

CONFIDENTIAL
INTERNAL USE
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

TRINIDAD AND TOBAGO

END-OF-LIFE TYRE RECYCLING FACILITY (TT-G1003 AND TT-G1006)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Vashtie Dookiesingh DIS/CTT (Team Leader), Estrella Peinado-Vara MIF/MSM (Alternate Team Leader), Kavita Maharaj CCB/CTT, Kambiri Cox DIS/CTT, Luis Jimenez INE/WSA, German Sturzenegger INE/WSA, Denesh Baboolal DSP/DVF, Margarita Garcia de Paredes DSP/SEG, Daisy Ramirez GCL/FML

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to IDB employees. The document will be disclosed and made available to the public upon approval.

CONTENTS

PROJECT SUMMARY

I.	THE PROBLEM	1
A.	Problem description	1
II.	THE INNOVATION PROPOSAL	3
A.	Project description	3
B.	Project results, measurement, monitoring, and evaluation	5
III.	ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS.....	6
A.	Alignment with the IDB Group.....	6
B.	Scalability	7
C.	Project and institutional risks	7
IV.	INSTRUMENT AND BUDGET PROPOSAL	8
V.	EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE	10
A.	Executing agency description	10
B.	Implementation structure and mechanism	11
VI.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS	11
VII.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY	12

PROJECT SUMMARY

TRINIDAD AND TOBAGO END-OF-LIFE TYRES

(TT-G1003 and TT-G1006)

The management of used and end-of life tyres in Trinidad and Tobago has become a growing problem in recent years, posing both environmental and health risks to the population due to flooding hazards and attendant effects, as well as toxic fumes emitted when tyres are indiscriminately dumped/burned in landfills or other areas. The circular-economy solution proposed is a private sector investment and operation of a tyre recycling facility in Trinidad and Tobago managed by a private investor and operator, Ecoimpact Company Ltd., who will engage vehicle owners, garages and tyre shops across Trinidad and Tobago to introduce a structured collection mechanism for used/end of life tyres. Tyres collected will be recycled by shredding and conversion of the materials to commercial by-products (rubber crumbs and rubber powder, steel, and fibers) for export and local use. Rubber crumbs and rubber powder have numerous secondary uses and applications, including ground cover under playground equipment, running track material, and as a soil additive in sports and playing fields, injection molding products, coatings, roofing materials and various asphalt applications. The project is innovative as it represents the first scalable private sector-led circular economy model to address end-of-life tyres that, if not correctly disposed of, can be an environmental pollutant and a health and safety hazard. This model is also innovative in that the private sector partner has invested in an industrial facility and a circular business model that focuses on commercial sustainability so that funding proposed can catalyze a system that will scale beyond the period of financing by IDB Lab and the GEF.

The project has a total cost of US\$2,080,000, of which US\$130,000 (6%) will be provided by IDB as a Contingency Recovery Investment Grant (CRIG), US\$250,000 (12%) will be Non-Reimbursable Investment Grant provided by the Global Environment Fund (GEF) and US\$1,700,000 (82%) will be provided by the counterpart. Project resources will be allocated to support commissioning and operations of the recycling plant, logistics management for collection of feedstocks (end of use tyres) and public sensitization and scaling. The key outcomes targeted for this project are (i) Ecoimpact will achieve breakeven by year 3 of operations, (ii) 700,000 tyres will be diverted from the landfills and converted to value added products and (iii) 32,778 ug/kg of UPOPs emissions will be avoided due the proper disposal and conversion of end-of-life tyres over the project period.

The entire population of Trinidad and Tobago will benefit from the solution proposed for collection and recycling of end-of-life tyres, since the burning of tyres and indiscriminate dumping affects pollution of communities, blocking of watercourses and the country's overall air quality, with the attendant environmental, health and safety hazards posing risks that affect all citizens.

The project is aligned with the IDB Group 2nd Update to the Institutional Strategy in promoting development through the private sector; as well the priority area (5) protecting the environment¹. The project is also aligned with IDB Lab's focus on essential services and cross cutting areas of Climate Crisis, in particular the development of sustainable and scalable circular economy models that respond to challenges of the climate crisis, in this case specifically the issue of waste and pollution reduction that can be achieved through innovation and private sector led investment in the recycling and correct disposal of used tyres. The project is one of six selected through the BlueTech for Waste Challenge launched in collaboration with the GEF.

