

PROJECT PROFILE

BELIZE

I. BASIC DATA

Project Name:	Water Supply and Modernization Program
Project Number:	BL-L1043
Project Team:	Germán Sturzenegger (INE/WSA), Team Leader; Manuela Velasquez (INE/WSA) and Francisco Zegarra (SCL/MIG), Alternate Team Leaders; Maria Eduarda Gouvea and Liliana López (INE/WSA); Orchel Usher (CID/CBL); Watson Brodrick and Christian Lunstedt (VPC/FMP); Javier Jimenez (LEG/SGO); Naiara Martinez (SCL/GDI); and Alessandro Farinaccio (VPS/ESG).
Borrower:	Belize Water Services Limited (BWS)
Guarantor:	Belize
Executing Agency:	Belize Water Services Limited (BWS)
Financial Plan:	IDB (Ordinary Capital): US\$11,000,000 Total: US\$11,000,000
Safeguards:	Policies triggered: ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 9; ESPS 10 Classification: B

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Justification.** According to the Joint Monitoring Program, 86% of households in Belize have access to piped water. However, access to this basic service varies significantly between urban (95%) and rural areas (78%). Access to water also fluctuates significantly between geographic regions.¹ In the two largest districts, Belize and Cayo, more than 80% of households have access to this service; but in smaller and poorer districts, such as Toledo or Stan Creek, only 60% have access to piped water services. In Toledo District, 11% of households still extract water from wells and 10% from open sources, such as rivers, creeks, or springs.
- 2.2 Access to sanitation is also a major challenge. Only 11% of Belize's households have access to wastewater collection and treatment services, which is limited mostly to a few urban areas. The cities of Belize City, Belmopan, and San Pedro are the only ones with partial coverage of these services. In urban centers such as Orange Walk, Placencia or Caye Caulker there is no sewer collection or wastewater treatment, and sanitation primarily involves the use of pit-latrines and septic-tanks. In rural areas, sanitation involves mostly the use of pit latrines and, in some cases, septic tanks.

¹ [WHO/UNICEF Joint Monitoring Programme \(JMP\) Database, 2021.](#)

- 2.3 Service provision in urban areas.** BWS is the autonomous provider of water and sanitation services in Belize's major urban areas, including Belize City, Belmopan City, San Ignacio, Santa Elena, Benque Viejo Del Carmen, Caye Caulker, San Pedro, Dangriga, Placencia, Punta Gorda Town, Corozal and Orange Walk². As of April 2022, BWS had an active customer base of 64,000 water connections and 11,654 sewer connections. It provided water services to approximately 70% of Belize's population. BWS is one of the best performing water utilities in the Caribbean. Service continuity (the average hours of service per day) is estimated at 23.98 hours. The company reports that 100% of its users have metered water consumption. In 2021, BWS registered non-revenue water levels at 20% on average across the company's 12 major water distribution systems (significantly below the 46% regional average).³ Collection efficiency was reported at 99% (a well-performing utility has a collection rate greater than 90%), and staff productivity registered 4.4 employees per 1,000 connections, way below the regional average of 6.8. BWS also reported gross accounts receivable of 49 days (generally, anything above 60 days is concerning) and an EBITDA margin of approximately 34% (2021), also way above the 12% regional average.⁴ BWS is regulated by Belize Public Utilities Commission (PUC), which regulates the water, electricity, and telecommunication sectors.
- 2.4 Service provision in rural areas.** BWS also provides water services in 44 rural villages that neighbor major urban centers. BWS, however, is not the only water service provider in rural areas. Village Water Boards (VWB) manage and operate water supply systems in approximately 194 villages, each with less than 4,000 inhabitants, representing about one third of the country's population. Water service provision in rural areas faces several challenges such as the lack of water disinfection equipment and/or practices, lack of resources to operate and maintain the infrastructure, lack of staff capabilities and standard procedures to properly operate the water systems, and, very importantly, rapid, and premature infrastructure deterioration. Due to the challenges faced by VWB and the investments needed to upgrade or expand existing rural water systems, BWS, per request of the Belizean Government, is assuming the responsibility of providing water services in some rural villages, especially those around major urban centers such as Belmopan or San Ignacio.
- 2.5 Access to water services among migrants.**⁵ In Belize, migrants account for about 14% percent of the total population. Immigrants from El Salvador, Guatemala, and Honduras represent 17.4% of its labor force (SIB, 2021). According to the International Organization for Migration (IOM), in 2021 Belize had a net migration rate of 1.4 migrants/1,000 people. The IOM also reports that women represent about 50% of all migrants (IOM, 2021). After years of sustained

² BWS was originally incorporated as a private company in 2001. Following the withdrawal of BWS's private majority-owner and operator (Cascal B.V.) in 2005, the Government of Belize (GoB) maintains approximately 83% of BWS's shares, the Belize Social Security Board owns 10%, and private shareholders the remaining 7%.

³ Janson, et al., Caribbean Water Study, IDB, 2021. <https://publications.iadb.org/en/caribbean-water-study>.

⁴ Ibid.

⁵ In this context, the project team will explore the possibility of complementing the loan operation with grant resources from IDB's Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows. These additional resources would be targeted, under Component 1, at increasing access to safe water in peri-urban and rural areas with a high presence of immigrants. Up to US\$700,000 could be leveraged from the Facility.

migration inflows, Belize is currently undergoing a historic amnesty process after which an estimated 40,000 migrants would be regularized by 2023 (Ministry of Immigration, 2022). However, according to IOM, migrant populations in Belize still require health, education, and basic services such as access to safe water. Most immigrants have located in peri-urban areas or rural villages bordering big urban centers, which often lack these basic services. Even though there is an information gap about migrants' access to basic services, surveys conducted by CID-Gallup in 2010, point out that access to water to safe water is about 64%, much lower than the national average.

- 2.6 **BWS's challenges.** Belize's population is currently growing at a rate of 1.8% a year, driven mostly by immigration from neighboring countries. By 2025, the total population of Belize is expected to reach about 450,000 from today's 405,000 inhabitants increasing demand for basic services such as water. Population growth put pressure on BWS to attend to the new demand and maintain service quality. To address these challenges, BWS needs to improve its operational and financial performance to finance new infrastructure works and maintain the same level of service quality. The proposed financing can help the company attend to these needs and support the country's efforts to achieve sustainable economic growth. BWS's capital investments are financed by the company itself, as it does not receive government subsidies to cover operating expenses or finance its capital costs. In 2021, BWS reported capital investments for US\$4.4 million. If measured relative to the number of water connections, it represented one of the lowest in the region at US\$69,000 per connection. In 2021, electricity costs represented about 10% of the company's OPEX with much room for efficiency given the mostly antiquated electromechanical equipment in most of its pumping systems. The repair or replacement of this equipment is expected to reduce OPEX and optimize network management. In 2021, the company spent almost US\$400,000 in the purchase of calcium hypochlorite to feed the company's water disinfection systems (about 3% of its OPEX). An IDB-led assessment suggested the use of alternative water disinfection technologies, based on the on-site production of disinfectants, to replace existing disinfection systems and reduce the need of high amounts of calcium hypochlorite.
- 2.7 **Program Structuring.** This operation will be structured as a Global of Multiple Works Investment Loan for a total of US\$11 million. The borrower and executing agency will be BWS. The Government of Belize will provide the sovereign guarantee. The disbursement period will be five years. A representative sample of potential investments, for at least 30% of the total loan amount, will be identified and analyzed during project preparation. An institutional capacity analysis of BWS will be conducted (§3.2)
- 2.8 **Program Objectives.** The general objective of this program is to reduce service gaps between urban and peri-urban/rural areas through the following specific objectives: (i) increasing access to safe water in peri-urban and rural areas, with emphasis in vulnerable population such as migrants; and (ii) improving the operational and financial performance of BWS.
- 2.9 **Component 1. Increasing Access to Water Services (US\$4.5 million).** This component will finance expansion projects aimed at increasing safe access to water in selected BWS' service areas, including rural communities near these areas. It will also finance prioritized studies such as a Sewer and Wastewater

Master Plan, which will include an analysis of different financial strategies for the investments identified in the Plan, and a study to map alternative water sources in the Districts of Cayo and Belize.

- 2.10 **Component 2. Innovation for Improved Operational and Financial Performance (US\$6 million).** This component will finance different types of innovative equipment aimed at improving the company's operational and financial performance. This component will be structured in four main subcomponents: (i) Water Disinfection, which will finance the deployment of innovative water disinfection technologies based on the on-site production of disinfectants; (ii) Energy Efficiency (EE), which will finance the repair and replacement of electromechanical equipment in prioritized service areas; (iii) Smart metering, which will finance the piloting of smart metering technologies in selected service areas; and (iv) Basic equipment the company needs, such as well water rigs, for improved operational and financial efficiency. This component will also finance the design and implementation of the Gender and Diversity Action Plan for the company.
- 2.11 **Project Management, Audit and Evaluation (US\$0.5 million).** Remaining resources will cover management and supervision costs as well as the operation's external audits and intermediate and final evaluations.

