

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**REGIONAL**

**ISLANDS-CARIBBEAN INCUBATOR FACILITY**

**(RG-O1674)**

**FACILITY DOCUMENT**

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ABBREVIATIONS	
C&W	Chemicals and Wastes
ELVs	End-of-Life Vehicles
ESMR	Environmental and Social Management Report
ESS	Environmental and Social Strategy
FC	Facility Coordinator
GEF	Global Environmental Facility
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
MSW	Municipal Solid Waste
POPs	Persistent Organic Pollutants
SIDS	Small Island Developing States
SPF	Safeguard Policy Filter
SWM	Solid Waste Management
TCA	Technical Cooperation Agreement
ULABs	Used Lead Acid Batteries
WEEE	Waste Electrical and Electronic Equipment

**PROJECT SUMMARY**  
**REGIONAL**  
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Implementation Arrangements and Budget						
Beneficiary Countries						
Barbados, Bahamas, Belize, Dominican Republic, Guyana, Suriname, and Trinidad and Tobago <sup>1</sup>						
Executing Agencies:						
Legally established entities may receive and administer resources under this facility						
Source		Amount (US\$)			%	
Global Environmental Facility - GEF (FMM)		10,000,000			100	
Cofinancing:		0			0	
Total:		10,000,000			100	
Project Summary						
<p><b>Objectives:</b> The general objective of this document is to establish a facility to support the sustainable management of hazardous Chemicals and Wastes (C&amp;W) in the Caribbean. The specific objectives are: (i) to finance the development and strengthening of policy, legal, regulatory, and financial frameworks, tools, and instruments; and (ii) to channel financing to the private and public sectors to advance the sustainable management of hazardous C&amp;W.</p> <p><b>Funding and Types of Financing:</b> The facility will be funded, in the amount of US\$10 million, by the Global Environmental Facility (GEF) under its Global Islands Program. The facility will provide financing to public and private sector entities through two financial instruments: (i) non-reimbursable technical assistance; and (ii) investment grants. In all cases, resources will be channeled through individual projects (subprojects_ to be approved by the IDB Group (IDB, IDB Invest or IDB Lab). All individual projects will have to comply with the eligibility criteria described in ¶2.7.</p> <p><b>Structure:</b> The facility will be structured in five components: <b>Component 1:</b> Financing policy and regulatory enabling processes to safely manage hazardous C&amp;W (US\$700,000); <b>Component 2:</b> Improving the bankability of hazardous C&amp;W public sector projects (US\$1.2 million); <b>Component 3:</b> Supporting small and medium size private sector investments in sustainable management of C&amp;W (US\$5 million); <b>Component 4:</b> Supporting large private sector investments in sustainable management of C&amp;W (US\$2.5 million); and <b>Component 5:</b> Designing applied knowledge mechanisms for partnership building (US\$200,000). Resources will be allocated to project administration and management costs by executing agencies (US\$340,000), and to monitoring and evaluation (US\$60,000).</p> <p><b>Priority Waste Streams:</b> The facility will prioritize investments in the following waste streams: Persistent Organic Pollutants (POPs) and hazardous pesticides; Waste Electrical and Electronic Equipment (WEEE); End-of-Life Vehicles (ELVs); mercury containing products; organic and municipal solid waste; used and end-of-life tires; plastics, including agriculture plastics; used lubricating oils; and healthcare waste.</p>						
Exceptions to Bank Policies: N/A						
Strategic Alignment						
Challenges <sup>(a)</sup> :	SI	<input type="checkbox"/>	PI	<input checked="" type="checkbox"/>	EI	<input checked="" type="checkbox"/>
Cross-Cutting Themes <sup>(b)</sup> :	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>	IC	<input checked="" type="checkbox"/>

<sup>(a)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(b)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

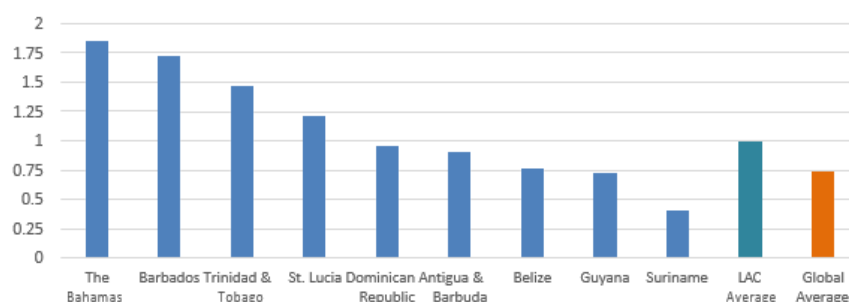
<sup>1</sup> For purposes of this facility, other Small Island Developing States (SIDS) countries recognized by GEF's Global Island Program, namely Antigua and Barbuda, Saint Kitts and Nevis and Saint Lucia, could also be eligible for support and financing, under the "de-minimis" approach (¶1.11).

## I. FACILITY DESCRIPTION AND OBJECTIVES

### A. Background, problem addressed, and justification

- 1.1 Caribbean countries, and in particular Small Island Developing States (SIDS),<sup>2</sup> experience unique challenges with managing chemicals and waste due to their small physical sizes, high population densities, limited resources, unique biodiversity, high risk of exposure to natural hazards and disasters, vulnerability to the effects of climate change, remoteness from global markets, and small economies of scale.
- 1.2 Major industries, such as oil and gas, mining, fishing, forestry, agriculture and tourism, trigger a series of similar waste challenges: (i) mining produces tailings that wash downstream, affecting water quality; (ii) forestry degrades the land, leading to depleted water quality; (iii) agriculture and farming affect the land and waterways; (iv) fishing boats' ballast water affects marine biodiversity; (v) ghost fishing nets negatively impacts marine organisms; and (vi) tourism activities can lead to an increase in solid waste generation, which is complex and costly to manage, and skew per capita waste generation rates due to the large influx of tourists they receive.<sup>3</sup> In the Caribbean, the approximately (pre-pandemic) 75 million-night stays per year generated as much as 166 million tons of tourism-related waste annually.<sup>4</sup>
- 1.3 The average per capita Municipal Solid Waste (MSW) generation in Latin American and the Caribbean (LAC) is less than 1.00 kg per person per day (0.99). Although, waste generation varies considerably by income level; most Caribbean countries show higher levels than the regional average: Bahamas (1.85), Barbados (1.72), Trinidad and Tobago (1.47), Saint Kitts and Nevis (1.67), Saint Lucia (1.21), and even the Dominican Republic (1.08)<sup>5</sup> (Graph 1).