¹ [2nd Update to Institutional Strategy](#) pg. 15 par. 2.2

ABBREVIATIONS

CCB	Caribbean Countries Department
COF	Country Office
CRIG	Contingent Recovery Investment Grant
CTT	Country Office Trinidad and Tobago
DICI	Assessment of Integrity and Institutional Capacity (DICI)
ESDD	Environmental and Social Due Diligence
ESG	Environmental and Social Governance
ESPF	Environmental and Social Policy Framework
GEF	Global Environmental Facility
IDB	Inter-American Development Bank
IDB Lab	Multilateral Investment Fund (MIF)
IDBG	Inter-American Development Bank Group
IG	Investment Grant
ISCC	International Sustainability and Carbon Certification
PSR	Project Status Report
SDG	Sustainable Development Goals
SIDS	Small Island Developing States
SWMCOL	Solid Waste Management Company Ltd
T&T	Trinidad and Tobago
UNFCC	United Nations Framework Convention on Climate Change
UPOP	Unintentional Persistent Organic Pollutants

PROJECT INFORMATION

TRINIDAD AND TOBAGO

END OF LIFE TYRES

(TT-G1003 and TT-G1006)

Country and geographic location:	Trinidad and Tobago		
Executing agency:	Ecoimpact Company Ltd.		
Focus area:	Essential Services (Circular Economy Solutions) and Climate Crisis		
Coordination with other donors/IDB operations:	The Global Environmental Facility is financing this operation via an investment grant as part of the Blue Tech for Waste Challenge launched jointly with IDB Lab		
Project beneficiaries:	The entire population of Trinidad and Tobago would benefit from the solution proposed for collection and recycling of end-of-life tyres, since the burning of tyres and indiscriminate dumping affects pollution of communities, blocking of watercourses and the country's overall air quality, with the attendant environmental, health and safety hazards posing risks that affect all citizens.		
	Contingent Recovery Investment Grant (CRIG) TT-G1003	US\$130,000	6%
	Total IDB Lab funding:	US\$130,000	6%
	Other: Global Environmental Facility Non-Reimbursable Investment Grant (NRTC) TT-G1006 from RG-O1674 ISLANDS Caribbean Incubator Facility ²	US\$ 250,000	12%
	Counterpart:	US\$1,700,000	82%
	Total project budget:	US\$2,080,000	100%
Execution and disbursement periods:	For the Non-Reimbursable Investment Grant (TT-G1006): 36 months for execution and 42 months for disbursement. For the Contingent Recovery Investment Grant (TT-G1003): 24 months for execution and disbursement		
Special contractual conditions:	For the Non-Reimbursable Investment Grant (TT-G1006): the following will be conditions precedent to first disbursement: (i) MoU signed with at least 2 tyre dealers/other stakeholders for collection of used tyres		
Environmental and social impact review:	This operation was screened and classified in accordance with the IDB's Environmental and Social Policy Framework (document GN2965-21) September 30 th , 2022. Given the moderate impacts and		

² GEF Resources for this operation will be channeled through the ISLANDS - Caribbean Incubator Facility (RG-O1674) which was approved by the Board of the Executive Directors on September 2, 2021 (AT-1558)

	risks derived from the activities to be supported, the project has been proposed as a category B operation.
Unit responsible for disbursements:	CCB/CTT