Table 1. Preliminary Budget Allocation (in US\$)

Component	IDB (US\$)	%
Component 1. Increasing Access to Water Services	4,500	40.9
1.1. Water Expansion Investments	3,500	31.8
1.2. Studies & Designs	1,000	9.1
Component 2. Innovation for Improved Operat. & Fin. Perf.	6,000	54.5
2.1. Water Disinfection	1,500	13.6
2.2. Energy Efficiency	2,500	22.7
2.3. Smart Metering	500	4.5
2.4. Basic Equipment	1,450	13.2
2.5. Gender & Diversity Action Plan	50	0.5
Project Management, Audit & Evaluation	500	4.5
TOTAL	11,000	100.0

- 2.12 **Beneficiaries.** The Program is expected to benefit at least 1,000 households with no current access to piped water services as well as about 60 commercial users. The Program is also expected to reduce BWS' OPEX and improve the company's operational and financial performance indicators. Specific outcomes and targets will be included in the Results Matrix.
- 2.13 **Multiple Works Program and Sample Readiness.** Under Components 1 and 2, the Program will finance groups of similar works and investments that: (i) are physically similar but independent of each other, including water expansion projects and the installation of disinfection and energy efficiency equipment; and (ii) their feasibility does not depend on the execution of any particular number of the works projects, as these investments will take place in different geographic locations. A representative sample of, at least, 30% has been defined, including

two water expansion projects (San Pedro and Harmonyville for a total of US\$ 1.4 million which are fully prepared at the prefeasibility level), and water disinfection investments in six BWS' service areas (Belize City, Belmopan, Orange Walk, Corozal, San Ignacio, and Hattievill for a total of US\$ 1.3 million, which are also fully prepared). In addition, a pilot project for the installation of smart meters in San Pedro and Caye Caulker, which will replace existing analog meters, has been designed for a total of US\$800,000. BWS is in the process of defining additional new water expansion projects to be financed under Component 1. BWS will lead the preparation of these projects at the engineering level.

- 2.14 **Eligibility Criteria.** For the identification of new projects and investments the following eligibility criteria have been preliminary defined with BWS: for Component 1: (i) technical, financial, environmental, and socioeconomical feasibility, and (ii) project must be located in peri-urban areas or rural areas (villages) close to BWS' service areas with no current access to piped water services; for Component 2: (i) technical, socioeconomical, environmental and financial feasibility; and (ii) located in BWS' service area. For component 1, one prioritization criterion has been identified: (i) which is the percentage of immigrants living in the peri-urban or rural area. Eligibility and prioritization criteria will be further defined during the preparation process.
- 2.15 **Strategic Alignment.** This loan operation is aligned with the Bank's Update to the Institutional Strategy (UIS) (AB-3190-2). Namely, with the development challenge of: (i) Social Inclusion and Equality, by increasing access to safe water in urban and rural areas; and (ii) Productivity and Innovation challenge as it will finance the deployment of innovative technologies in Belize that will improve the operational and financial performance the country's main water utility. Also is aligned with the crosscutting topics of: (i) Gender Equality and Diversity, as it will promote the participation and professional development of women in the company; and (ii) Climate Change, by promoting energy efficiency in the provision of water services. The Program is also consistent with the IDB's Country Strategy with Belize 2022-2025 (GN-3086) as it will contribute to the tourism sector by financing investments in resilient infrastructure and public goods and services, namely access to water services. It will also contribute to the country's sustainable economic growth by providing access to basic services in both urban and rural areas. The operation is also aligned with the Bank's Public Utilities Policy goal of improving the sustainability and efficiency of service providers through the development of financially sustainable schemes that combine cost-efficiency and the most appropriate technological solutions to meet the population's need to access basic services (GN-2716-6).

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **BWS' Implementation capacity.** The Executing Agency for this loan operation will be BWS. BWS has executed several IDB funded operations, including, most recently, the Belmopan Sewerage Expansion Project under a Global Environmental Facility GEF-IDB project (Establishment of a Revolving Fund for Financing Water Projects in Belize [GRT/FM-12724-RG](#)) as well as [ATN/OC-19183-BL](#) (Detailed Design of a Wastewater Collection and Treatment System in Placencia). BWS is also successfully executing Technical Cooperation

[ATN/OC-18380-BL](#) (Design of Wastewater Treatment Solutions in Coastal Areas) for US\$250,000; and Investment Grant [BL-G1007](#) (Advancing Water Disinfection in Urban and Rural Areas) for US\$250,000. BWS was also the executing agency for loan operation [BL-L1015](#) (Integrated Water and Sanitation Program in Placencia) for a total of US\$5 million. In 2022, BWS is expected to invest about US\$10 million from its own resources for capital investments, including water expansion projects, similar to the ones that will be financed under the operation, showcasing the company's capacity to carry on these types of investments.

- 3.2 **Project Execution.** For execution purposes, BWS will create a Project Execution Unit (PEU), which will preliminarily include a dedicated Project Coordinator (PC), a Technical Focal Point (TFP), a Procurement Specialist (PS), a Financial Specialist (FS), and an Environmental and Social Specialist (ESS). As part of the preparation process, an Institutional Capacity Analysis of the company is being conducted using the Institutional Capacity Assessment Platform (ICAP), which will provide inputs to define the final structuring of the PEU.
- 3.3 **Retroactive Financing.** BWS is analyzing the possibility of using retroactive financing, under which the Bank could finance part of the project's costs incurred by the borrower before the date on which the IDB Board approves the operation. The Bank would only recognize expenses that comply with conditions substantially similar to those established in the loan contract. BWS will identify potential activities that could fall under this scheme. It was agreed that the total amount for these activities could not account for more than 20% of the total loan amount.
- 3.4 **BWS's financial capacity.** A preliminary financial analysis of the company has been conducted to assess the financial capacity of BWS to contract the US\$11 million debt. This preliminary assessment indicates that BWS will generate enough cash flow to pay its debts and cover its operating costs and expenses in the medium to long term, considering that capital investments will stay at historical levels. A final long-term financial projection model will be developed during the preparation process, considering the impact of the proposed investments in the company's revenue and OPEX.
- 3.5 **Technical aspects for Component 1 (Increased Access to Water).** BWS has already a project portfolio for priority service areas. Water network expansion projects in San Pedro and Harmonyville have been identified as the project sample for Component 1. The company has developed prefeasibility studies for both locations, which were analyzed from the technical, financial, socioeconomic, and environmental perspectives. These two projects will be considered as part of the Program's sample. BWS is working on the identification of additional water expansion projects.
- 3.6 **Technical aspects for Component 2 (Improved Operational and Financial Performance).** Several consultancies and activities are currently being implemented to structure this component, which will be part of the Program's sample. Namely: (i) Water Disinfection: an assessment of alternative water disinfection technologies has already been developed suggesting the replacement of existing disinfection systems, which require the purchase of high amount of calcium hypochlorite, for lower OPEX technologies based on the on-site production of disinfectants. BWS has already prioritized 5 locations in which this new

- technology would be deployed: Belize City, Belmopan, Orange Walk, San Ignacio, and San Pedro, where feasibility analyses have been prepared; (ii) Energy Efficiency: an EE audit and investment plan has been prepared by a team of consultants and is being analyzed by the company. BWS will prioritize investments based on this plan, which will include technical specifications, bill of quantities and a cost-benefit assessment; (iii) Smart Metering: different alternatives for the installation of smart meters have been identified by BWS. BWS has selected San Pedro and Caye Caulker as sites for piloting this innovative equipment aimed at increasing BWS's revenue collection capacity through improved meter reading accuracy; and (iv) Basic Equipment: BWS is developing the technical specifications for two types of equipment that could reduce OPEX costs for the company: (i) two (2) Sewer Flushers (with trailer and truck) for the cities of San Pedro and Belmopan to increase the efficiency of sewer systems by breaking up solids accumulated on manholes and on networks and thus reduce operational and maintenance costs; and (ii) a well rig to (well driller) to meet growing water demand in BWS' service areas.
- 3.7 **Gender and Diversity Aspects:** BWS is in the process of approving a Gender and Diversity Policy for the company. A gender and diversity analysis of the company will be developed to identify gaps. A gender and diversity action plan will be budgeted and implemented during implementation in line with the Policy.
- 3.8 **Risks.** The following execution risks have been preliminary identified: (i) delays in obtaining permits and authorizations for civil works projects; (ii) delays by contractors in the execution of their contracts, which are expected to follow the design and construction modality; (iii) cost overruns due to rapid inflation and the location of some civil works (small islands such as Caye Caulker or San Pedro); and (iv) inadequate O&M of the infrastructure and equipment by BWS. Different mitigation measures for these risks will be identified and budgeted during the preparation process.
- 3.9 **Bank's Experience in the sector.** The Bank's involvement in Belize's urban and rural water and sanitation sectors includes several loans, technical cooperation, and investment grant operations. In 2010, the Bank, through its Water and Sanitation Division (INE/WSA) approved loan operation [BL-L1015](#) (Integrated Water and Sanitation Program in Placencia) to support the economic development of the Placencia Peninsula by the construction of a new sewerage collection and treatment system. In 2008 and 2016, respectively, the Bank approved loan operations [BL-L1006](#) (Solid Waste Management Project) and [BL-L1021](#) (Solid Waste Management Project II) to support the country's efforts to reduce environmental pollution and enhance the image of Belize in the ecotourism market by improving the management of its municipal solid wastes. The Bank recently approved three technical cooperation operations to support the urban and rural water and sanitation sectors. Namely: [BL-T1105](#) (Innovation in the Solid Waste Management Sector in Belize), which is supporting the executing of loan operation [BL-L1021](#) and piloting recycling projects in tourist destinations; [BL-T1125](#) (Design of Wastewater Treatment Solutions in Coastal Areas), which is financing the design of Caye Caulker's sewerage systems (wastewater collection and treatment); and [BL-T1126](#) (Support to Integrated Water Resources Management) to strengthen water resources management countrywide. In 2022, the Bank approved investment grant [BL-G1007](#) to finance the piloting of new water

disinfection technologies in urban and rural areas. This operation will provide useful inputs for Component 2, specifically for the deployment of new water disinfection equipment in selected distribution systems.

