

**Inter-American Development Bank
Technical Cooperation Program (Trust Fund Financing)**

TC/FUNDS BRIEF

TC N°: RG-T1529

I. GENERAL INFORMATION

Name of the T.C. Project:	Assessment of wastewater management in the Wider Caribbean
Name of the Trust Fund:	IDB-Netherlands Water Partnership Program (NWP)
Beneficiary country:	Wider Caribbean Countries
Beneficiary agency:	INE/WSA
Team Members:	Maria del Rosario Navia (INE/WSA); Ruben Dario Avendano (INE/WSA); Ricardo Quiroga (INE/RND); Rikke Olivera (INE/RND); Evan Cayetano (WSA/CJA); Javier Grau (WSA/CGY) and; Yvon Mellinger (INE/WSA), Team Leader
Estimated Total Amount to be financed:	US\$ 150,000
• Financed by trust fund:	US\$ 150,000
• Financed local counterpart:	NA
• Financed by other sources	NA
Execution and Disbursement Deadlines:	First semester of 2008

II. BACKGROUND

- 2.1 The Countries of the Wider Caribbean Basin¹ (the "*Caribbean Basin*") demonstrated their support for efficient and effective domestic waste water management by ratifying the Convention for the Protection and Development of the Marine Environment in the Wider Caribbean Region, also known as the Cartagena Convention, adopted in Cartagena, Colombia on 24 March 1983, and signing the Protocol on Land based Sources of Marine pollution (LBS Protocol), which was adopted on October 6, 1999. Those legal instruments set ambitious goals to govern domestic sewage discharges into the waters of the wider Caribbean.

¹ *Wider Caribbean Basin*, for the purposes of the present discussion, commonly refers to those countries having ratified the Cartagena Convention (Antigua and Barbuda, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Grenada, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Venezuela)

- 2.2 During the 12 Intergovernmental Meeting (IGM) on the Action Plan for the Caribbean Environment Programme, held in Jamaica on December 2, 2006, a specific decision was approved, requesting the Secretariat: *“to continue efforts to develop innovative financial mechanisms such as the Caribbean Revolving Fund for Wastewater Management to assist countries in meeting the obligations of the Cartagena Convention and in particular the Land Based Sources of Marine Pollution Protocol”*.
- 2.3 As part of the initiative of the Global Environmental Facility (GEF) to assist countries in the Wider Caribbean Region to establish or expand environmentally acceptable, sustainable and cost effective wastewater management programs, they have requested the United Nations Environment Program (UNEP) and the Inter American Development Bank (IDB) to support their effort in creating a dedicated fund (The Fund).
- 2.4 The GEF will provide the funding, and UNEP and IDB will be the implementing agencies. However, in order to address the real needs of the Wider Caribbean countries in terms of waste water treatment and management, and to offer an effective financing mechanism, a detailed diagnosis of the situation is required. The findings and recommendations of the studies to be produced under this technical cooperation will be used for the structuring of The Fund.

III. OBJECTIVES

- 3.1 The objective of this TC is to help the IDB to design a Fund to finance wastewater management projects in the Caribbean Basin. The consultancy should provide recommendations on the structure, organization and operation of the Fund in order to maximize the impact of this instrument on wastewater management in the Caribbean.
- 3.2 The study will review the financial, legal and institutional constraints in the implementation of sustainable wastewater treatment and management initiatives in the Wider Caribbean and develop lines of action to address those constraints. It will specifically propose solutions that would build upon existing tools such as IDB's and other donors' financial instruments and initiatives.

IV. DESCRIPTION

- 4.1 This TC will be implemented in 4 sequential phases: a) Diagnostic; identification of the financial constraints in the development of wastewater treatment solutions in the wider Caribbean countries; b) Workshops; validation of constraints and evaluation of potential solutions; c) Proposal for the structure of the Fund, its modus operandi and an action plan for its first years of operation and; d) Presentation and divulgation of the proposal for the Fund.