THE PROBLEM

A. Problem description

- 1.1 The management of used and end-of life tyres in Trinidad and Tobago has become a growing problem in recent years, posing both environmental and health risks to the population due to flooding hazards and attendant effects, as well as toxic fumes emitted when tyres are indiscriminately dumped/burned in landfills or other areas.
- 1.2 With a population of just 1.4 million, new car registrations pre-pandemic in 2019 were estimated at 25,000 per year with the Ministry of Finance stating that current vehicle registrations in total exceeded 1 million at that time³. Given the very high level of vehicle ownership in Trinidad and Tobago, the disposal of end-of-life tyres is a pressing concern.
- 1.3 The management of used and end-of life tyres has become a growing problem in recent years. This volume has been broadly estimated at 2.5 million discarded tyres per annum, of which an estimated 1.6 million or 64% are dumped. Used tyres represent one of several special wastes that are difficult for municipalities to manage, as whole tyres are difficult to dispose of in landfills, due to their volume and void space, as well as their chemical composition which can leach into the environment as the tyres break down or are burned. Stockpiles of used tyres are commonly found in many communities, resulting in public health, environmental, and aesthetic problems.
- 1.4 Civil protestors regularly burn discarded tyres to block roadways causing a public safety hazard for motorists, neighboring households, and pedestrians. In July 2022 a stockpile of an estimated 30,000 used tyres stored at the country's Solid Waste Management Company Ltd (SWMCOL) facility outside of the capital city were ignited by protestors, generating severe air pollution and a public safety hazard to commuters and to neighboring poor communities⁴. Tyres dumped in grassy empty lots often block drains and watercourses resulting in flooding and associated damage to road and water infrastructure, as well as devastation of crops and damage to homes and private property. Tyres that are dumped in grassy areas also often become a breeding ground for mosquitoes and vermin that carry diseases. In most instances, discarded tyres are burned generating severe air pollution and causing a public safety hazard since the fumes are very toxic⁵.
- 1.5 Typically, low-income communities (especially in rural areas) are worst affected as they are located near illegal dumping grounds. In this regard, they are regularly exposed to health and safety hazards and are disproportionately affected when tyres contribute to flooding as they lack insurance, depend heavily on public transportation via roads that are typically ill maintained and prone to damage and erosion during floods, and have limited storage of water during disruptions in

³ [Link to article on number of cars in TT](#)

⁴ [Link to article on burning tyres](#)

⁵ Burned tyres release dioxins and furans, including TCDD, these chemicals when released due to combustion have adverse effects on human health because they are bioaccumulated in tissue and cells.

supply due to flooding of pumping stations and damage to water pipelines which is a common occurrence. Communities bordering landfills are low income and residents are exposed to pollution and environmental contamination associated with burning of these tyres.

- 1.6 These hazards are not dealt with adequately as state resources in T&T are allocated towards bulk collection and disposal of waste at landfills. With increasing waste volumes⁶ and saturation of existing landfill sites, innovative solutions are required to divert waste streams into revenue generating models.
- 1.7 Attempts by public agencies to address this problem have proven inadequate. Car owners pay a small surcharge on purchase of tyres which is paid by tyre sellers to the Solid Waste Management Company (SWMCOL) for collection and safe disposal of end-of-life tyres, however, logistics for collection are complex and SWMCOL has no tools for traceability or data generation about the conversion of tyres that are collected. Additionally, most consumers are unaware of the inclusion of this collection and disposal surcharge and therefore do not return to the point of purchase to return/replace old tyres. In 2016, SWMCOL introduced the first mobile tyre shredder in Trinidad and Tobago with a capability of shredding up to 500 regular sized car tyres per hour, which SWMCOL intended to operate and export shredded materials. However, the operation was intermittent, and equipment has not been functional since 2019. A private sector-led approach under a circular economy viable model to recycling and conversion of used and end of life tyres would complement the initial efforts by SWMCOL and provide an opportunity for innovation and disruption.
- 1.8 Beneficiaries: The entire population of Trinidad and Tobago would benefit from the solution proposed, since the burning of tyres and indiscriminate dumping of used and end-of-life tyres affects pollution of communities, blocking of watercourses and the country's overall air quality, with the attendant environmental, health and safety hazards posing risks that affect all citizens. Low-income communities being exposed to this form of pollution are however particularly vulnerable and even disproportionately impacted, as they are often located in areas near landfills, and such areas are often used as indiscriminate and illegal dumping sites. Also, they are often less able to access quality medical care to counter air pollution effects of incinerating tyres, and thus are more likely to suffer from long term health issues caused/triggered by these practices. These communities also have greatest exposure to loss and least level of resilience to losses associated with flooding and attendant infrastructure and property damage, which is commonly exacerbated by indiscriminate dumping of tyres that block watercourses and drains.
- 1.9 Additionally, vehicle owners (individuals and companies), tyre stores and garages will benefit, as used tyres can be safely converted to value added products.

⁶ Waste generation is expected to average between 1,900 to over 2,000 tons per day for Trinidad and Tobago from present day until 2040 Solid Waste Management Strategic Plan for Trinidad and Tobago" Arcadis Design and Consultancy for natural and built assets January 2017. Study for IDB

SWMCOL will also benefit from reduction or eventual elimination of these items being sent to landfills.