- 3.10 **Lessons learned.** Past projects in Belize indicate that to ensure successful project implementation, the following variables must be taken into account: (i) timely supervision of the civil works; and (ii) capacity building within BWS to ensure the financial and operational sustainability of all capital investments. Loan operation [BL-L1015](#) ended up being cancelled due to the opposition of local stakeholders to the location of the proposed wastewater treatment plant. Alternative locations were analyzed, but the higher costs of these other locations made the project not financially feasible for BWS. To minimize this risk, public consultation processes will be developed, following national and IDB regulations.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 In accordance with the Bank's Environmental and Social Framework (MPAS), this operation is classified as Category "B" due to the expected local and short-term environmental and social impacts for which effective mitigation measures are available and will be implemented. The safeguard filters have been completed. A detailed Environmental and Social Assessment (ESA) and an Environmental and Social Management Plan (ESMP) will be prepared for the two sample projects (looking at both the construction and operation phase). An Environmental and Social Framework will also be developed. The completed Environmental Social Strategy (ESS) is presented in Annex III.
- 4.2 The Disaster Risk and Climate Change Risk (DRCCR) of the operation has been classified as Moderate as natural phenomena such as droughts, landslides, floods, could moderately impact the project. The operation received a preliminary Environmental and Social Risk Rating (ESRR) of Moderate driven by potential direct, indirect, and cumulative impacts associated with accidents, injury, and disease arising from, associated with, or occurring during construction activities.
- 4.3 The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous). The operation will not finance any resettlement, physical or economic displacement or land acquisitions as such. The ESA should verify the presence of IPs and afro-descendants in the project area working conditions may pose risks of exploitation, to health and safety of workers and communities as well as allow for discrimination and exclusion of vulnerable groups. The operation will not finance interventions that could lead to negative impacts on cultural heritage.
- 4.4 The Executing Agency has adequate capacity and competency to manage environmental and social issues and will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions under ESPS 2. The Borrower will prepare and operate a Grievance Redress Mechanism for all workers (direct and contracted). As part of the ESA/ESMS, a Socio-Cultural Assessment for Indigenous peoples and afro-descendants will be prepared, for each works in representative sample, and if impacts are confirmed an Indigenous Peoples Plan

(IPP). If confirmed, the presence of Maya and Garifuna communities, sociocultural analysis should be conducted as part of the ESA. The operation will realize one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval and disclose the E&S documentation and plans accordingly.

- 4.5 For execution purposes, BWS will follow IDB's procurement policies, namely GN-2349-15 and GN-2350-15. A detailed Procurement Plan (PA) which will indicate the procedures to be used for each procurement process, the selection method, the estimated cost of each contract, and the requirement for ex-ante or ex-post review by the Bank, will be developed. To date, no exceptions to the Bank's policies, retroactive financing, or recognition of expenditures are anticipated. The fiduciary risk and institutional capacity of BWS will be evaluated during the Institutional Capacity Analysis.

V. OTHER ISSUES

- 5.1 No other issues have been identified at this time.

VI. RESOURCES AND TIMETABLE

- 6.1 Distribution of the Proposal for Operation Development (POD) to the Quality and Risk Review (QRR) is expected on December 2, 2022. The Draft Loan Proposal (DLP) approval by the Operations Policy Committee (OPC) is expected on January 12, 2023; and final approval by the Board of Executive Directors is expected on February 22, 2023.
- 6.2 To support the preparation of this operation, US\$79,000 will be needed from the Bank's administrative budget; and US\$159,000 from TCs "Promoting the Sustainable Financial and Operational Recovery post COVID-19 of Water and Sanitation and "Solid Waste Operators (ATN/AC-18251; ATN/MA-18253-RG; ATN/OC-18252-RG) and "Innovation in the Solid Waste Management Sector in Belize" (ATN/JF-17360-BL, ATN/JF-19179-BL). Annex V provides details of the project preparation steps, milestone dates, and demand of resources for proper project preparation.

CONFIDENTIAL¹

¹ The information contained in this Annex is deliberative, and therefore confidential, in accordance with the exception regarding “Deliberative Information” referred to in paragraph 4.1 (g) of the Bank’s “Access to Information Policy” (Document GN-1831-28).

Operation Information

Operation Name	
Water Supply and Modernization Program	
Operation Number	BL-L1043

Operation Details

Organizational Unit	IDB Sector/Subsector
INE/WSA	WATER SUPPLY URBAN
Type of Operation & Modality	Original IDB Amount
LON / GOM	\$11,000,000.00
Executing Agency	Borrower
BL-BWS	BELIZE
ESG Primary Team Member	Team Leader
Alessandro Farinaccio	German Sturzenegger
Toolkit Completion Date	Author
09/11/2022	Alessandro Farinaccio
Applicable ESPs with requirements	
ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 9; ESPS 10	

Operation E&S Classification Summary

Environmental and Social Impact Categorization (ESIC)	B
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Disaster and Climate Change Risk Classification (DCCRC)	Moderate
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Environmental and Social Risk Rating (ESRR)	Moderate
Overwritten ESRR Justification	Reduce: Lower risk likely
Overwritten ESRR Comments	
During project preparation, more information on the magnitude of the interventions was made available, allowing for the review and downgrading of the risk rating.	

Summary of Impacts / Risks and Potential Solutions

There are no contextual risks associated with the project (e.g. political instability, oppression of communities, armed forces in the project area).

The operation will not have direct impacts associated with child labor or forced labor in the workforce.

The operation will not have significant indirect and/or cumulative impacts associated with child labor or forced labor in the workforce.

The Executing Agency or other relevant entity (in relation to the operation) has a proven track record to respect and protect the fundamental principles and rights of workers (including fair treatment, commitment to non-discrimination, equal opportunity, protection of workers including workers in vulnerable situations, work accommodations, migrant workers' rights, collective bargaining and rights of association) and compliance with national employment and labor laws.

The operation will not result in the direct loss of employment (i.e. retrenchment).

The operation will not result in the indirect and/or cumulative loss of employment (i.e. retrenchment).

The Borrower will prepare and operate a Grievance Redress Mechanism for all workers (direct and contracted).

The operation will promote a sustainable use of resources including energy, water and raw materials.

The operation will not have direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation will not have indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of hazardous materials such as PCBs, Radiological Waste, Mercury, CFCs, etc.

The operation will not have direct negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation will not have indirect and/or cumulative negative impacts to the environment and human health and safety due to the production, procurement, use, and disposal of pesticides.

The operation is considering alternatives to implement technically and financially feasible and cost-effective options to avoid or minimize project-related GHG emissions during the design and operation of the project.

The operation has no exposure to climate transition risks related with a loss of value of a project driven by the transition to a lower-carbon economy, result from extensive policy, legal, technology, and/or market changes to address climate change.

The project will not directly affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life threatening.

The project will not indirectly-cumulatively affect the public (including workers and their families) by exposing them to hazardous materials released by the project, particularly those that may be life threatening.

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to directly result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).

There is no potential for the project or project-related activities (e.g. the influx of temporary or permanent project labor, among others) to indirectly-cumulatively result in or exacerbate community exposure to water-related (i.e., waterborne, water-based, and vector-borne diseases) and/or communicable diseases (e.g. COVID).

The project's direct impacts on priority ecosystem services will not result in adverse health and safety risks and impacts to the project-affected people.

The project's indirect and/or cumulative impacts on priority ecosystem services will not result in adverse health and safety risks and impacts to the project-affected people.

There is no potential for an emergency or unanticipated event to occur in the project area of influence that demands immediate action to prevent or reduce harm to people, property, and/or the environment.

There is no potential direct impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

There is no potential indirect and/or cumulative impacts to workers and project-affected people related to the use or arrangement of security services to safeguard personnel and/or property.