**Graph 1. Per capita Municipal Solid Waste Generation (kg/person/day)**



<sup>2</sup> SIDS were recognized as a distinct group of developing countries facing specific social, economic, and environmental vulnerabilities at the United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit, held in Rio de Janeiro, Brazil (June 1992). In the Caribbean region, SIDS are the state members of the Caribbean Community (CARICOM), namely: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

<sup>3</sup> Mohee, R., Mauthoor, S., Bundhoo, Z., Somaroo, G., Soobhany, N., Gunasee, S. (2015). Current status of solid waste management in small island developing states: A review. *Waste Management*, 43, 539-549 - <https://doi.org/10.1016/j.wasman.2015.06.012>.

<sup>4</sup> GEO SIDS Outlook 2014.

<sup>5</sup> Silpa Kaza, et al. [What a Waste 2.0. A Global Snapshot of Solid Waste Management to 2050](#). World Bank Group, 2018.

- 1.4 Most Caribbean countries are primarily import-dependent economies, and the variety of products being imported into these countries, including mercury containing thermometers, plastic packaging, second-hand electronic products, motor vehicles, agricultural chemicals or industrial chemicals, is experiencing rapid growth, leading to an increased generation of different types of hazardous and toxic wastes, which most countries, and specially SIDS, typically do not have the capacity to treat and dispose in an environmentally sound manner.
- 1.5 Caribbean countries face several barriers to guarantee the sound management of both MSW and hazardous Chemicals and Wastes (C&W). These include: (a) Lack of regulations, adequate policy, regulatory and institutional frameworks to manage the import of products which are challenging to dispose of and/or to enforce relevant legislation; (b) Lack of technical capacity and infrastructure to safely separate at source, collect, manage, store, and dispose both MSW and hazardous C&W. Waste collection services are inadequate. Open burning is widely practiced, most final disposal sites have exceeded their design capacity, and, frequently, waste is directly disposed in gullies and water bodies. It is estimated that in LAC close to 45% of MSW is not properly disposed,<sup>6</sup> leading to human health problems, as well as risks to the marine ecosystems and resources, and other sensitive land areas and watercourses; (c) Limited availability of land. In many Caribbean countries, and most acutely in those considered SIDS, available land for waste management is limited. Final disposal sites, such as landfills or open dumps, are often located in coastal areas, potentially leaching to coastal resources such as beaches, reefs, wetlands and groundwater sources, all of which are important for both local populations and the tourism sector;<sup>7,8</sup> (d) education and awareness on chemicals and waste management is limited, including best available technologies and practices, process optimization, but also on the environmental, health and safety implications related to improper use, disposal and management of these products; (e) limited data collection and exchange on the quantities and flows of chemicals and products that may be harmful throughout their lifecycle, which is seldom collected and analyzed by relevant authorities; (f) lack of private sector engagement in recycling activities; and (g) lack of C&W financial mechanisms to provide governments, producers, and suppliers a framework upon which to formulate financial structures designed to incentivize sustainable practices. There is little access to expertise needed to provide innovative economic models in the region to show that a reduction in the use of pesticides, for example, can improve production and profitability, both directly as well as through the reduction of external risks. Caribbean countries often lack the capacity or necessary treatment facilities to manage hazardous C&W.<sup>9</sup> The complexity and level of hazard of waste streams such as e-waste, pesticides, asbestos, used oil, items containing heavy metals and biomedical wastes adds, is adding pressure and complexity to local waste management systems, since

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<sup>6</sup> Silpa Kaza, et al. [What a Waste 2.0. A Global Snapshot of Solid Waste Management to 2050](#). World Bank Group, 2018.

<sup>7</sup> Most Caribbean countries have primarily tourism-based economies. To flourish, the tourism industry requires a clean environment and healthy ecosystems. Inadequate management of hazardous C&W could lead to loss national revenue.

<sup>8</sup> Seadon, J., & Giacobelli, C. (2019). Small Island Developing States Waste Management Outlook. (J. Seadon, Ed.). United Nations Environment Programme.

<sup>9</sup> Cleaner Pacific Strategy, <https://www.sprep.org/attachments/Publications/WMPCC/cleaner-pacific-strategy-2025.pdf>

infrastructure and facilities for their collection, treatment and disposal are often not in place.<sup>10</sup>