II. THE INNOVATION PROPOSAL

A. Project description

- 2.1 The objective of the project is to implement a circular economy, private sector-led solution for collection and conversion of used and end-of-life tyres and sale of value-added products.
- 2.2 The solution proposed is a private sector investment and operation of a tyre recycling facility in Trinidad and Tobago. The private investor and operator, Ecoimpact Company Ltd (Ecoimpact or the “Executing Agency”), will engage vehicle owners, garages and tyre shops across Trinidad and Tobago to introduce a structured collection mechanism. End-of-life tyres collected will be recycled by shredding and conversion of the materials to commercial by-products (rubber crumbs and rubber powder, steel, and fibers) for export and local use, encompassing a circular economy solution. Rubber crumbs and rubber powder have numerous secondary uses and applications, including ground cover under playground equipment, running track material, and as a soil additive in sports and playing fields, injection molding products, coatings, roofing materials and various asphalt applications. The recycling facility will also include a rubber tile fabricator to facilitate local conversion of rubber by-products.
- 2.3 Ecoimpact Company, Ltd. is setting up a 10,000 sq ft tyre recycling facility in Freeport. This tyre recycling facility would have the ability to shred all sizes of used/end of life tyres and produce primarily rubber crumb, rubber powder, steel, and fibers, each having its own unique purpose in the manufacturing of new rubber and synthetic products. The tyre recycling system adopts the normal temperature physical method for shredding tyres, wire separation, crushing, fiber separation, grinding and other processes. The primary by-products, rubber crumb and rubber powder represent the highest volumes of by-products and accordingly, Ecoimpact has initially focused on market and agreements with off takers of these two by-products.⁷ The company has already advanced in discussions with Rico Asphalt in Puerto Rico for offtake of rubber crumb and potentially also the supply of tyres for processing out of Puerto Rico. They are also engaged with the Gemini Corporation’s India operations for offtake of rubber powder, whereas steel can be sold locally and fibers (the smallest volume of by product) can potentially be sold to carpet fabricators outside of Trinidad and Tobago.
- 2.4 **Innovation.** The project is innovative as it represents the first scalable private sector-led circular economy model to address end-of-life tyres that, if not correctly disposed of, can be a pollutant and a health and safety hazard. This model is also innovative in that the private sector partner has invested in an industrial facility and

⁷ The global tyre recycling downstream products market accounted for US \$4.2 billion in 2019 and is expected to reach US \$6.21 billion

a circular business model that focuses on commercial sustainability so that funding proposed can catalyze a system that will scale beyond the period of financing by IDB Lab and the GEF. The project is organized in the following key components:

- 2.5 **Component I: Commission processing facility (USD \$1,873,000, IDB Lab \$39,000, GEF USD \$180,000, Counterpart USD \$1,654,000).** The objective of this component is to equip and operationalize the end-of-life tyre recycling facility to process used and end-of-life tyres, produce by-products (rubber crumbs, rubber powder, steel, and fibers) and dispose of any unusable waste responsibly.
- 2.6 The Executing Agency has already invested significant funds to refurbish the 10,000 square foot warehouse facility owned by their holding company to house the tyre recycling facility and has received requisite clearances from the Environmental Management Authority. The recycling facility is expected to have a fully automated system that will facilitate grinding of tyres and separation into the multiple value-added products (rubber powder, rubber crumb, steel, fiber). During the initial phases of consolidating and structuring a tyre collection mechanism, Ecoimpact will initially have a team of 5 workers running an 8-hour shift for shredding and production of tyre value added products, however the equipment being purchased can function for 24 hours, and as the team begins to expand and scale operations, it is expected that the machinery will run for longer periods and employment opportunities will expand.
- 2.7 Project resources will be allocated towards completion of outfitting of the tyre recycling facility, specifically completion of infrastructure works such as plumbing, soundproofing, electrical works, and purchase of minor equipment. Ecoimpact recognizes that not all material collected can be used for recycling and conversion, while the expected percentage of unusable materials is unknown at this point, resources have been allocated to assess and design a sustainable methodology to responsibly dispose of or utilize poor quality tyres. Prior to formally beginning operations, the company will finalize a Health Safety and Environmental management plan and will receive final Occupational Health and Safety certification⁸.
- 2.8 The expected outputs for this component will include (i) the tyre recycling plant is outfitted and operational; (ii) Plan for the responsible disposal of unusable waste material is implemented and (iii) all staff involved in tyre recycling operations trained in required Health Safety and Environmental standards and protocols.
- 2.9 **Component II: Logistics management: Tyre collection system (USD 128,000: IDB Lab 70,000, GEF USD 58,000).** The objective of this component is to set up an efficient system for the traceability, collection, and conversion of tyres.
- 2.10 The primary focus for Ecoimpact will be the implementation of an efficient model for collection of tyres from various sources, which may include but not be limited to the Solid Waste Management Company Ltd (SWMCOL), tyre shops, tyre importers/distributors, garages, and other locations. Given the myriad of potential