The project will not lead to direct impacts related to physical, and/or economic displacement - Impacts include, and are not limited to, relocation; expropriation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

The project will not lead to indirect and/or cumulative impacts related to physical, and/or economic displacement - Impacts include, and are not limited to, relocation; expropriation; loss of shelter; loss of land; loss of assets; restrictions on land and natural resources; loss of income; loss of livelihoods; loss of social safety net.

Vulnerable people will not be disproportionately affected by direct impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

Vulnerable people will not be disproportionately affected by indirect and/or cumulative impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable people include the elderly, children, single-headed households, refugees, internally displaced persons, natural resource dependent communities.

The operation doesn't have the potential to directly convert or degrade natural habitat.

The operation doesn't have the potential, including through the supply chain, to indirectly-cumulatively convert or degrade natural habitat.

The operation doesn't have the direct potential to implement project activities in critical natural habitat.

The operation doesn't have the indirect and/or cumulative potential, including through the supply chain, to implement project activities in critical natural habitat.

The operation is not expected to directly impact a legally protected area or an internationally recognized area.

The operation is not expected, including through the supply chain, to indirectly-cumulatively impact a legally protected area or an internationally recognized area.

The project will not directly introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

The project will not indirectly-cumulatively, including through the supply chain, introduce (intentionally or accidentally) alien, or non-native, species of flora and fauna that have the potential for invasive behavior in areas where they are not normally found.

The project is not expected to cause adverse direct impact on Indigenous Peoples. FPIC is required when there will be (i) impacts on lands and natural resources subject to traditional ownership or under customary use; (ii) Relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use; or (iii) significant impact on Cultural Heritage.

The project is not expected to cause adverse indirect/cumulative impact on Indigenous Peoples.

Indigenous Peoples are not expected to be adversely impacted by direct project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.

Indigenous Peoples are not expected to be adversely impacted by indirect/cumulative project related land-acquisition or access restrictions. Note that all impacts on lands and natural resources subject to traditional ownership or under customary law requires FPIC.

The project doesn't have the potential to cause adverse direct impacts on Indigenous Peoples who live in isolation and initial contact.

The project doesn't have the potential to cause adverse indirect and/or cumulative impacts on Indigenous Peoples who live in isolation and initial contact.

The project is not expected to directly damage or negatively impact cultural heritage.

The project is not expected to indirectly-cumulatively damage or negatively impact cultural heritage.

The project is not expected to directly damage or negatively impact critical cultural heritage.

The project is not expected to indirectly-cumulatively damage or negatively impact critical cultural heritage.

The project will not negatively directly affect people due to their gender, sexual orientation or gender identity.

The project will not negatively indirectly-cumulatively affect people due to their gender, sexual orientation or gender identity.

The project is not expected to lead to direct risks and impacts associated with Sexual and Gender-based Violence.

The project is not expected to lead to indirect and/or cumulative risks and impacts associated with Sexual and Gender-based Violence.

The project will not potentially face direct barriers to equitable gender-based participation.

The project will not potentially face indirect and/or cumulative barriers to equitable gender-based participation.

The project will not deal with a subject matter and/or be implemented in an area where the manipulation, interference, coercion, discrimination, and intimidation of stakeholders has been documented.

ESPS 1 - Assessment and Management of Environmental and Social Risks and Impacts

The Executing Agency will conduct an Environmental and Social Assessment (ESA) or Environmental and Social Impact Assessment (ESIA) process for the project during preparation.

The Executing Agency will prepare and maintain an Environmental and Social Management System (ESMS) for the operation as defined under ESPS 1.

The Borrower/Executing Agency's has good organizational capacity and competency for managing environmental and social issues.

ESPS 2 - Labor and Working Conditions

The Executing Agency will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions under ESPS 2.

The operation has the potential to cause moderate direct impacts associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work.

The operation has the potential to cause moderate indirect and/or cumulative impacts associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work.

ESPS 3 - Resource Efficiency and Pollution Prevention

The operation will have minor direct adverse impacts on human health and the environment due to pollution from project activities.

The operation will have minor indirect and/or cumulative adverse impacts on human health and the environment due to pollution from project activities.

The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous).

The operation will generate moderate indirect and/or cumulative impacts generated by solid waste (hazardous and/or non-hazardous).

The operation is expected to or currently produce directly GHG emissions (less than 25,000 tons of CO2 equivalent per year).

The operation is expected to or currently produce indirectly-cumulatively GHG emissions (less than 25,000 tons of CO2 equivalent per year).

ESPS 4 - Community Health, Safety, and Security

There are minor direct health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

There are minor indirect and/or cumulative health and safety risks associated with the design of structural elements or components of the operation (e.g. existing or new buildings, earthworks, bridges, drainage, roadways, power stations, transmission and distribution poles, underground utilities, and dams), and/or road transport activities (e.g. transport of heavy or over-sized equipment) which could result in health and safety impacts to third parties and project-affected people.

Natural hazards, such as earthquakes, droughts, landslides, floods, wildfires, or others, including those caused or exacerbated by climate change, are likely to occur in the project area, and these may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment.

ESPS 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

The operation has the potential to moderately directly impact modified habitat that include significant biodiversity value.

The operation has the potential, including through the supply chain, to moderately indirectly-cumulatively impact modified habitat that include significant biodiversity value.

The project is likely to adversely directly minorly impact ecosystem services.

The project is likely to adversely indirectly-cumulatively minorly, including through the supply chain, impact ecosystem services.

ESPS 10 - Stakeholder Engagement and Information Disclosure

The Borrower will prepare a stakeholder engagement framework/plan for the lifetime of the program (including the equal participation of women and men and also take into account Indigenous Peoples, vulnerable groups when relevant).

The Borrower will engage in meaningful consultations and engagement with stakeholders which is free of manipulation, interference, coercion, discrimination, and intimidation.

The Borrower will operate a Grievance Redress Mechanism at the Project level (direct and contracted).

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK



BELIZE

WATER SUPPLY AND MODERNIZATION PROGRAM

BL-L1043

INITIAL ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY

11/04/2022

ISSUANCE v.1

OCT 2021

This document was prepared by:
Alessandro Farinaccio

Initial Environmental and Social Review Summary	
Operation Data	
Operation Number	BL-L1043
IDB Sector/Subsector	Water And Sanitation / Water Supply Urban
Type of Operation & Modality	LON/GOM
Initial E&S Impact Classification (ESIC)	B
Initial E&S Risk Rating (ESRR)	Moderate
Initial Disaster and Climate Change Risk Classification (DCCRC)	Moderate
Borrower	Belize
Executing Agency	BL-Belize Water Services Ltd. (BWS)
IDB Loan Amount (and total project cost)	\$11,000,000.00
Applicable ESPS's with requirements	ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS 6; ESPS 8; ESPS 9; ESPS 10
Executive Summary	
<p>The operation has been classified as Category B for its likely moderate Environmental and Social (E&S) impacts of small-scale interventions across Belize in the water sanitation and sanitation sector, which are expected to be temporary and localized, related principally to the pollution of water and marine resources, soil and air as well as solid and liquid waste, for which mitigation measures are readily available. The operation will not finance the use of non-organic fertilizers or pesticides, however small quantities of hazardous waste may have to be disposed of adequately. The Disaster Risk and Climate Change Risk (DRCCR) of the operation has been classified as moderate related to the risk of earthquakes, drought, landslides, floods, wildfires, or others, including those caused or exacerbated by climate change, which may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment and received a preliminary Environmental and Social Risk Rating (ESRR) of Moderate driven by cause and contribution risks regarding potential direct, indirect, and cumulative impacts associated with accidents, injury, and disease arising from, associated with or occurring during construction activities. The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous). The operation will not finance any resettlement, physical or economic displacement or land acquisitions as such. The ESA should verify the presence of IPs and Afrodescendants in the project area.</p> <p>Working conditions in the selected sectors may pose risks of exploitation, to health and safety of workers and communities as well as allow for discrimination and exclusion of vulnerable groups. The operation will not finance any negative impacts on cultural heritage.</p> <p>During the environmental and social (E&S) due diligence, the program will identify prioritized areas of intervention and the Executing Agency will conduct an Environmental and Social Assessment (ESA) for each project from the representative sample (San Pedro and Harmonyville). The Executing Agency has</p>	

good organizational capacity and competency for managing environmental and social issues and will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labour and Working Conditions under ESPS 2. The Executing Agency will prepare and operate a Grievance Redress Mechanism for all workers (direct and contracted). As part of the ESA/ESMS, a Socio-Cultural Assessment for indigenous peoples and afro-descendents will be prepared for each works in the representative sample, and if impacts are confirmed an Indigenous Peoples Plan (IPP) will be developed. An Environmental and Social Management Framework (ESMF) will also be developed for the works outside the representative sample. If presence of Maya and Garifuna communities is detected, sociocultural analysis will be conducted as part of the ESA. The operation will conduct one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval and disclose the E&S documentation and plans accordingly

Operation Description

The operation will be structured in two components:

- **Component 1.** Increased Access to Water and Sanitation (US\$ 4.5millions). This component will finance water and/or sanitation projects aimed at increasing safe access to these services in selected BWS' service areas.
- **Component 2.** Improved Operational and Financial Performance (US\$ 6millions): this component will finance different types of equipment aimed at improving the company's operational and financial performance. Remaining resources, for US\$ 0.5million, will cover management, audit and evaluation costs.
- The interventions of the projects of the sample consist of the extension of the current drinking water network to the communities (see projects in Annex A), with the construction of new pipelines, which will be buried, and interconnected to the current system. In the Component 2 will be structured in four main subcomponents: i) Water Disinfection, which will finance the deployment of innovative water disinfection technologies based on the on-site production of disinfectants; ii) Energy Efficiency (EE), which will finance the repair and replacement of electromechanical equipment in prioritized service areas; iii) Smart metering, which will finance the piloting of smart metering technologies in selected service areas; and iv) Basic equipment the company needs, such as well water rigs, for improved operational and financial efficiency.