- 1.6 Solid Waste Management (SWM) has not been a priority agenda in most Caribbean countries. It is also the case for hazardous C&W. SWM has traditionally been one of the least recognized public policy issues,<sup>11</sup> often competing with other pressing economic and social issues. Across the Caribbean, this lack of prioritization at the public and private sector levels has resulted in insufficient investments in SWM infrastructure and in managing hazardous C&W. To close this infrastructure gap in SWM, the Caribbean region needs more than investment in hard assets. It also needs simultaneous and decisive policy action to improve the efficiency of the infrastructure investment process and service regulation.<sup>12</sup> To move towards the sustainable management of hazardous C&W, the region needs to engage both in policy and investment programs tailored to regional and individual country needs. Despite growing awareness on the need for improved waste management at every level, with many taking well-publicized but unilateral action on some specific issues such as single-use plastics, a coordinated approach to tackle more complex waste issues is still lacking in the Caribbean and very few regulatory and financial incentives have been put in place.
- 1.7 Under this framework, the Inter-American Development Bank (IDB) started conversations with the Global Environmental Facility (GEF) to create a facility, under GEF's Global Islands Program,<sup>13</sup> to strengthen Caribbean countries' ability to manage the flow of hazardous C&W products and materials into their territories and to unlock public and private sector investments for its long-term management. It was agreed that the facility would focus on SIDS but would also include non-SIDS countries such as the Dominican Republic. To support the preparation and design of the facility, GEF provided resources under a Project Preparation Grant (PPG): A Technical Cooperation (RG-T3548) for US\$300,000 approved in January 2020. The TC financed the development of a legal and regulatory analysis, a gender mainstreaming study, an environmental assessment, and private sector needs assessments to identify policy and investment priorities around hazardous C&W (EL#1). Several consultation

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<sup>10</sup> Global Waste Outlook (2018), <https://www.unenvironment.org/resources/report/global-waste-management-outlook>

<sup>11</sup> Phillips, W., & Thorne, E. (2013). Municipal solid waste management in the Caribbean: A benefit-cost analysis. ECLAC – Studies and Perspectives Series – The Caribbean, 22. Retrieved from [https://repositorio.cepal.org/bitstream/handle/11362/5053/1/S2012122\\_en.pdf](https://repositorio.cepal.org/bitstream/handle/11362/5053/1/S2012122_en.pdf)

<sup>12</sup> [From Structures to Services: The Path to Better Infrastructure in Latin America and the Caribbean, IDB, 2020.](#)

<sup>13</sup> GEF's Global Islands Program is an initiative approved in 2019 by its chemical and waste focal area to support SIDS to enter a safe chemical development pathway by strengthening their ability to control the flow of chemicals, products, materials into their territories and to unlock resources for the long-term management of chemicals and waste, including integrated chemicals and waste management. The geographical scope of the Global Islands Program includes Caribbean, Indian Ocean, and Pacific countries. GEF's Global Islands Program is composed of child projects. In the Caribbean, the program will support two child projects: (i) UNEP/FAO-implemented child project (for US\$11 million) that will focus on working with government agencies such as regulators, customs, and import departments on the regulatory framework for chemical and waste management; and (ii) IDB's child project, described in this document, for US\$10 million. IDB's child project will contribute to the achievement of GEF's Global Island Program objectives and outcomes as stated in GEF's CEO Endorsement Document. IDB's child project will also guarantee the flow of information and knowledge exchange between the facility and GEF's Global Island Program.



sessions were held with governments during this preparation phase.<sup>14</sup>

- 1.8 These consultations identified a series of common national priorities, namely: (a) need to approve legislation on hazardous C&W management; (b) need for improved management of tires, electrical and electronic waste (E-Waste), ELVs, and Used Lead Acid Batteries (ULABs); (c) need for improved control on import of products containing hazardous C&W; (d) support for the design of engineered sanitary landfills, equipped with hazardous waste cells to ensure the safe management of hazardous waste; (e) need for improved management or elimination of [POPs](#) and [Highly Hazardous Pesticides](#) (HHPs); (f) improved capacity in taking evidence-based decisions that support sustainable food production systems; (g) identification, assessment, validation of safer alternative products and chemicals; and (h) development of innovative financial mechanisms to materialize the above-mentioned priorities.
- 1.9 In addition, to these specific priorities, all Caribbean countries confirmed the need to address a set of related common issues and priorities: (a) better management of land-based sources of marine litter, including the potential to take informed decisions on the phase out of single use plastics; (b) better management of electronics and improved access to recycling technologies; (c) better customs regulations and controls on import of hazardous chemicals and goods containing future hazardous waste; (d) reduce risks from pesticide use, specifically phasing out HHPs linked to less environmental pollution, to lower chemical residues in food and exposure during application; (e) improved management of used oil waste, e-waste, pneumatic tires, and end of life vehicles; (f) phase-out mercury containing products and devices in line with the Minamata Convention phase-out deadline of 2020; and (g) the need for improved management of waste streams that can lead to the releases of Mercury (Hg), new POPs, Unintentional POPs (UPOPs),<sup>15</sup> or marine litter, including Waste Electrical and Electronic Equipment (WEEE) management, healthcare waste management, and municipal waste management.

## **B. Objectives**

- 1.10 The general objective of this facility is to support the sustainable management of hazardous C&W in the Caribbean. The specific objectives are: (i) to finance the development and strengthening of policy, legal, regulatory, and financial frameworks, tools, and instruments; and (ii) to channel financing to the private and public sectors to advance the sustainable management of hazardous C&W.
- 1.11 **Participating Countries.** The facility will support the following countries (Participating Countries): Barbados, Bahamas, Belize, Dominican Republic, Guyana, Suriname, and Trinidad and Tobago, in improving the management of hazardous C&W identified in multi-lateral environmental agreements such as the Basel, Rotterdam, Minamata, and Stockholm Conventions, the Montreal Protocol and Strategic Approach to International Chemicals Management

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<sup>14</sup> Consultations in the Caribbean region started in May 2017 in Belize City (Belize) and continued in July 2018 and August 2019 in Port of Spain (Trinidad and Tobago). In 2020 and 2021, consultations with governments continued virtually.

<sup>15</sup> Unintentional Persistent Organic Pollutants (UPOPs) are a variety of POPs that are created as a by-product of industry or unintentionally through combustion but have no commercial use, purpose, or function. UPOPs remain in the environment for a long time, can travel long distances through air and water, bioaccumulate in the fatty tissue of animals and are among the most toxic cancer-causing chemicals known to exist.