⁸ This certification from the Occupational Safety and Health Authority (OSHA) in Trinidad and Tobago can only be obtained once the facility is completed and operational so that OSHA's officers can conduct required site visits and assessments.

suppliers for tyres based in both Trinidad and Tobago, project resources will be allocated to develop a logistics management system including: (i) creation of a database of local tyre distributors, retails outlets etc., (ii) design and management of a logistics, management system which will include examining the feasibility of establishing satellite tyre collection zones and (iii) design and piloting of a monitoring and tracking system with large tyre dealers. This pilot will allow these tyre dealers as well as Ecoimpact to monitor and track whether tyres sold are returned to sellers for appropriate disposal and inform outreach efforts to vehicle owners and other dealers and garages across the country to increase volume of tyres returned for recycling. Additionally, in the absence of regulations that mandate that all incoming tyres be responsibly disposed of, there is a need to implement a system to monitor and track all tyres that are imported and enter the country. Ecoimpact, as a first mover in this space, will also pilot a traceability system that can track the entry of tyres imported, to provide critical data that can inform national policy going forward and can support advocacy efforts around responsible disposal and recycling of potentially hazardous materials.

- 2.11 The outputs for this component will include: (i) database of tire dealers/ suppliers in Trinidad and Tobago developed; (ii) digital logistics system to optimize collection of end-of-life tyres implemented, (iii) feasibility study for satellite facilities collection zones developed; and (iv) traceability system for tyres imported into Trinidad and Tobago designed and piloted.
- 2.12 **Component III: Commercialization and Marketing (USD 22,000: GEF USD 12,000, Counterpart USD 10,000).** The objective of this component is to support scaling up and commercial viability of the end-of-life tyre recycling model.
- 2.13 Critical to the success of this model is consumer awareness to support supply of material (end-of-use tyres) for conversion and of final by-products for export and for local markets, and the expansion of market reach for both supply of inputs and sale of derived materials. The Executing Agency will implement activities for: a) design and implementation of scaling plan for end-of-life tyre recycling operations, including assessment of and expansion to regional markets/other countries; and b) the design and roll out of an awareness raising campaign sensitizing vehicle owners and broader citizenry on the importance of safe disposal of used tyres and options for collection of these tyres for recycling.
- 2.14 The expected outputs/results of this component are: (i) a scaling plan for Ecoimpact's end-of-life tyre business model developed; and (ii) a public sensitization campaign targeting vehicle owners on importance and options for recycling of tyres implemented.

B. Project results, measurement, monitoring, and evaluation

- 2.15 The key outcomes targeted for this project are as follows: (i) Ecoimpact achieves breakeven by year 3 of operations, (ii) 700,000 tyres are collected for conversion are diverted from the landfill and converted to value added by-products; and, (iii)

32,778 ug/kg of UPOPs emissions avoided due the proper disposal and conversion of end-of-life tyres over the project period⁹.

- 2.16 The model further supports other global environmental conventions, agreements and commitments to which Trinidad and Tobago is party. This includes the Cartagena Convention for the Protection and Development of the Marine Environment in the Wider Caribbean Region via the reduction of pollution from land-based sources and activities; Convention on Biological Diversity; Stockholm Convention on chemicals management; and Barbados Small Island Developing States (SIDS) Programme of Action that prioritizes action on 14 areas including climate change and management of wastes.
- 2.17 In accordance with IDB Lab requirements, Ecoimpact as the executing agency, will track and collate data on progress of the results included in the results matrix and will report on the achievement of these indicators via IDB Lab's Project Status Reporting (PSR) system. The sources and manner of collection and reporting of information and data required for the purpose of timely monitoring the project's progress has been outlined in the results matrix.

III ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS

A. Alignment with the IDB Group

- 3.1 The project is aligned with the IDB Group's Second Update to the Institutional Strategy in promoting development through the private sector; as well the priority area (5) protecting the environment¹⁰. It was also designed jointly with the Water and Sanitation Division within the "Islands-Caribbean Incubator Facility" RG-01674 (AT-1558) created with GEF financing to support the sustainable management of chemicals and hazardous waste.
- 3.2 The project is also aligned with IDB Lab's focus on essential services and cross cutting areas of the climate crisis, in particular the development of sustainable and scalable circular economy models that respond to challenges of the climate crisis, in this case specifically, the waste and pollution reduction that can be achieved through innovation and private sector led investment in the recycling and correct disposal of used tyres.
- 3.3 The development of a model that includes the use of technology to trace used tyres and a digital platform to optimize collection supports the core pillar of the IDB's Country Strategy with Trinidad and Tobago 2021 to 2025, specifically, Digital Transformation which references the use of digital technologies in service delivery, as well as the cross-cutting theme of Climate Change and Environmental Sustainability.
- 3.4 This project will also contribute to the following Sustainable Development Goals, specifically, SDG 12 related to sustainable consumption and productions patterns

⁹ Basis of estimate and computation formula included in the Results Matrix Annex 1

¹⁰ [Link to 2nd Update to Institutional Strategy](#) pg. 15 par. 2.2

and particularly targets 12.4 achieving environmentally sound management of chemicals and wastes and reducing their release to air, water and soil and target 12.5 substantially reducing waste generation through prevention, reduction, recycling, and reuse.

B. Scalability

- 3.5 Based on conservative projections, the Executing Agency is expected to generate positive net income by the end of the first year of operations. With continued revenue generation from the export of the tyre by-products, the Executing Agency will reinvest in the expansion of this model in two ways: (i) establishing satellite collection facilities; these facilities will not only be limited to T&T as the company is in early discussions to establish a collection site in another Caribbean country where the collected tyres will undergo simple shredding to facilitate its export to the recycling factory in Trinidad for further processing; and, (ii) Ecoimpact will also develop a scaling plan to identify additional markets for export, new value added by-products and ways to maximise tyre collection efforts.

C. Project and institutional risks

- 3.6 The overall project risk level is assessed as Low. Key risks that have been analyzed and which contribute to this assessment include the following:
- 3.7 **Company Operations Risk:** Difficulties in obtaining sufficient volumes of feedstock (end of life tyres) for recycling will undermine achievement of project objectives. To mitigate this risk project resources have been allocated to develop tracking and logistics management systems and outreach efforts, in addition Ecoimpact has already initiated discussions to assess feedstock from other markets.
- 3.8 **Market risk:** the pricing of recyclable materials is volatile with changes in freight rates driving this volatility. If costs rise considerably, the business model may not be viable which will undermine achievement of project outcomes. This risk must be accepted however current freight rates remain stable and other production cost drivers are relatively low and stable, with projections based on extremely conservative estimates which are not expected to detrimentally impact revenue generation.
- 3.9 **Country Risk:** The CRIG is denominated and repayable in US Dollars, a risk is the availability of US dollars for financing repayment due to current national foreign exchange challenges, which could result in delays in repayment. This risk is mitigated as the products produced by the Executing Agency are exported and the Executing Agency is earning revenue in USD which can finance repayments.
- 3.10 **Environmental Risks:** In accordance with the IDB's Environmental and Social Policy Framework ("ESPF"), the Transaction has been classified in Category B because it could have moderate and mitigatable environmental and social impacts, which include: i) risks associated with working conditions, health, and occupational safety of workers; ii) waste generation; and iii) possible impacts to communities because of the traffic of trucks that transport the used tyres to the Company's facilities. The Environmental and Social Due Diligence ("ESDD") consisted in a desk review of technical documentation provided by the Executing Agency and virtual meetings with its senior management. The ESDD revealed certain gaps against

IDB ESPF which are being addressed through an Environmental and Social Action Plan agreed with the Executing Agency.

- 3.11 The Institutional Risk, according to the Assessment of Integrity and Institutional Capacity (DICI), is rated as low.