Project Management, Audit and Evaluation (US\$ 0.5 million). Remaining resources will cover management and supervision costs as well as the operation's external audits and intermediate and final evaluations.

The projects will take place in the two largest districts, Belize (San Pedro) and Cayo (Harmonyville) (see Annex A). The sanitation works will take place in urban and rural areas and are limited to their direct area of influence. The two intervention areas are distant from each other and in terms of the environmental and social risk they present different characteristics, as shown in the maps in Annex A:

- **Belize (San Pedro).** This is located on a peninsula and in a coastal area under hurricane winds, and high precipitation. It is located in an urban area and the initial screening shows that there is no indigenous or Afro-descendant population nearby, but this will be verified during due diligence. However, the area is located on the Coastal and Nearshore Islands.

<p>- Cayo (Harmonville). Located in a continental, predominantly rural area, the region is also subject to hurricanes, winds, heat waves, and water scarcity. The project does not affect protected areas or KBA. About 3km from the project is an Indigenous Territory.</p>	
Rationale for Classifications/Rating	
E&S Impact Classification	<p>The project has been classified Category B: This operation has the potential to generate local and short-term negative environmental and social impacts, and mitigation measures are known and readily available. The ESMP will be able to mitigate the impacts through its programs and measures, related principally to the pollution of water and marine resources, soil and air as well as solid and liquid waste, for which mitigation measures are readily available. a preliminary Environmental and Social Risk Rating (ESRR) of Moderate driven by cause and contribution risks regarding potential direct, indirect, and cumulative impacts associated with accidents, injury, and disease arising from, associated with or occurring during construction activities. The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous) and has the potential to moderately directly impact modified habitat that includes significant biodiversity value. Some interventions may take place in indigenous and afro-descendant Territories for which potential negative impacts and risks of exclusion and/or discrimination will have to be addressed. Working conditions in the selected sectors may pose risks of exploitation, to health and safety of workers and communities as well as allow for discrimination and exclusion of vulnerable groups.</p>
E&S Risk Rating	<p>The Environmental and Social Risk Rating (ESRR) has been classified preliminarily as Moderate. The operation has the potential to cause moderate indirect and/or cumulative impacts associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work. The operation will generate moderate indirect and/or cumulative impacts generated by solid waste (hazardous and/or non-hazardous). The operation has the potential, including through the supply chain, to moderately indirectly-cumulatively impact modified habitats that includes significant biodiversity value. Although the project does not directly affect indigenous people, the works in Cayo are about 3 km from an Indigenous Territory</p>
DCC Risk Classification	<p>The DCC risk has been classified as Moderate, as natural hazards, such as earthquakes, droughts, landslides, floods, wildfires, or others, including those caused or exacerbated by climate change, are likely to occur in the project area, and these may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment.</p>
Is the use of Borrower E&S Framework being considered?	
No	
The operation does not consider the use of the Borrower's E&S Framework.	
Environmental and Social Performance Standards (ESPSs) that apply to the proposed project	
ESPS-1. Assessment and Management of E&S Risks and Impacts	
Yes	

To meet the requirements of ESPS 1, the Program Executing Unit - PEU will be responsible for the establishment and management of an Environmental and Social Management System - ESMS appropriate to the nature and scale of the program components and proportional to the level of its environmental and social risks and impacts. This ESMS shall define the procedures, processes, and policies to be implemented for the different activities and interventions financed. It is in accordance with the entire Specific Environmental and Social Framework, which includes all applicable regulations: national and local legislation, international agreements and commitments, and the Bank's ESMF.

The environmental and social risk and impact management measures that make up the ESMS must be part of the contracts and other legal documents of the operation, as well as complementary documents, and are therefore obligations of the Borrower. The ESMS should incorporate the following elements:

- a. Specific Environmental and Social Framework. A comprehensive environmental and social framework, will be established as a normative framework for the operation, compatible with the implementation of the ESMS, which will support the management of ESMS control and impact mitigation programs, the monitoring of licensing processes, and compliance with environmental legislation and IDB socio-environmental performance standards. This structure defines the objectives, principles and goals that guide the Program to achieve the desired environmental and social performance and describes the process, structure and overall operation of the management of the environmental and social aspects of the Program;
- b. Identification of Risks and Impacts. For each work in the sample, an Environmental and Social Assessment - ESA of the works will be prepared, as well as the resulting Environmental and Social Management Plan - ESMP. The socio-environmental risks and impacts of the Water and Sanitation Program for Belize must be detailed in each ESA of the sample as well as in an Environmental and Social Management Framework (ESMF) for the projects outside of the sample. The ESMF shall contain the procedures for the PEU to screen the works against eligibility criteria (which will exclude Category A projects). During Due Diligence, it will be ensured that these communities are not affected, specifically through development of a Socio-Cultural Assessment (SCA). If confirmed, an Indigenous Peoples' Plan (IPP) will be required. A documented process to obtain Free, Prior and Informed Consents will be required in the case that impacts and an IPP are confirmed.
- c. Environmental and Social Management. Environmental and Social Management Plans must be detailed in the ESMP of each project of the sample, and in the Environmental and Social Action Plan (ESAP) that results upon closure of the Bank's due diligence. The ESMF must be applicable to all projects outside of the sample and their various areas of influence. The ESMF for projects outside of the sample will describe mitigation and performance improvement measures and actions aimed at addressing risks and impacts;
- d. Organizational Capability and Competence. An assessment will be conducted to identify the knowledge, skills, and experience required by the PMU for ESMS implementation, including up-to-date knowledge of relevant regulatory obligations and the requirements of applicable Performance Standards 1 to 10. An area with roles, responsibilities, and authority to coordinate ESMS implementation will be established within the organizational structure of the PMU. Within this structure, environmental and social program experts will be designated with clear and well-defined responsibilities and roles for the implementation of ESMS;
- e. Emergency Preparedness and Response. The ESA/ESMP for each sample project, as well as the ESMF, will include specific programs, procedures for preparedness and response to accidental and emergency situations associated with the Program's interventions, sufficiently to prevent and mitigate any harm to people and the environment;
- f. Monitoring and review. The ESMS will include procedures to: (i) systematically monitor the implementation of socio-environmental management programs and measure their

<p>effectiveness, as well as monitor compliance with legal and contractual obligations and relevant regulatory requirements; (ii) record and report the results of monitoring and necessary corrective and preventive actions, with the issuance of reports approved by the PEU and submitted to the IDB; and (iii) plan and conduct periodic evaluations of the effectiveness of the ESMS, based on the results of systematic monitoring;</p> <p>g. <u>Stakeholder Engagement.</u> The ESMS will include a Stakeholder Engagement Plan (SEP) to plan and implement an ongoing stakeholder engagement process, which is essential for the successful management of the social and environmental impacts of the program. This process will include the following elements: i) stakeholder analysis (mapping) and related planning; ii) information dissemination and outreach; iii) meaningful consultation and participation, grievance mechanisms, and external communication; and iv) procedure for regular communication of information to those affected by the work and other interested parties. The process should be under the requirements set out in ESPS 2 to 10. The SEP shall be published before the Analysis Mission and public consultations.</p>	
ESPS-2. Labor and Working Conditions	Yes
<p>The operation has the potential to cause moderate direct impacts associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work. The operation has the potential to cause moderate indirect and/or cumulative impacts associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work. The Executing Agency (PEU) will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with Labor Management Policies and Procedures (LMP) for each sample project as required by ESPS 2.</p> <p>The LMP in accordance with the ESPS2 must also be established in the ESMF for the works outside the sample.</p> <p><u>Child and Forced Labor Risks.</u> In the LWC of Water Disinfection Program for Belize, the employment of adolescents under 15 years of age will not be allowed, as established in the ESPS 2. In the event of a lack of compatibility between ESPS2 and the National Minimum determinate in Belize national law, the reduction of the risks of child labour should be considered in the LWC, and ESMP and ESMF. In the conflict between ESPS2 and the National Law on the employment of children and adolescents, the more restrictive situation should be observed.</p> <p>During the Due Diligence process and EAS/ESMP preparation for projects that are part of the sample, the risk of employment of adolescents under 15 years old will be assessed and confirmed. Mitigation programs will be established. Similarly, the ESMF will establish eligibility conditions and mitigation measures for out-of-sample work. Forced labour, which consists of any work or service that is not performed voluntarily or is not required under threat of force or penalty, is also not allowed. Such requirements apply to contracts established with third parties or primary suppliers.</p> <p><u>Supply Chain Risks.</u> The civil works will use the basic direct construction inputs (cement, sand, bricks, iron, etc.) and other water treatment/disinfection equipment to be installed for the operational phase. The labour risks involved in the production of these inputs are considered low and are already recognized. However, the due diligence phase will verify that all critical inputs for the program (e.g., solar panels and other dangerous/controlled equipment, etc.) in the construction and operations phase are mapped. The information will be consolidated in the Final ESRS.</p> <p><u>Occupational Health and Safety.</u> In this type of project, the risks of work accidents typical of civil works are expected, such as cuts, falls, welding burns, asphyxiation in confined environments, commuting accidents, heatstroke, among other injuries. The risks inherent to the two projects in the sample will be evaluated in the ESA/ESMP, as well as in the ESMF for the projects outside the sample. The Program's</p>	