(SAICM). For purposes of this facility, other SIDS countries recognized by GEF's Global Island Program, namely Antigua and Barbuda, Saint Kitts and Nevis and Saint Lucia, could also be eligible for support and financing under the "de-minimis" approach. IDB statutes require the Bank to work with and through the Caribbean Development Bank (CDB) in cases where the Organization of Caribbean States (OECS) countries, which are not IDB- members, are direct beneficiaries of Bank funds. However, in the context of the present facility, the bulk of the proposed financing is directed toward activities that will provide common benefits to all Caribbean Community Countries (CARICOM), including both IDB members and non-members. The portion of the funds that is directed toward non-member countries represents a small ("de-minimis") amount of the total financing, not higher than 10 percent. In such cases, a direct CDB role in the project is not foreseen under existing Bank rules and the "de-minimis" approach is applied.<sup>16</sup>

- 1.12 **Strategic Alignment.** This facility is consistent with the Second Update to the Institutional Strategy (UIS) 2020-2024 (AB-3190-2) and is aligned with the development challenges of: (i) Productivity and Innovation, as it expected to support a series of public and private investments in the C&W sector through technology and financial innovation, as well as to create jobs and support the region's goals to build back better and greener; and (ii) Economic Integration, as it will support the development of regional strategies around C&W management and foster regional recycling markets by providing financial support to private sector companies importing, mostly Small and Medium Size Enterprises (SMEs) producing or distributing products that could generate hazardous C&Ws. Likewise, the facility is aligned with the following cross-cutting themes: (i) Climate Change and Environmental Sustainability, as it will contribute to reduce pollution generated by the inadequate management of hazardous C&W; (ii) Gender Equality and Diversity, by targeting women-led SMEs and by promoting gender mainstreaming activities in all individual projects to prevent or mitigate any negative effect on women and vulnerable populations (¶2.10); and (iii) Institutional Capacity and the Rule of Law, as it will improve the capacity of regional and national agencies to manage hazardous C&W. The facility is also aligned with the Corporate Results Framework (CRF) 2020-2023 (GN-2727-12) on (i) strengthening the IDB Group's Work on the cross-cutting issues of the Institutional Strategy; (ii) resource mobilization as this facility is expected to attract foreign investments to be partnering with local business; and (iii) technology innovation considering that technological innovation is reflected by this facility as a fundamental solution to improve sustainable management of chemicals and waste. All interventions under this facility will be aligned with country strategies ([EL#4](#)).

## II. COMPONENTS AND RESULTS

### A. Components

- 2.1 The facility will be structured in five components. **Component 1: Financing policy and regulatory enabling processes to safely manage hazardous C&W (US\$700,000).** The goal of this component is to strengthen the policy, regulatory and legal enabling environment and build institutional capacities in

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<sup>16</sup> Jamaica has not been included in the facility as it has not submitted an endorsement letter to participate in GEF's Global Island Program.

participating countries to support, guide and facilitate public and private sector investments. This component will focus on working with regional, national, sub-national or local government counterparts such as ministries, statutory bodies, municipalities and/or waste management agencies responsible for hazardous C&W management. Activities eligible under this component will include:<sup>17</sup> (i) regional, national, sub-national or local level activities that foster an enabling environment that allows participating countries better management of their C&W. Special attention will be given to priority waste streams identified under the facility (¶2.9); (ii) regional, national, sub-national or local level activities that will support market-based laws and regulations for transitioning to circular economy. Activities could include the development of legal or regulatory frameworks to overcome barriers in existing legal framework for transitioning to a circular economy found in legal provisions regulating hazardous C&W management that typically discourage the use of waste as a resource; (iii) development of legislation and standard operating procedures for the creation and improvement of public sector financing mechanisms to ensure resources are allocated to C&W management, including the review of existing mechanisms with the objective of optimizing their use and expanding its financing options to ensure C&W activities are included as well as the creation of new innovative financial instruments; (iv) development of in-depth analyses on current challenges related to the enforcement of C&W or relevant environmental laws and regulations. “Books of rules and principles of enforcement” can be developed for participating countries to provide guidelines and tools for enforcement officers (environmental officers in environmental protection/management, customs, or border control agencies, among others), including the development of tracking systems and the strengthening of analytical capabilities; (v) adoption and customization of sustainable procurement practices and tools such as green procurement guides, extended producer responsibility approaches, among others, with the objective of controlling and decreasing the amount of goods and services imported that contain hazardous materials; and (vi) strengthening of institutional capacities, coordination, consultation, and collaboration mechanisms, including the clarification and identification of responsibilities and mandates of all agencies and institutions involved in C&W management. This includes undertaking institutional capacity assessments and developing recommendations to improve the current technical capacities and coordination mechanisms of existing agencies as well as identifying ways of improving current processes and operations.

- 2.2 **Component 2: Improving the bankability of hazardous C&W public sector projects (US\$1.2 million).** The goal of this component is to increase financing for public sector projects targeting hazardous C&W. This component will focus on working with regional, national, sub-national or local government counterparts such as ministries, statutory bodies, municipalities and/or waste management agencies responsible for hazardous C&W management. Financing will target the design, implementation and scaling up of public sector investments in the transition towards sustainable management of C&W.

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<sup>17</sup> These thematic areas are also aligned with the recommendations offered by the national project counterparts in the participating countries who were surveyed at the end of the design phase of this project, in addition to the validation workshops and other consultative sessions held as part of the PPG phase. More information on this data collection exercise can be consulted in EL#1.