IV. INSTRUMENT AND BUDGET PROPOSAL

- 4.1 The project has a total cost of US\$2,080,000, of which US\$130,000 (6%) will be provided by IDB as a Contingency Recovery Investment Grant (CRIG), US\$250,000 (12%) will be Non-Reimbursable Investment Grant provided by the Global Environment Fund (GEF)¹¹ through the operation RG-O1674 ISLANDS: Caribbean Incubator Facility and US\$1,700,000 (82%) will be provided by the counterpart.
- 4.2 Project financing includes a Contingent Recovery Investment Grant of US\$130,000 as the circular economy use of end-of-life tyres model is intended to generate revenue that can be applied to repay the CRIG. The Executing Agency will begin to repay the CRIG based on the terms outlined below, and as further defined in the term sheet (Annex VII).
- 4.3 **Retroactive recognition of counterpart funds.** Counterpart resources will be retroactively recognized up to 6 months preceding project approval by the IDB Lab Donors Committee up to a maximum of US\$500,000 which represents investment in plant and equipment and activities for mobilization of operations.
- 4.4 The project budget is summarized in the following table:

Project components	IDB Lab CRIG USD TT-G1003	GEF Non-Reimbursable Investment Grant USD TT-G1006	Counterpart (cash and in kind) USD	Total USD
Component I: Commission processing facility	39,000	180,000	1,654,000	1,873,000
Component ii: Logistics management-, tyre collection system	70,000	58,000		128,000
Component III: Commercialization and Marketing		12,000	10,000	22,000
Project Administration			36,000	36,000
Contingencies	21,000			21,000
Total	130,000	250,000	1,700,000	2,080,000
% of financing	6	12	82	100

¹¹ Over 30% of GEF Resources will be used for the acquisition of Goods and Services as outlined in the detailed budget (Annex II) hence the use of an IG instrument

- 4.5 **Key conditions for the Contingent Recovery Investment Grant** are as follows, and are further elaborated in the Term Sheet (Annex VII):
- 4.6 **Period of Execution and Disbursement.** The project must be executed and disbursed within a period not exceeding 2 years, counted from the date of signature of the Agreement. During this period, the Executing Agency is required to report progress in the PSR.
- 4.7 **CRIG Disbursement Mechanism.** Resources will be disbursed in up to two disbursements, each disbursement for up to a maximum of US\$130,000 to be made during the Disbursement Period, at the request of the Executing Agency, against the signing of a promissory note, conditional to achievement of triggering milestones and subject to compliance with the conditions for disbursement, as well as others that may be requested by IDB Lab.
- 4.8 **Conditions for the disbursement of Contingent Recovery funds.** In order to make disbursements, the Executing Agency must report to IDB Lab the fulfillment of the conditions agreed at the time of the disbursement request, as follows:
- 4.9 For all disbursements, a request accompanied by: (i) general conditions for the disbursement of the contribution detailed in the Agreement, (ii) report of compliance with financial and operating conditions prior to disbursement, (iii) no objection to the updated and specific investment plan for the use of the resources requested, and (iv) a signed promissory note for the amount requested.
- 4.10 For the first disbursement the Executing Agency will have to present (i) general conditions for the disbursement of the contribution detailed in the agreement.
- 4.11 For the second disbursement, in addition, the Executing Agency will have to present evidence of: (i) general conditions for the disbursement detailed in the agreement and (ii) to have used at least 90% of the resources disbursed by IDB Lab in the items defined in the contracting plan.
- 4.12 **Recovery of the Contingent Recovery Investment Grant.** The Executing Agency will be subject to repay the recovery amount, if it meets the Triggering Milestone measured during the Recovery Period and in accordance with the stipulations.
- 4.13 The Recovery Period lasts 30 months and begins on the first repayment date. The first repayment date occurs 6 months following the date of the last disbursement once the Triggering Milestone is met.
- 4.14 Repayment must be made regardless of whether there has been a partial cancellation or partial disbursement of the Contribution.
- 4.15 The Executing Agency is obligated to make up to 5 semi-annual repayments to IDB Lab during the recovery period, starting in the first repayment date, which occurs after the Executing Agency meets the Triggering Milestone. Repayment dates are June 15, and December 15.