interventions will ensure a safe and healthy work environment, considering the risks inherent to the project and specific classes of hazards, including physical, chemical, biological, and radiological risks and specific threats to women, people of diverse gender identity or sexual orientation, people with disabilities, children, and migrant workers.

It is noted that BWS already has a Health and Safety policy that defines the following guidelines:

1. Employees need to follow proper procedures and safe systems of work where available. Where not available a site risk assessment should be carried out.
2. Each employee is required to wear all safety gears while visiting any construction site.
3. Employee shall wear hard hat, steel toe shoes/ steel toe rubber boots and safety vest.
4. In special conditions, employees are required to wear safety glasses, gloves and masks.
5. Each employee is required to use their seat belt while driving or travelling in a BWS vehicle.
6. Employees should not use earphones while driving any company vehicles.
7. Contractor shall follow safety regulation stipulated in contract documents and the Contractor Safe Practices Handbook. These regulations shall be checked by inspector every time he/she visit work site.

The BWS LMP policy presented is synthetic and does not meet all the requirements established in ESPS 2. Thus, this LWC should be revised to be fully adherent to the requirements of that ESPS. In addition, the requirements and compliance with the LWC will be included in each ESMP of the sample, as well, as in the ESMF.

These items shall be contemplated, among others in the Health and Safety Management Plan, to be part of the sample project ESMPs and ESMF.

ESPS-3. Resource Efficiency and Pollution Prevention

Yes

Resource efficiency. A targeted Water Resources Assessment should be undertaken, which in addition to undertaking the relevant analyses, must include justification for assigning a moderate risk classification. Project activities (and any associated facilities) will be required to be constructed and operated to avoid impacts to water quality, water quantity and/or water availability.

The Program, in this phase, has not yet presented the measures or engineering design to foresee the management of natural resources seeking better efficiency. However, during the preparation of sample project ESAs, the risks of affecting water resources should be conducted, and if necessary alternative measures should be taken. The ESAs should present, even if only preliminarily, the water demands of the project, and an evaluation of the sources of available resources. The Water Resources Management Plan should incorporate alternatives for the use of water resources that will guarantee that the population will be served while ensuring the minimum environmental water availability necessary. The Program should bring about improvements in the efficiency of energy, and other resources and material inputs consumption. The ESMPs of each sample project, as well as the ESMF for projects outside of the sample, shall provide for measures that will integrate the principles of cleaner production in the development of the project, with conservation of raw materials, energy and water. Due Diligence will confirm the existence of engineering measures and actions aimed at resource efficiency.

Pollution prevention. As presented in ESPS1, the program does not yet have an Environmental and Social Management Plan (ESMP). The ESMPs to be prepared for each project of the sample, and the ESMF for projects outside of the sample, should include pollution prevention plans and measures based on the characteristics of the works and future operation, considering at least the following topics:

Waste. The generation of hazardous and non-hazardous waste during the implementation of the projects that make up the Program presents a risk of soil, surface water, marine resources and groundwater contamination. The ESMPs to be prepared should include plans and measures for the

adequate management of waste from the construction and operation phases, following the requirements of ESPS3 of the ESPF.

Control of atmospheric emissions and noise. In the ESMPs and ESPF to be prepared, measures to control the emission of dust, smoke and noise, such as the reduction of emissions, regulation of equipment and engines, use of appropriate equipment, etc., must be presented. In addition, to protect employees and the surrounding population, the ESMP and ESMF must provide measures to ensure that construction sites are adequately isolated. The Code of Conduct for workers must be defined in each ESMP, prepared by the construction companies, and approved by the UPE, and must address these aspects.

Greenhouse Gases. Associated with the operation phase, a calculation will be made to estimate GHGs using the appropriate IDB sectoral methodology. This calculation will be done during due diligence, and the final calculation will be presented in the Final ESRS.

Hazardous Product Control. The project does not yet have control measures for hazardous products. The ESMPs and ESMF to be prepared should include measures to control hazardous products, from their conditioning (impermeable floor, covered, collection system and/or separation of oils and water) and handling (use of trays or similar, emergency kits, PPEs, etc.) to equipment that promotes soil contamination through fuel, oil and grease leaks, as will not be allowed in the works of the Program. In case of accidents, the procedures presented in a specific ESMP program must be adopted. Solvent-based paints containing products harmful to health (e.g. lead) will not be allowed

Erosion and sedimentation. If there is a need for earthwork or soil replacement, the ESMPs and ESMF shall include erosion control measures and protection of the drainage system. At campsites and construction sites, measures will be used to prevent sediment loss and measures to prevent sediment from entering the drainage system. Corrective measures shall also be included if the drainage system is affected.

All the risks indicated here will be confirmed during due diligence.

ESPS-4. Community Health, Safety, and Security	Yes
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The risks and impacts on the health and safety of the people affected by the interventions of Water and Sanitation Program for Belize, will be assessed in the ESA of each sample project and the mitigation measures for the risks and impacts of the implementation and operation phases of the health units will be presented in each ESMP as well as in the ESMF. However, based on the initial risk assessment it can already be anticipated that:

There are minor direct and indirect and/or cumulative health and safety risks associated with the design of structural elements or components of the operation as the digging of trenches for buried pipe, operation of small construction sites, use of stationary and mobile power generators, storage of dangerous goods. If the project will have pipe storage areas, all safety precautions must be taken, such as isolation, securing the pipes from rolling, locking systems, etc., which could result in health and safety impacts to third parties and project-affected people.

Potentially the project can generate health risks to the workers and neighboring populations, due to the creation of ditches, wells or low points along the pipe line or the construction site in which accumulated water, if they occur, become points of generation and proliferation of disease vectors such as mosquitoes that cause commonly known diseases, cause or exacerbate community exposure to water-related diseases (i.e., waterborne, waterborne, and vector-borne diseases) and/or communicable diseases (e.g., COVID).

Risk of impacts on ecosystem services are moderate, mainly related to increased water consumption in the project's operation to serve the population. During due diligence, the volumes and sources of water will be assessed for supply capacity.

During the construction phase the project is not expected to directly affect the public (including workers and their families) through exposure to hazardous materials released by the project, particularly those that may be life threatening. Hazardous products (chemicals) used in the operational phase for the treatment and disinfection of water have the potential to affect public health if exposed. The ESMP should take measures to isolate and properly store this type of material in the project's operational areas. During the Due Diligence, it will be confirmed what types of products will be used in the physical-chemical water treatment processes.

The cumulative impacts of the project are mainly related to the reduction of the natural water availability in the two systems. Special attention is to the Cayo area, which is subject to heat wave problems and water shortages over time, as verified in the ESG Screening. The project's water source volumes will be evaluated in due diligence. Mitigation measures will be included in the EAS/ESMP of the sample works.

The use of security personal is not foreseen. The ESA and ESMP of each sample project as well as the ESMF and SCA will determine measures aligned with ESPS 4.

The operation is classified moderate for disaster risk climate change. Belize is exposed to moderate earthquake and tsunami risks, and risks related to climate change such as drought, precipitation change and water scarcity as well as sea level rise and extreme weather events (see Annex A). Some areas have a high risk to flooding and hurricane wind hazards. Belize has a National Climate Change Strategy and Action Plan that update Belize's Nationally Determined Contribution (NDC) and includes actions aligned with the operation such as activities to building adaptation and resilience to climate change and reduce disaster risk and promote based nature sustainable activities supporting vulnerable groups and reduce poverty, promotes stakeholder engagement and develops the tourism, blue economy and agricultural sector among others.

BWS prepared in 2022, a Disaster Risk Mitigation and Recovery Plan, that establishes that in the event of a major threat in the Country of Belize, the primary purpose of the Belize Water Services would be to provide adequate quantities of potable water essential to the survival and recovery of the community, also to sustain wastewater services in applicable areas. Major emphasis would be:

- a. To alert all emergency personnel to stand in readiness for the activation of Emergency operations.
- b. To secure plant equipment and material and to prevent major damage to plant equipment and material.
- c. To establish lines of communication with NEMO, and other emergency agencies.
- d. To restore and maintain potable water supply on a continuous basis.
- e. To restore and maintain wastewater services in applicable areas.