Activities eligible under this component will include, among others, the development of pre-feasibility and feasibility studies, environmental impact analyses, C&W management plans, data collection, technical designs and other types of studies that improve the bankability of C&W public sector projects.

- 2.3 **Component 3: Supporting small and medium size private sector investments in sustainable management of C&W (US\$5 million).** The goal of this component is to advance and accelerate the sustainable management of C&W by shifting from a funding perspective to a long-term financing perspective among Small and Medium Size private sector Enterprises (SMEs). Funding under this component will address existing technical and financial barriers to unlock new investments in improved C&W management in participating countries. Technical assistance grants and/or investments grants will be provided to SMEs, including startups, willing to invest in business models that promote the safe management of C&W. Activities eligible under this component will include the development of technical designs, trainings and capacity building activities to increase productivity and incorporate sustainability best practices and technologies, improve occupational safety and health, environmental assessments and mitigation plans, acquisition and development of cutting edge and affordable technologies, building of small infrastructure to improve C&W management, market studies, linkage to high-value markets or to value chain actors, and other assessments to support private sector engagement in the C&W sector. This component will focus on financing projects/investments aligned with the priority waste streams (§2.9) as well as on ready-to-implement solutions. Preliminary, grants to SMEs will be in the order of US\$500,000 with a potential pipeline of ten individual projects under this component.
- 2.4 **Component 4: Supporting large private sector investments in sustainable management of C&W (US\$2.5 million).** The goal of this component is to advance and accelerate the sustainable management of C&W by shifting from a funding perspective to a long-term financing perspective among large private sector companies operating in participating countries. Funding under this component will address existing technical and financial barriers to unlock new investments in C&W. Technical assistance grants and/or investments grants will be provided to large private sector companies from the hotel or cruise industry,<sup>18</sup> among others, willing to invest in the safe management of C&W within its operations and/or supply chains. Activities eligible under this component will include: the development of technical designs, pre-feasibility analyses, trainings and capacity building activities to increase productivity and incorporate sustainability best practices and technologies, improve occupational safety and health, environmental assessments and mitigation plans, acquisition of cutting edge and affordable technologies, building of suitable infrastructure to improve C&W management, market studies, linkage to high-value markets or to value chain actors, and other assessments to support private sector engagement in the C&W sector. This component will focus on de-risking the financing of

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<sup>18</sup> The disposal of waste generated by the tourist industry also triggers massive challenges. The approximately 75 million-night stays per year are estimated to generate as much as 166 million tons of solid waste annually. The significant amount of solid waste generated by the cruise industry places a significant burden on the limited infrastructure, making it even harder to improve the management of hazardous C&W. For example, Antigua and Barbuda accepts an average of 360 tons of waste per year from cruise ships while Saint Lucia accepts 1,786. Global Waste Outlook (2018), <https://www.unenvironment.org/resources/report/global-waste-management-outlook>

projects/investments aligned with the priority waste streams (¶2.9). Funding from this component could be used as technical assistance or investment grants to design specific interventions or finance pilot interventions around C&W.

- 2.5 **Component 5: Designing applied knowledge mechanisms for partnership building (US\$200,000).** The goals of this component are: (i) to advance knowledge management around C&W in the Caribbean; and (ii) build partnerships around the C&W agenda. This component will focus on supporting the facility's knowledge management requirements, including the facility intermediate and final evaluations, and bridge the knowledge generated by IDB's and UNEP/FAO's child projects.<sup>19</sup> Specific activities to be funded under this component include: (i) managing knowledge as an asset by identifying knowledge needs from stakeholders, mainly from private investors and donors, and working on the knowledge generated by the sub-projects to address needs from strategic stakeholders; (ii) systematizing knowledge produced under this facility's individual projects by creating communication channels with counterparts involved in the execution of the sub-projects; (iii) sharing knowledge obtained by creating effective sharing and communication channels with relevant stakeholders; (iv) bridging the knowledge obtained in the IDB and UNEP/FAO child projects by monitoring the knowledge generated in both parent projects and building combined knowledge products to be offered to stakeholders; (v) communicating with GEF's global platform to ensure that the knowledge generated by the IDB's child project is shared with global stakeholders; and (vi) supporting partnership building and new resource mobilization strategies to accelerate the transformational change in sectors involved in hazardous C&W.
- 2.6 The remaining resources will be allocated to cover: (i) **administration and management costs** (US\$340,000): These resources will cover administration and management costs incurred by external executing agencies in the context of the execution of individual projects approved under the Facility; and (ii) **monitoring and evaluation costs** (US\$60,000). These resources will cover the facility's intermediate and final evaluations and financial audit.
- 2.7 **Individual projects' eligibility criteria:** Individual projects to be financed under any of the Facility's components must comply with the following criteria: (i) be aligned with the objectives of the facility; (ii) benefit government agencies and/or private sector companies from participating countries as stated in ¶1.11; (iii) capacity to deliver at least one global environmental benefit as established in the [Results Matrix](#); (iv) technical, financial, environmental and social feasibility validated by IDB's specialists; (v) compliance with IDB's risk assessments and policies, including Environmental and Social Safeguards; (vi) not classified as Category "A" under IDB's Environmental and Social Safeguards Policy; (vii) commitment to comply with IDB's and GEF's reporting and accountability

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<sup>19</sup> GEF's Global Islands Program will support, in the Caribbean, two child projects: (i) UNEP/FAO-implemented child project (for US\$11 million) that will focus on working with government agencies such as regulators, customs, and import departments on the regulatory framework for C&W management; and (ii) IDB's child project described in this document (for US\$10 million). It is critical that all knowledge generated under both child projects is complementary and not overlapping. This component, as stated in ¶24.4, would be executed by the [Basel Convention Regional Center for the Caribbean Region](#) (BCRC). This component will also support the coordination between IDB's child projects and GEF's child project (also under the Global Islands Program) on Coordination, Communication and Knowledge Management (CCKM) designed to coordinate, communicate, and manage all knowledge produced under the Global Islands Program's child projects.

requirements; and (viii) capacity or potential to generate jobs. Individual projects to be implemented under Components 3 and 4 must also comply with: (a) high levels of co-financing or parallel financing, at least 1:2 ratio; (b) long-term sustainability plans, including financial exit strategies; (c) innovative application of financial mechanisms, business models, partnerships and approaches; and (d) potential for replicability or scalability. Public or private sector companies that have a negative impact on society or the environment or are not eligible to receive funding from the IDB (e.g., tobacco companies or producers of alcoholic beverages).

