000 for activity 1.2.6.
Project Coordinator	Project Coordinator (PC) will be hired to oversee the execution of the project activities.
Travel Cost - International	Travel and per diem for travel to Belize for Activity 1.2.1: Travel (2 Round Trips 4 days each) @USD1800; Per Diem (Hotel and Meals and Incidentals) - @295 per day (5 days); Transportation Cost - @\$100 per trip
Travel Cost - International	Travel and per diem cost for company/firm to travel to Belize to carry out work for activity 1.2.2: Travel (2 Round Trips 4 days each) @USD1800; Per Diem (Hotel and Meals and Incidentals) - @295 per day (5 days); Transportation Cost - @\$100 per trip.
Travel Cost - International	Travel and per diem cost for regional consultant to travel to Belize to carry out work for activity 1.2.3: Travel (2 Round Trips 4 days) @USD1400.00; Per Diem (Hotel and Meals and Incidentals) - @295 per day (5 days); Transportation Cost - @\$100 per trip.
Travel Cost - International	Travel and per diem cost for regional consultant to travel to Belize to carry out work for activity 1.2.4: Travel (2 Round Trips 4 days) @USD1400.00; Per Diem (Hotel and Meals and Incidentals) - @295 per day (5 days); Transportation Cost - @\$100 per trip. <u>Workshop Costs</u> : Travel (1 Round Trips 2 days) @USD1100.00; Per Diem (Hotel and Meals and Incidentals)- 3 days @ \$295 per day; Transportation Cost - @\$100 per trip.
Travel Cost - International	Travel and per diem cost for regional consultant to travel to Belize to carry out work for activity 1.2.5 and activity 1.2.6: Travel (2 Round Trips 4 days) @USD1400.00; Per Diem (Hotel and Meals and Incidentals) - 5 days @ \$295 per day; Transportation Cost - @\$100 per trip. <u>Support to ESMS Consultant</u> : Travel (1 Round Trips 2 days) @USD1400.00; Per Diem (Hotel and Meals and Incidentals) - 3 days @ \$295 per day; Transportation Cost - @\$100 per trip
Travel Cost - International	Travel and per diem cost for international consultant to travel to Belize to carry out work for activity 1.2.6: Travel (2 Round Trips 5 days) @USD1800.00; Per Diem (Hotel and Meals and Incidentals) - 6 days @ \$295 per day; Transportation Cost - @\$100 per trip. <u>Workshop Costs</u> : Travel (1 Round Trips 3 days) @USD1800.00; Per Diem (Hotel and Meals and Incidentals) - 4 days @ \$295 per day; Transportation Cost - @\$100 per trip.

5.2 Procurement Plan

For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in Section 3, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

Item	Item Description	Estimated Cost (US\$)	Procurement Method	Thresholds (Min-Max monetary value for which indicated procurement method must be used)	Estimated Start Date	Projected Contracting Date
Goods and Non-Consulting Services						
Workshop/Training for DFC Staff on new Procurement Policy for Activity 1.2.4	Catering Services; training materials, stationary, printing; equipment rentals	5,000.00	Direct Selection (DS)	\$0-\$10,000	1-May-2021	1-Jul-2021
Workshop/Training for DFC Staff on new Internal Audit Manual for Activity 1.2.3	Catering Services; training materials, stationary, printing; equipment rentals	5,000.00	Direct Selection (DS)	\$0-\$10,000	1-Jan-2021	1-Mar-2021
Workshop/Training for DFC Staff on new E&S Policy for Activity 1.2.6	Catering Services; training materials, stationary, printing; equipment rentals	7,500.00	DS	\$0-\$10,000	1-Jul-2021	1-Sep-2021
Travel Cost - International	Travel cost for international consultant to carry out work for Activity 1.2.1	6,750.00	Shopping	No Threshold	1-Dec-2020	1-Jan-2021
Travel Cost - Regional	Travel cost for company/firm to support DFC Credit Rating Application for Activity 1.2.2	10,125.00	Shopping	No Threshold	1-Dec-2020	1-Jan-2021
Travel Cost - Regional	Travel cost for regional consultant to develop audit manual for DFC for Activity 1.2.3.	5,950.00	Shopping	No Threshold	1-Dec-2020	1-Jan-2021
Travel Cost - Regional	Travel cost for regional consultant to develop a procurement policy for DFC for Activity 1.2.4.	8,035.00	Shopping	No Threshold	1-Mar-2021	1-Apr-2021
Travel Cost - Regional	Travel cost for regional consultant to develop a communication policy for DFC for Activity 1.2.5.	8,335.00	Shopping	No Threshold	1-Jul-2021	1-Aug-2021
Travel Cost - International	Travel cost for international consultant to develop an environment and social safeguards policy for DFC for Activity 1.2.6.	10,420.00	Shopping	No Threshold	1-May-2021	1-Jun-2021
Sub-Total (US\$)		\$ 67,115.00				
Consultancy Services						
Consultant - Individual - International - Activity 1.2.1	Financial Specialist to develop ALCO and Financial Policy	72,000.00	Individual Consultant Selection (ICS)	No Threshold	1-Dec-2020	1-Jan-2021
Professional Services – Companies/Firm - Activity 1.2.2	Agency to support DFC Credit Rating Application	96,000.00	Consultants Qualifications Selection	\$0-\$100,000	1-Dec-2020	1-Jan-2021
Project Coordinator (local person based at the DFC)	To oversee the execution of the project activities.	27,300.00	ICS	No Threshold	1-Dec-2020	1-Jan-2021
Audit Firm	To carry out audit of the project after implementation	4,000.00	Consultants Qualifications Selection	\$0-\$4,000	1-Feb-2022	1-Mar-2022
Consultant - Individual - Regional - Activity 1.2.3	Specialist to develop internal audit manual	45,000.00	ICS	No Threshold	1-Dec-2020	1-Jan-2021
Consultant - Individual - Regional - Activity 1.2.4	Procurement specialist to develop detailed procurement policy	32,500.00	ICS	No Threshold	1-Mar-2021	1-Apr-2021
Consultant - Individual - Regional - Activity 1.2.5	Specialist to develop communication mechanism for GCF projects/programmes	22,500.00	ICS	No Threshold	1-Jun-2021	1-Jul-2021
Professional Services – Companies/Firm - Activity 1.2.6	Environment and Social Safeguard specialist to develop E&S policy for DFC	85,000.00	ICS	No Threshold	1-Jun-2021	1-Jul-2021
Sub-Total (US\$)		\$ 384,300.00				