- 4.16 The semiannual repayment amounts consist of 5 equal installments of US \$26,000. The Triggering Milestone is reached when the Executing Agency has generated cumulative revenues of US \$500,000. The Triggering Milestone is expected to be met by the end of the 2-year disbursement period.
- 4.17 In the event that the Executing Agency is has not achieved the Triggering Milestone for commencement of repayment, the first repayment is deferred to the next scheduled semiannual repayment date and the compliance review is again conducted 30 days prior to the semiannual repayment date. If the Executing Agency is again found to be non-compliant with the Triggering Milestone for commencement of repayment, this process repeats on the next semiannual payment date.
- 4.18 Once the Executing Agency is found to be compliant with the contingency condition for commencement of repayment, the installments will commence in accordance with agreed schedule up to the date of full repayment of the amount of the Contingent Recovery Investment Grant in the sum of USD \$130,000 unless otherwise agreed by the Inter-American Development Bank and the Executing Agency.
- 4.19 The maximum Contribution Recovery of Contingent Recovery resources is US\$130,000.
- 4.20 **Key individuals.** The key individuals at Ecoimpact Company Ltd. are (i) John Haddad, Group Co-chief executive officer HADCO Group and (ii) Kevin Whiteman, Managing Director Ecoimpact Co. Ltd. If either of these key individuals ceases to actively participate in the operational management of the business and its institutional affairs, the executing agency will immediately inform IDB Lab thereof in writing and will submit a succession plan. The profile submitted as a replacement for the departing key individual will have the same or similar characteristics.
- 4.21 **Summary of financial position.** Ecoimpact Company Ltd. is wholly owned by Hadco Holding Ltd., a company incorporated in Trinidad and Tobago. Its historical financial statements are included in the technical files of IDB Lab's Project Information System. The company is generating revenues and profits.

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Executing Agency description

- 5.1 Ecoimpact Company Ltd. will be the Executing Agency of this project and will sign the agreement with the IDB.

- 5.2 Ecoimpact Company Ltd¹² is part of the HADCO Group in Trinidad and Tobago¹³, a company with operations in distribution, manufacturing, and recycling. Recycling includes two companies, New Age Recycling that collects and processes paper, cardboard, tetra, glass, cans, and plastic bottles for export as well as Ecoimpact Company Ltd. (Ecoimpact).
- 5.3 Ecoimpact is currently engaged in the collection of used vegetable oil from food services outlets which is processed as a ISCC certified product and is exported to Spain as a feedstock for the manufacturing of alternative biofuels. Ecoimpact is also engaged in collection and recycling of batteries.
- 5.4 The Hadco Group is the first large locally owned company in Trinidad and Tobago, which has demonstrated a commitment to circular economy business with investment in equipment, human resources, and operational costs, and is a first mover in this sector

B. Implementation structure and mechanism

- 5.5 Ecoimpact Company Ltd. will establish an execution unit headed by its Managing Director as well as the necessary structure to execute project activities and manage project resources effectively and efficiently. Fiduciary and administrative support will be provided through Ecoimpact's holding company HADCO Group which provides centralized fiduciary, legal and other support for companies within the group. Ecoimpact Company Ltd. will be responsible for submitting progress reports on project implementation. Details on the reporting requirements are in Annex V in the project technical files.

VI FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Disbursement by results and fiduciary arrangements.** The Executing Agency will adhere to the standard IDB Lab arrangements relating to disbursement by results, IDB procurement and financial management policies, as specified in Annexes V and VI.
- 6.2 **Results Based Disbursement:** The project will be monitored by the IDB's Country Office in Trinidad and Tobago. Monitoring will be undertaken in accordance with the performance and risk management policies (fulfilment of milestones), as established by IDB Lab. Project disbursements will be contingent upon verification of the achievement of milestones (pre-determined outputs critical to achievement of the development objectives). Achievement of milestones does not exempt Ecoimpact Company Ltd. from the responsibility of reaching the results matrix indicators and project's objectives.
- 6.3 **Fiduciary Management and Supervision:** Ecoimpact Company Ltd. will establish and be responsible for maintaining adequate accounts of its finances, internal

¹² <https://ecoimpacttt.com/>

¹³ <https://hadcoltd.com/divisions/>

controls, and project files according to the financial management policy of IDB Lab. For the procurement of goods and contracting of consulting services, Ecoimpact Company Ltd. will adopt the principles of IDB Lab Policies.

VII ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 **Access to information.** Project information is not considered confidential under the IDB Access to Information Policy. This document is therefore public in accordance with said policy¹⁴.
- 7.2 **Intellectual property.** Ecoimpact Company Ltd. shall own the intellectual property rights to all works produced or results obtained under the project, and will grant the IDB Group an irrevocable, worldwide, perpetual, royalty-free, and non-exclusive license to use, copy, distribute, reproduce, publicly display, and perform any and all Executing Agency intellectual property derived from execution of the project, as well as to create derivative works.

¹⁴ [Link to the Access to Information Policy.](#)