- 2.8 **Individual project's approval:** The IDB has been granted with delegated authority by the GEF to approve Individual Projects under the facility without direct consultation to the GEF, as long as individual projects meet the eligibility criteria established in this document (¶2.7). The approval of individual projects will follow all IDB policies and regulations for non-reimbursable TCs and Investment Grants (IGRs), as well as IDB Lab and IDB Invest policies and regulations. Individual projects financed by the facility will be in the order of US\$250,000 or higher.
- 2.9 **Priority waste streams:** The analysis conducted during the preparation phase preidentified a list of priority waste streams that have demand for potential interventions from both the public and private sectors. These waste streams require immediate attention due to: (i) the quantities produced at both the national and regional levels; (ii) their significant impacts on human health and the environment; and (iii) their current and potential impact on tourism-related business activities. These priority waste streams include: (a) used lubricating oils; (b) used and end-of-life tires; (c) used and end-of-life electronic and electrical equipment (E-waste); (d) plastics;<sup>20</sup> (e) manufacturing/industrial waste; (f) organic and municipal solid waste;<sup>21</sup> (g) medical waste; and (h) other hazardous C&W, such as hazardous pesticides, could also be prioritized as long as they contribute to the reduction of environmental pollution in participating countries (See [EL#6](#)).
- 2.10 **Gender and diversity considerations at the individual project level:** All individual projects approved under this facility must comply with IDB's Gender and Diversity policies and procedures. Hazardous C&W reach and expose populations equally. However, factors such as poverty and socioeconomic status, gender-based norms, access to health, and overall representation in decision-making processes and management policies relating to C&W, determine the extent of repercussions and ramifications of inadequate waste management on men and women. Men and women working in waste management tend to work in segregated sections of the value chain. Men are the majority owners of the more lucrative ends of the chain, such as private enterprises and businesses that benefit from waste disposal and management. Among informal recyclers, leadership positions in recyclers' organizations tend to be held by men. In some cases, exposure to hazardous C&W can also affect

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<sup>20</sup> Specific attention will be given to plastic materials included under the Basel Convention Plastic Waste Amendments.

<sup>21</sup> This category of waste, while not falling under the ambit of the hazardous C&W conventions, comprises over 70% of total waste streams going to landfills in participating countries. These wastes are easily combustible and lead to the rapid spread of landfill fires. Inadequate management of these types of waste could lead to the generation of UPOPS by fueling landfill fires that burn certain types of plastics and nitrated and sulphonated materials.



pregnant women, increasing the risk of birth defects. To address these issues, each subproject approved under the facility will include a Gender and Diversity Assessment and Action Plan, which will identify concrete gender-based activities to comply with the three following goals: (i) not to reinforce any existing gender inequalities (**Gender Neutral**); (ii) attempt to redress existing gender inequalities (**Gender Sensitive**); and (iii) attempt to re-define gender roles and provide equal opportunities to men and women to participate in and benefit from individual projects (**Gender Positive**). Gender and Diversity Actions Plan will also address any impact on women working or living near hazardous waste sites.

## B. Key results indicators

- 2.11 Investments under the facility will lead to the reduction of 11,090 metric tons of toxic chemicals through the minimization, disposal, phasing out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products, as well as to the reduction and avoidance of emissions of POPs to air from point and non-point sources in the amount of 114 grams of toxic equivalent (gTEQ). In addition to the avoidance and elimination of POPs and mercury, the facility will prevent an estimated 125,000 tons of marine litter (mostly plastic pollution) throughout the five-year execution phase. Additionally, a gender-based indicator was included in the Results Matrix to foster the support of women-led SMEs contributing to better C&W management in the Caribbean.<sup>22</sup>

## III. FINANCING STRUCTURE

### A. Financing instruments

- 3.1 **Source of funding:** The facility will be funded, in the amount of US\$10 million, by the Global Environmental Facility (GEF-FMM) under its Global Islands Program. Resources provided by GEF have non-reimbursable character (grant resources).
- 3.2 **Types of financing instruments:** The facility will deploy funding through: (i) non-reimbursable technical assistance; and (ii) investments grants. The use of these financing instruments will be defined by the financial needs of each subproject approved under this facility.

### B. Budget and co-financing

- 3.3 **Budget:** The facility's budget will be structured as follows:

**Table. Summary of Program Costs (in US\$)**

Components	IDB (GEF)	%
<b>Component 1.</b> Financing policy and regulatory enabling processes to safely manage hazardous C&W	700,000	7.0
<b>Component 2.</b> Improving the bankability of hazardous C&W public sector projects	1,200,000	12.0
<b>Component 3.</b> Supporting small and medium size private sector investments in sustainable management of C&W	5,000,000	50.0
<b>Component 4.</b> Supporting large private sector investments in sustainable management of C&W	2,500,000	25.0
<b>Component 5.</b> Designing applied knowledge mechanisms for partnership building	200,000	2.0

<sup>22</sup> These metrics were based on estimations conducted by the Basel Convention Regional Centre -Caribbean during the preparation/design phase of the Facility under RG-T3548.