- 4.2 Consulting Services Required: The project will finance the contracting of a consulting firm with experience and technical expertise in the water and sanitation sector and in the structuring of financing for public services infrastructure investment in Countries of the Wider Caribbean Region. The selection process will be carried out in accordance with the Bank's procurement rules.
- 4.3 Qualification of the consultants: The core team for this project should consist of a minimum of three consultants: a) a project team leader with extensive experience in the water and sanitation sector in the Wider Caribbean Region; b) a financial expert with extensive experience in structuring financing for public services infrastructure and; c) an economist with experience in the water and sanitation sector and in valuation of public goods.
- 4.4 Outputs required: In addition to the workshops and the presentations that will be conducted as part of this assignment, the Consulting firm will provide the following specific outputs: a) an Initial report – brief report including the work plan; b) The diagnostic report – presentation of the results of the Consulting Firm to be presented at the workshops for validation c) a draft final report and; d) a final report – presentation of the findings and recommendations that includes the feedback received on the draft report.
- 4.5 Duration: The project will be executed within 4 months, with a disbursement period of 5 months.

V. JUSTIFICATION

- 5.1 The Water and Sanitation Initiative of the IDB proposes ambitious targets and seeks to position the Bank as the alternative of choice for national and sub national governments in delivering on their commitments to improve the services of water and sanitation. Those targets are aligned with the objectives pursued by the Fund, which could reinforce Bank actions in increasing the level of funding for sanitation, help mobilize financial resources, support pre investment, amongst others.

VI. BUDGET

- 6.1 The total cost of the project is US\$ 150,000, which will cover the cost of contracting consulting services and related costs, specifically travel and per diem expenses, as well as the cost of workshops and reproduction and dissemination. Since the project is primarily an input for a regional project, no counterpart financing or co-financing has been required.

Type of expense	TRUST FUND	TOTALS
Honorarium.		
<i>Expert Water and Sanitation</i>		
50 working days x US\$ 580	29,000	29,000
<i>Expert Financial</i>		
40 working days x US\$ 500	20,000	20,000
<i>Expert Economist</i>		
30 working days x US\$ 500	15,000	15,000
Overhead :	30,000	30,000
Per diem :		
40 days x US\$ 250	10,000	10,000
International Travel:		
10 tickets x US\$ 1800	18,000	18,000
Local Travel (to other cities):		
8 tickets x US\$ 500	4,000	4,000
Other Costs : (Workshops- copies)	24,000	24,000
GRAND TOTALS	150,000	150,000

VII. SOCIAL AND ENVIRONMENTAL IMPACTS

- 7.1 Due to the nature of the project, it is not expected to have direct environmental or social impact. However, it is anticipated that the project will assist the beneficiary countries in reducing potential environmental and social impacts associated with the lack of adequate wastewater management. The project has classification C according to the Sustainable Finance Toolkit.

VIII. RESPONSIBILITY IN THE BANK

- 8.1 **Technical Responsibility:** this rests primarily with the Water and Sanitation Division of the Infrastructure and Environment Sector. The Team leader for the project is Yvon Mellinger (phone: 202-623-2121; Fax: 202-623-1708; e-mail: yvonm@iadb.org).
- 8.2 **Responsibility for Disbursements:** This will likewise rest with the leader for the project, Yvon Mellinger (INE/WSA).

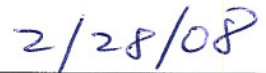
IX. RECOMMENDATION

- 9.1 Yvon Mellinger, designated team leader for the project of the reference, recommends the approval of this operation and the use of resources from the IDB-Netherlands Water

Partnership Program (NWP), totaling up to US\$ 150,000 in order to finance the corresponding project.

X. CERTIFICATION

- 10.1 I certify that this operation was approved for financing under the IDB-Netherlands Water Partnership Program (NWP) through an email dated February 13, 2008 from Wijnand Marchal, First Secretary of The Netherlands Embassy. Also, I certify that resources from the NWP are available for up to US\$**150,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of twelve (12) months counted from the date of signature below. If the project is not approved by IDB within that period, the reserve of resources will be cancelled, except if a new certification is obtained. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration defined and payments to consultants, except that local consultants working in their own borrowing member country shall have their remuneration defined and paid in the currency of that country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this T/C Funds Brief. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

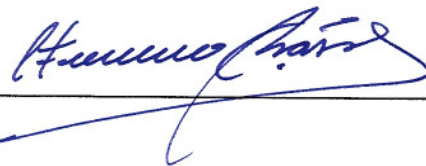


Marguerite S. Berger
Chief
Grants and Co-financing Unit
VPC/GCM

Date

XI. APPROVAL

Approved:



C. Federico Basaños
Chief
Water and Sanitation Division
INE/WSA

Date