

Technical Assistance (TA) Facility Guidelines

The TA Facility funds the preparation of EE and RE projects through pre-investment EE audits and RE studies.

Product

The TA Facility provides non-reimbursable funds to pay for EE audits and RE studies that support the preparation of EE and RE projects implemented by eligible businesses. Businesses that are awarded support by the TA Facility are required to provide counterpart funding in the form of a deposit, which is reimbursed in full in case the project assessed with support by the TA Facility is implemented with support by the EE Retrofit and RE Finance Facility (or if the project is deemed not viable and not implemented).

Size

The total size of the TA Facility is BDS\$1,000,000 (one million), subject to any potential reallocation of funds among the Smart Fund's facilities. Since this facility provides non-reimbursable funds, it operates on a non-revolving basis until the total funding available is used. However, deposits that are not fully reimbursed to businesses (due to a project not being implemented although deemed viable, or implemented but not with financing from the EE Retrofit and RE Finance Facility) accrue to the account of the TA Facility and are used for funding other audits and studies.

Eligibility criteria

This section describes criteria for identifying customers and projects eligible for support under the TA Facility. These criteria are complemented by those on eligible EE and RE technologies under the EE Retrofit and EE Finance Facility (Smart Fund Loan Facility)—this means that, for being eligible to receive funding under the TA Facility, an EE audit or RE study must meet the criteria regarding customers and projects, and must also consider the assessment of technically and economically viable EE and RE technologies as described in EE Retrofit and EE Finance Facility (Smart Fund Loan Facility) guidelines.

Eligible customers

Persons eligible for support by the TA Facility are, normally, only businesses that meet the criteria defining Small or Medium-Sized Businesses. A Small or Medium-Sized Business is defined—consistent with the definition by the Central Bank of Barbados—either as one incorporated under the Companies Act and approved as a small business in accordance with the Small Business Development Act, 1999-23; or one that meets the following criteria:

- Gross sales/revenues up to and not exceeding BDS\$5 million per year.
- Stated or paid-up capital up to and not exceeding BDS\$2 million.
- Majority (over 50 percent) Barbadian-owned.

- Not controlled by another business whose reserves and/or capital or non-Barbadian ownership exceed the criteria above.
- Criterion for hotels only: accommodation capacity must not exceed fifty (50) rooms.
- Criterion for businesses engaged in agriculture only: acreage under cultivation must not exceed 25 acres.

EGFL and the PEU have the authority, within reason, to establish exceptions to this rule on a case-by-case basis.

Eligible entities or individuals to perform audits or feasibility studies

Entities or individuals that perform an audit or a feasibility study for a business that receives support by the TA Facility must qualify as Smart Fund Partners (SFPs). If a business wants to hire an entity or individual for performing an audit or a study that is not a SFP, it may do so—provided that such entity can qualify as a SFP at that point.

Eligible projects

Projects eligible for support under the TA Facility consist of pre-investment EE audits, and RE studies. Audits and studies eligible for support are identified by (i) criteria on eligible EE and RE technologies to be assessed; and (ii) criteria on eligible types of EE audits and RE studies. Criteria on eligible EE and RE technologies are those described in the EE Retrofit and RE Finance Facility guidelines.

Criteria on eligible types of EE audits and RE studies are as follows:

- **EE audits**—these are defined as detailed assessments of the technical and financial viability of installing EE equipment and material at business premises, and adopting EE actions (EE equipment, material, and actions are collectively identified as EE measures). The result of an EE audit is a detailed Audit Report that describes and assesses:
 - Baseline energy consumption patterns and key energy end-uses of the business involved in the audit.
 - Detailed capital, installation, and operation and maintenance costs of each EE measure proposed to achieve energy savings.
 - Proposed financing of EE measures considered through equity and debt instruments.
 - Savings expected to be achieved through proposed EE measures, in energy terms (kWh saved per year and over life cycle) and in monetary terms (BD\$ saved per year and over life cycle, net present value of measures, payback period of measures).