Components	IDB (GEF)	%
Monitoring & Evaluation	60,000	1.0
Project Management Costs	340,000	3.0
<b>Total</b>	<b>10,000,000</b>	<b>100.0</b>

- 3.4 **Resource Mobilization:** The facility will seek to mobilize resources from several sources. Under Component 2, the IDB will seek to mobilize resources from the public sector on a 15:1 ratio. Under Component 3, IDB Lab will seek to mobilize resources on a 2:1 ratio. Under Component 4, IDB Invest will seek to mobilize resources from the private sector on a 20:1 ratio. It is expected that the blending of resources from the facility, the IDB, IDB Invest, and IDB Lab will accelerate the development and piloting of new business models, tools, and methodologies to assist public and private sector clients in planning and deploying the hazardous C&W agenda in a sustainable manner. The facility is open for additional contributions from external donors as long as these donors accept the conditions outlined in this facility document or any other conditions established by the IDB and/or GEF. The approval of these resources will follow IDB procedures.

#### IV. IMPLEMENTATION ARRANGEMENTS AND MAIN RISKS

##### A. Implementation and execution arrangements

- 4.1 **Overall implementation arrangements:** The IDB, through the Water and Sanitation Division (INE/WSA), will be the Implementing Agency of the facility and, as such, will manage the facility in coordination with IDB Lab (¶4.3) and IDB Invest (¶4.4). INE/WSA will appoint a dedicated Facility Coordinator (FC) to oversee the day-to-day management of the facility, including internal administrative tasks as well as validation of potential individual projects against the eligibility criteria and objectives of the facility. Both IDB Lab and IDB Invest will name a Facility Focal Point (FFP) who will coordinate with the FC.
- 4.2 **Executing agencies:** Legally established entities may receive and administer resources under this facility to execute the facility's individual projects. These executing agencies must be: (i) borrowing member countries, including national and sub-national institutions with legal capacity to enter into legal agreements with the Bank; (ii) regional and sub-regional agencies established by the same countries; (iii) international or regional cooperation agencies; (iii) private companies eligible to receive non-reimbursable and reimbursable financing from the Bank; and (iv) not-for-profit institutions, including civil society organizations and associations.
- 4.3 **Implementation arrangements for Component 3.** IDB Lab will lead the administration of Component 3 in coordination with INE/WSA. Resources under this component will be approved as individual projects by IDB Lab's Donor Committee. IDB Lab policies and procedures will apply for the preparation, approval, and execution of individual projects under this component. INE/WSA will validate that all individual projects comply with the eligibility criteria established in ¶2.7. IDB Lab will co-finance individual projects approved under this component on a 1:2 ratio. Individual projects approved by IDB Lab's Donor Committee would be executed by the SMEs receiving the facility's funding. IDB Lab will ensure that all applicable responsibilities and requirements established



under the GEF and IDB policies are met when the facility's resources co-finance their operations.

- 4.4 **Implementation arrangements for Component 4.** IDB Invest will lead the administration of Component 4 in coordination with INE/WSA. Resources under this component will be approved as individual projects by the IDB Invest Board. IDB Invest policies and procedures will be applied for the preparation, approval, and execution of individual projects under this component. INE/WSA will validate that all individual projects comply with the eligibility criteria established in ¶2.7. IDB Invest will co-finance individual projects approved under this component on a 1:20 ratio. Individual projects approved by IDB Invest Board would be executed by the private sector company receiving the facility's funding. IDB Invest will ensure that all applicable responsibilities and requirements established under the GEF and IDB policies are met when the facility's resources co-finance their operations.
- 4.5 **Operations Manual (OM):** a draft OM has been developed to systematize the implementation arrangements of the Facility, including the role of executing agencies ([EL#5](#)). The OM will guide the operational management of the facility, including the approval of individual projects. INE/WSA will be responsible for updating the OM.
- 4.6 **Execution period:** per agreement with GEF ([EL#3](#)), the life cycle of the facility extends to July 31<sup>st</sup>, 2026. All individual projects must be approved at least twelve (12) months before the administrative closure date of the facility. The facility may be extended following IDB policies and procedures.

## **B. Summary of arrangements for monitoring results**

- 4.7 **Monitoring:** INE/WSA will monitor the implementation of the facility. The FC will liaise with other IDB Departments such as IDB Lab and IDB Invest, as well as with external executing agencies to obtain information necessary to track individual projects, verify the portfolio's sustainable impacts, monitor expected results, support problem solving and prepare portfolio management reviews and reporting documents. The FC will also be responsible for managing the GEF's accountability and reporting requirements provided by individual projects. Reporting, monitoring and evaluation will comply with IDB and GEF requirements, and it will apply to all individual projects approved under the facility. Reporting for individual projects will follow the rules that apply to non-reimbursable TC and investment grants, including: (i) monitoring of progress; and (ii) evaluation of performance and achievement of targets. Individual projects approved under Component 3 will adhere to IDB Lab's financial management and operational guidelines (disbursement by results) which include semester progress reports, continuous monitoring of outputs and outcomes achieved, and knowledge management requirements.
- 4.8 **Evaluation:** An overall intermediate and final evaluation of the facility will be conducted through an independent third party, which will feed from the evaluations conducted at the individual project level. Each individual project will define its own evaluation arrangements in accordance with the evaluation arrangements established in this facility Document.
- 4.9 **Communication with Donor:** As implementing agency of the facility, the IDB will be responsible for all formal communication with, and submission of reports,

to the GEF Secretariat.

- 4.10 **Procurement of Goods and Services and Financial Management.** The contracting of consulting services and the procurement of goods and related services financed with the facility's resources will follow the Bank's procurement policies and procedures established in IDB's Procurement "Policies for the Selection and Contracting of Consultants financed by the Bank" (GN-2350-15), and "Policies for the Procurement of Goods and Works (GN-2349-15). Financial management of the facility's resources will follow the Bank's Financial Management Guidelines (OP-273-6).