The Disaster Risk Mitigation and Recovery Plan also contemplates other scenarios such as oil spill.

The ESMS will include an Emergency and Disaster Preparedness Plan and the ESMF will include specific measures for the works of sample and out-of- sample works for climate change and natural disaster risks. During E&S Due Diligence the above-mentioned plans and activities will be assessed for their alignment with the IDB's Disaster and Climate Change Risk Assessment Methodology. This Plan shall be part of the ESMP for each site in the sample and the ESMF, and shall be consistent in all aspects of disaster risk and climate change of ESPS4.

All the risks indicated here will be confirmed during due diligence.

ESPS-5. Land Acquisition and Involuntary Resettlement

Unknown

The operation will not finance any activities that require land acquisitions, involuntary resettlement, physical or economic displacement. Nonetheless, the absence of risk of land acquisition, resettlement, and displacement will be confirmed during due diligence.	
ESPS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	Yes
<p>The Biodiversity Map and KBA (Key Biodiversity Areas) are presented in Annex A. It is verified that no areas of biodiversity interest will be affected by the project in Cayo. However, the Sao Pedro project will be carried out in the KBA -Coastal and Nearshore Islands- According to the site description https://www.keybiodiversityareas.org/site/factsheet/20764. This area is comprised of 3 Marine Reserves namely Hol Chan, Caye Caulker and Port Honduras; and seven Forest Reserves: Grants Works, Mango Creek, Swasey-Bladen, Machaca, Caye Caulker, Deep River and Manatee. There are also four Wildlife Sanctuaries: Aguascaliente, Gales Point, Swallow Caye, and Corozal Bay. There are two National Parks: Sarstoon-Temash and Payne's Creek. The four Bird Sanctuaries are Bird Caye, Monkey Caye, Los Salones and an un-named caye. Altun Ha is the sole Archaeological Reserve and Burdon Canal is the sole Nature Reserve within this IBA.</p> <p>During Due Diligence the absence of impacts to critical habitat, natural habitat, modified habitat, and ecosystem services, will be confirmed according to ESPS-6 criteria, through elaboration of the ESA/ESMP for each sample project. In addition, the ESMF for projects outside of the sample will establish eligibility criteria to avoid such impacts, as well as mitigation measures in case unexpected impacts are generated.</p>	
ESPS-7. Indigenous Peoples	Unknown
<p>The project does not foresee the direct affectation of Indigenous or Afro-descendant communities. In addition, vulnerable people will not be disproportionately affected by direct impacts related to land acquisition - people may be considered vulnerable by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, colour, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. However, it should be noted that the project located in Cayo is approximately 3 km away from an indigenous community, which may generate indirect impacts. During Due Diligence, it will be ensured that these communities are not affected, specifically through development of a Socio-Cultural Assessment (SCA). If confirmed, an Indigenous Peoples' Plan (IPP) will be required, and the BSW must identify regional and local indigenous governance structures to ensure culturally adequate participation and develop mitigation measures to prevent negative impacts. A documented process to obtain Free, Prior and Informed Consents will be required in the case that impacts and an IPP are confirmed. Annex A includes maps of the Belize afro descendants and indigenous people.</p>	
ESPS-8. Cultural Heritage	Yes
<p>It is not foreseen that the project in both regions will present any risk of affecting Cultural Heritage. In the ESG Screening, no areas of Cultural Interest or Cultural Heritage recognized by UNESCO have been identified. However, the ESMPs and ESMF should establish measures for prior evaluation of the area to be excavated. Thus, prior to the start of works, the associated risks and impacts and the possible allocation of tangible or non-tangible cultural heritage will be identified. If the works result in the discovery of protected heritage (in eventual case of archaeological finds), a Chance Finding Procedure must be implemented.</p>	

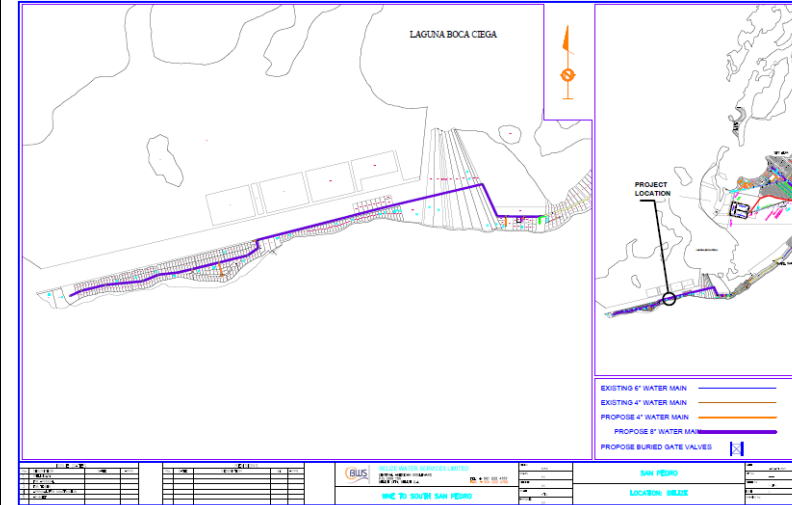
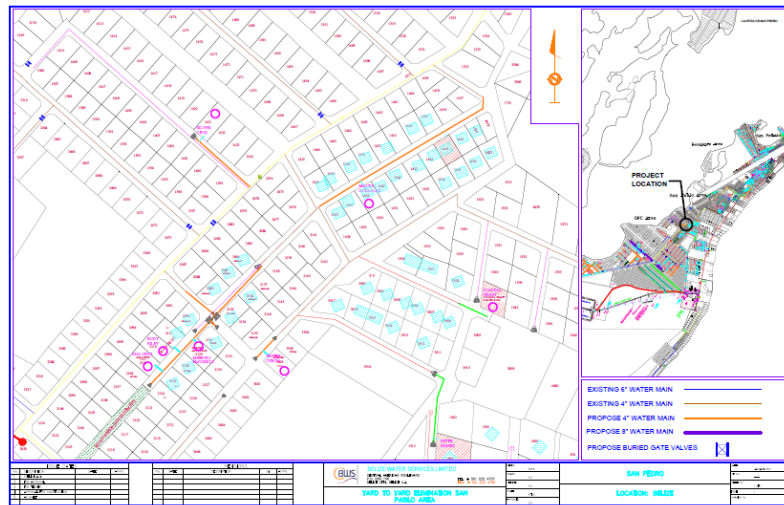
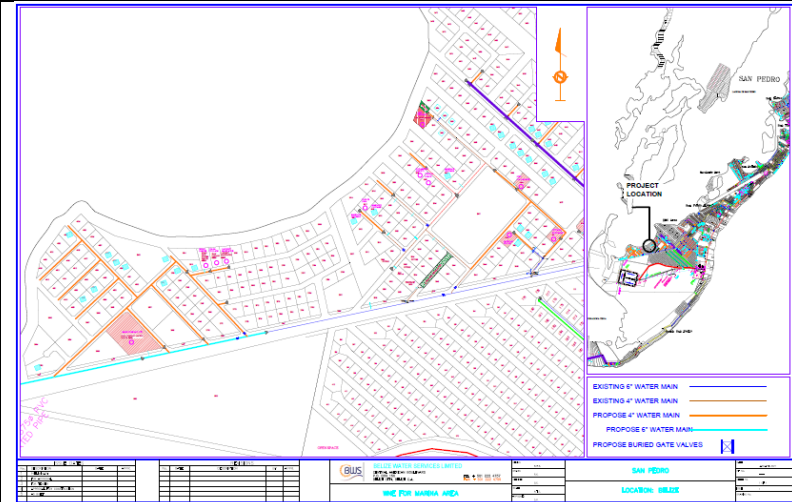
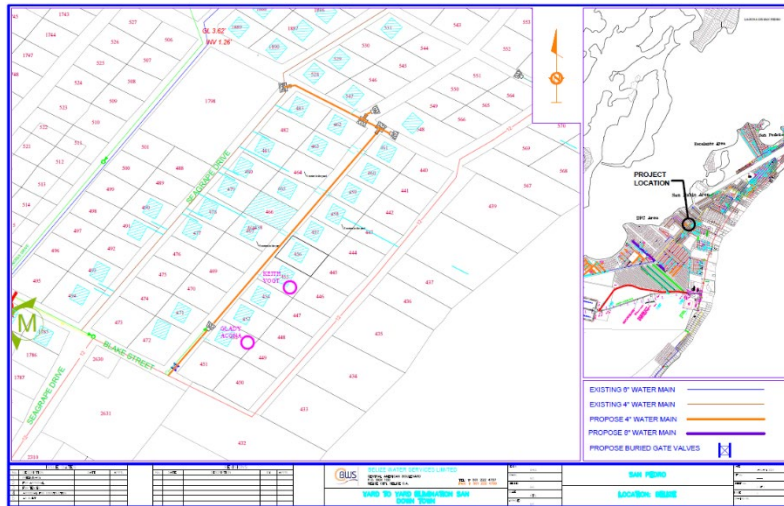
ESPS-9. Gender Equality	Yes
<p>The ESAs and ESMPs for the projects of the sample will assess potential risks based on gender, sexual orientation and/or gender identity, including but not limited to risks of gender-based violence and potential exclusion and/or discrimination to participate in program activities. Common risks in these types of construction sites are gender discrimination in the workforce, risk of gender-based violence, infection by sexual diseases mainly as a result of the influx of workers to the area. The ESMF and ESA will identify corresponding mitigation measures to be incorporated in the program design and E&S management activities considering social dimensions of migrant population. ESA/ESMP and ESMF should establish codes of conduct for equitable gender treatment.</p>	
ESPS-10. Stakeholder Engagement and Information Disclosure	Yes
<p>The operation will realize one round of meaningful, culturally appropriate and gender sensitive public consultations prior to approval that will inform the project design and E&S mitigation measures. Although no significant negative impacts on indigenous peoples are expected that would require a process of obtaining Free Prior Informed Consent, the consultation strategy will comply with local requirements and practices of indigenous peoples' authorities. However, due to the proximity of the planned works in Cayo (Harmonyville) to indigenous territory, the SCA should be conducted, and if impacts are confirmed, an IPP that includes Free, Prior, and Informed Consent. The ESMF and SCA will include a Stakeholder Engagement Plan ensuring culturally adequate and continuous participation of project beneficiaries and affected people. The program will establish a culturally adequate and gender sensitive project grievance mechanism. The IPP must detail the specific aspects of the sampled works, and present the procedures for the out-of-sample works (which can also be detailed in the ESMF).</p> <p>In compliance with the ESPF, a fit for disclosure version of the E&S documents will be disclosed prior to analysis mission and their final versions, including a report on the public consultation process will be disclosed prior to approval of the operation.</p> <p>Evidence of appropriate stakeholder consultation should also be provided. Monitoring requirements should be included in relevant legal documentation. It should be noted that the specific Public Consultation Reports for each of the works in the sample must be attached to the final versions of the ESA for the works in the sample.</p> <p>A Stakeholder Participation Plan - SPP will be developed and implemented that responds to the nature and scale of the Program and its potential risks and impacts and integrates ESMS. The SPP shall be published/disseminated prior to the Analysis Mission.</p> <p>The consultation should be prepared by the BWS and be meaningful, as guided by ESPS1 of the ESPF, allowing the emergence of concrete actions that consider the concerns and interests of all parties directly or indirectly affected.</p> <p>Also, in compliance with ESPS1, the environmental and social assessments and other relevant analyses should be made available on the BWS website for public consultation and knowledge, consistent with the Bank's Access to Information Policy.</p> <p>The consultation process will be carried out based on a specific Consultation Plan, to be developed as part of the SEP for the operation, and the participation of beneficiaries and other interested parties may be remote, via internet, and face-to-face.</p> <p>The Consultation shall comply at least with the following schedule: i) presentation of the Water and Sanitation Program for Belize; ii) presentation, in easy and accessible language, of the Program and its benefits, of the Environmental and Social Assessment - ESA and of the Environmental and Social</p>	