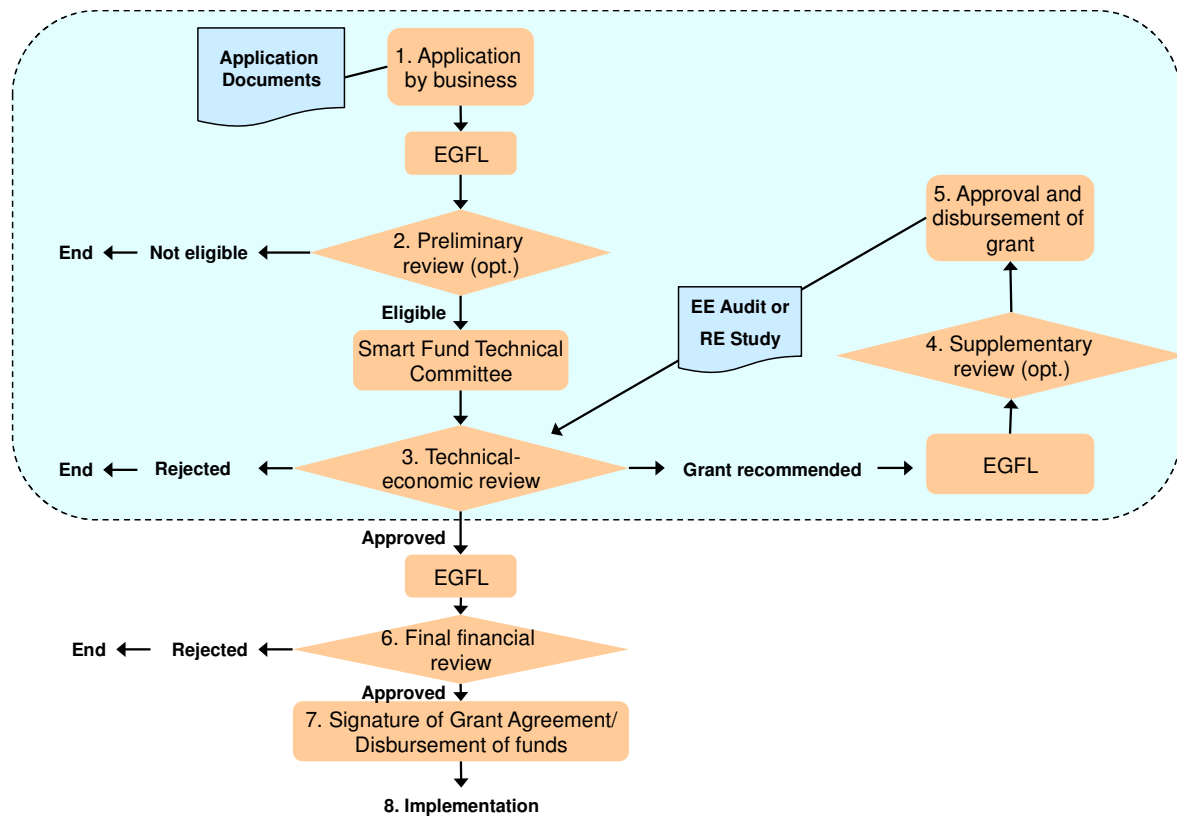
Preliminary audits, also known as walk-through audits, are not eligible for support by the TA Facility.

- **RE studies**—these are defined as any study that prepares a project for generating electrical and/or thermal energy from renewable sources, under a technical, financial, or environmental point of view. RE studies eligible for support include technical and economic feasibility studies, studies on the financial structuring of a RE project, environmental impact assessments for a RE project; and generally any study that is necessary for assessing the technical, economic, financial, environmental viability of RE projects, thus allowing them to be financed and implemented.

Processing of support

Processing of support under the TA Facility may be integrated within processing of support under the EE Retrofit and RE Finance Facility. This is not necessarily the case—EE and RE projects may also be approved without needing or receiving support from the TA Facility. The individual steps for applying for support under the TA Facility are outlined together with those for applying for support under the EE Retrofit and RE Finance Facility in the figure below. Note that steps 2 and 4 are optional—EGFL may or may not perform them, and may decide to perform just one final review under step 6.

Project Cycle—TA Facility



Note: the project cycle for the TA Facility is shown in the shaded area within dotted line. The figure also shows the project cycle for the EE Retrofit and RE Finance Facility. Steps 2 and 4 are optional.

Terms and conditions

Terms and conditions for grants awarded under the TA Facility are as follows:

- **Size of grants:** grants to pay for EE audits and RE studies may amount to a maximum of BDS\$40,000, depending on the project. Grants are awarded to cover the entire cost of the approved EE audit or RE study (conditional to a deposit being received by the applicant as counterpart funding, as described below).
- **Deposit (counterpart funding and management fee):** EGFL determines the size of a **deposit** that the applicant should make (in cash, or kind) to the account of the TA Facility, as prior condition

to approval and disbursement of the grant to pay for the EE audit or RE study. The value of the deposit may be up to 50 percent of the grant amount, depending on EGFL's assessment of project risk, project size, and creditworthiness of the applicant.

The percentage of the total grant amount that EGFL determines for the applicant's deposit includes a 2% **management fee**. This management fee is charged by EGFL to the applicant, and accrues to EGFL's own account at the time of each grant disbursement. The remaining part of the deposit (after subtracting the management fee) is treated in one of three ways depending on the project outcome:

- If the project assessed by the EE audit or RE study is deemed viable, and ultimately implemented with a loan from the EE Retrofit and RE Finance Facility, the remaining part of the deposit is fully reimbursed to the applicant by being subtracted from the principal of the loan.
- If the project assessed by the EE audit or RE study is deemed not viable and is not implemented, the remaining part of the deposit is fully reimbursed to the applicant in cash.
- If the project assessed by the EE audit or RE study is deemed viable, but ultimately not implemented, or is implemented but without a loan from the EE Retrofit and RE Finance Facility, the deposit is not reimbursed to the applicant, and definitely accrues to the account of the TA Facility's account to be used for funding other EE audits or RE studies for other successful applicants.

EGFL and the Smart Fund Technical Committee (SFTC) may, at their discretion, waive the requirement of a deposit when they deem appropriate.

- **Grant restrictions.** Only one grant may be awarded to any business. However, a SFP may be hired by more than one business to perform an audit or study under the TA Facility. Grants are awarded to businesses on a first-come, first-served basis.
- **Inspection.** Businesses that receive a grant for funding an EE audit or RE study commit to using the funding only for purposes agreed with EGFL, and agree to random inspections by independent auditors hired by the Energy and Telecommunications Division (ETD) in accordance with its procurement rules and IDB's, or dedicated ETD staff, to verify that use of funding is appropriate and terms and conditions are respected. IDB staff is also entitled to carry out inspections.
- **Grant Agreement.** A condition prior to disbursement of any grant provided under the TA facility is the signature of a Grant Agreement by EGFL and the beneficiary of the grant. EGFL is responsible for drafting a standard Grant Agreement that specifies the size and purpose of the grant; terms and conditions of the grant, including the required deposit and management fee; and rights and duties of parties regarding inspection.