**C. Environmental and social safeguard risks**

- 4.11 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703, Directive B.13), this Program does not require ex-ante impact classification. Under Component 1, the operation will support the development of policies, standards, management tools and other institutional strengthening instruments, so no direct and significant negative socio-environmental impacts are foreseen. Under Components 2, 3 and 4, individual projects are expected to yield positive environmental impacts as they will advance the safe management of hazardous C&W in participating countries. All individual projects approved under this facility will have to comply with IDB's environmental and social safeguards. If necessary, individual projects will include an Environmental and Social Management Plan that will address the identification, labeling, handling, storage, use and disposal of the relevant hazardous materials and wastes according to IDB's environmental and social safeguards policies and guidelines (see [SPF](#)).

**D. Fiduciary and other risks**

- 4.12 The following fiduciary risk has been identified: (i) lack of pipeline: the facility seeks to support a very specific pipeline of public and private sector operations which could result in the lack of eligible individual projects, especially under current economic circumstances. This is considered a high impact risk with high probability. To mitigate this risk, INE/WSA, in coordination with IDB Lab is conducting a private sector needs assessment, with resources from TC operation RG-T3548, that will map and pre-identify SMEs and startups operating in the C&W sector. This assessment will provide valuable inputs to the design of the second edition of the Blue-Tech Challenge, which will focus on C&W management (a.k.a. Blue-Tech 4 Waste). The Blue-Tech Challenge will represent the main instrument to identify the SMEs and startups that will be supported under Component 3. The Challenge is expected to leverage approximately US\$10 million in non-reimbursable and reimbursable instruments and attract SMEs and startups operating on the Caribbean. In addition, IDB, IDB Lab and IDB Invest specialists throughout the Caribbean will also support pipeline identification.
- 4.13 Other risks have also been identified: (i) a high impact risk with intermediate probability of having low buy-in from public sector stakeholders to invest in C&W or advance policy/regulatory reforms. To mitigate this risk, a public sector needs assessment is being conducted by INE/WSA under TC operation RG-T3548. The assessment will identify policy and capacity building priorities that will help guarantee buy-in from the public sector entities responsible for C&W management. In addition, during the implementation phase, government stakeholders will continue to be engaged by providing at least annual updates, through the FC, about the status

of the facility and individual projects. Continuous updates will also be provided to GEF's national focal points and key agencies; (ii) a medium impact risk with intermediate probability of experiencing delays in project implementation due to the COVID-19 pandemic, especially under current mobility restrictions. To mitigate this risk, virtual meetings will be promoted and facilitated; feedback from beneficiaries will be constantly required to verify the need for changes and actions in the implementation phase; individual projects' activities that result in social contacting will follow IDB's guidance on health safety and will receive the necessary precautions. In addition, INE/WSA will keep close communication with IDB departments, governments and the private sector for measures that may be put in place to mitigate the impact of the health crisis on the programming and implementation of this facility; and (iii) low coordination with external stakeholders participating in GEF's Global Islands Program such as UNEP. To facilitate coordination within the IDB, both IDB Lab and IDB Invest will name a Facility Focal Point (FFP) who will coordinate with INE/WSA and the FC. To coordinate with external stakeholders INE/WSA will name a FC who will interact with these stakeholders and will participate in the Global Islands Program Coordination Group composed by FAO, GEF's C&W Focal Area team, and UNEP.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/21

Regional. RG-O1674. ISLANDS-Caribbean Incubator Facility  
(Non reimbursable financing)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized in the name and on behalf of the Bank, as Administrator of the Global Environment Facility (GEF) Trust Fund (Fund), to enter into such agreement or agreements as may be necessary, for the purpose of establishing the "ISLANDS-Caribbean Incubator Facility" to provide financing through nonreimbursable investment financing and nonreimbursable technical cooperation, for a sum of up to US\$10,000,000 chargeable to the resources of the Fund, and to adopt such other measures as may be pertinent for the execution of the project proposal contained in document [AT/PR]-\_\_\_\_\_.

(Adopted on \_\_\_\_ 2021)

**ISLANDS-CARIBBEAN INCUBATOR FACILITY****RG-O1674****CERTIFICATION**

The Grants and Co-Financing Management Unit (ORP/GCM) certifies that the referenced operation<sup>1</sup> will be financed through:

<b>Funding Source</b>	<b>Fund Code</b>	<b>Currency</b>	<b>Amount Up to</b>
IADB/Global Environment Facility Fund	FMM	USD	10,000,000

The agreement with the executing agency or the commitments to be entered into by the Bank of the resources corresponding to this certification must be made in the currency of the fund that finances each budget line. No resources of the fund may be used to cover amounts greater than the certified amount for the implementation of this operation. Amounts greater than the certified may originate from commitments stipulated in contracts that are denominated in a currency other than the currency of the fund, which may result in losses due to currency exchange rate fluctuations, representing a risk that will not be absorbed by the fund.

Certified by:

*original firmado"*

07/30/202

\_\_\_\_\_  
 Maria Fernanda García  
 Chief  
 Grants and Co-Financing Management Unit  
 ORP/GCM

\_\_\_\_\_  
Date

<sup>1</sup> For operations financed by funds where the Inter-American Development Bank (IDB) does not control liquidity, the availability of resources is contingent upon the request and the receipt of the resources from the donors. Additionally, in case of operations financed by funds that require a post-approval agreement with the donor, the availability of resources is contingent upon the signature of the agreement between the Donor and the IDB. (i.e.: Project Specific Grants (PSG), Financial Intermediary Funds (FIF), and single donor trust funds).