Management Plan - ESMP; iii) receiving questions, suggestions, concerns and considerations from the community; and iv) responses to these demands from the community			
IDB Environmental and Social Due Diligence			
For co-financed operations, is a common approach with other lenders being considered?			Unknown
Additional resources, in the form of non-reimbursable resources (grants) and/or concessional loans, will be sought to increase the scope (number of beneficiaries) of the Project; however, potential co-financiers have not yet been confirmed. This information will be verified during the due diligence. In the case that co-financiers are confirmed, a Common Approach will be sought for Environmental and Social Due Diligence and execution of the operation.			
Strategy for Due Diligence			
E&S Assessment requirement	Status of development	Estimated resources to finalize (specify Bank or Borrower cost)	Estimated timeline to finalize (inc. consultation)
Environmental and Social Assessments (ESAs), Environmental and Social Management Plan (ESMP) for each project of the representative sample; an Environmental and Social Project Specific Framework for projects outside of the sample; and an ESMS.	Not yet prepared	The ESA and ESMP will be prepared for a IDB Consultancy (Retainer) with IDB/Operation Resources (\$30k) (To be updated by the Executing Agency.)	Delivery of draft documents prior to Analysis Mission, by December 7, 2022. Delivery Final Versions including Consultation Reports, before OPC
Socio-Cultural Analysis (SCA), as part of the ESA for each project of the sample	Not yet prepared	The SCA will be prepared for a IDB Consultancy (Retainer) with IDB/Operation Resources (\$20k)	Delivery of draft documents prior to Analysis Mission, by December 7, 2022. Delivery Final Versions, before OPC

<i>Consultation and Stakeholder Engagement Plan</i>	Not yet prepared	Will be prepared for a IDB Consultancy (Retainer) with the BWS Participation by BWS. IDB/Operation Resource (\$10k)	Immediate contracting with the submission of the SEP prior to the Analysis Mission. Consultation to take place before the POD
Annexes			
Annex A.		E&S Maps	

Annex A. E&S Maps

Plant Project in San Pedro



KBA an Protected Area-San Pedro



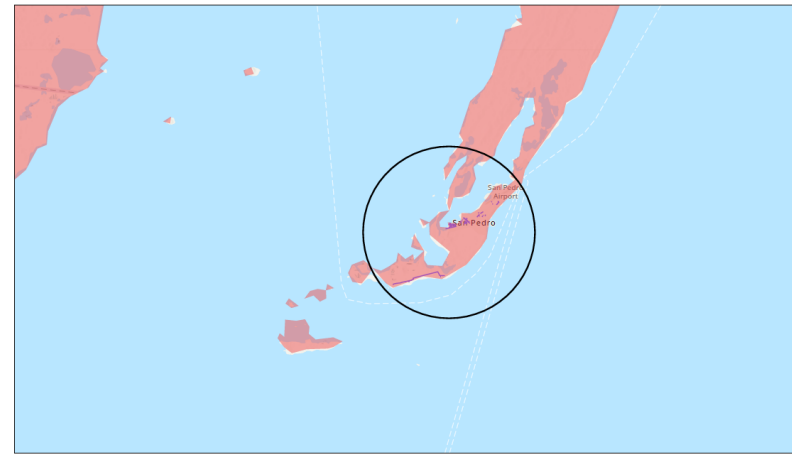
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ProposedWaterMain Protected Areas
ProposedWaterMain Key Biodiversity Areas

1:72,224
0 0.5 1 2 mi
0 0.75 1.5 3 km
Esri, NASA, NOAA, USGS, CONMAP, Esri, HERE, Garmin, FourQuarks, GeoTechniques, Inc., METI/NASA, USGS

Web AppBuilder for ArcGIS
Esri, NASA, NOAA, USGS | CONMAP, Esri, HERE, Garmin, FourQuarks, GeoTechniques, Inc., METI/NASA, USGS, US Census Bureau | NEX-GOOP (NASA Earth Exchange Global Geof Data) Downloaded Projections: (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created

Hurricane Wind Hazards-San Pedro



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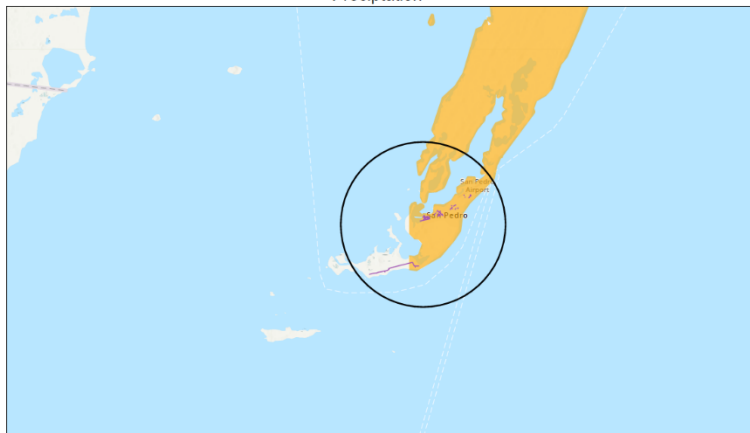
Hurricane Wind Hazard

High
ProposedWaterMain

1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km
Esri, NASA, NOAA, USGS, CONMAP, Esri, HERE, Garmin, FourQuarks, GeoTechniques, Inc., METI/NASA, USGS

Web AppBuilder for ArcGIS
Esri, NASA, NOAA, USGS | CONMAP, Esri, HERE, Garmin, FourQuarks, GeoTechniques, Inc., METI/NASA, USGS | NEX-GOOP (NASA Earth Exchange Global Geof Data) Downloaded Projections: (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created by Iron-Arrow.com

Precipitation



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Precipitation changes_BCCCSM11

Moderate

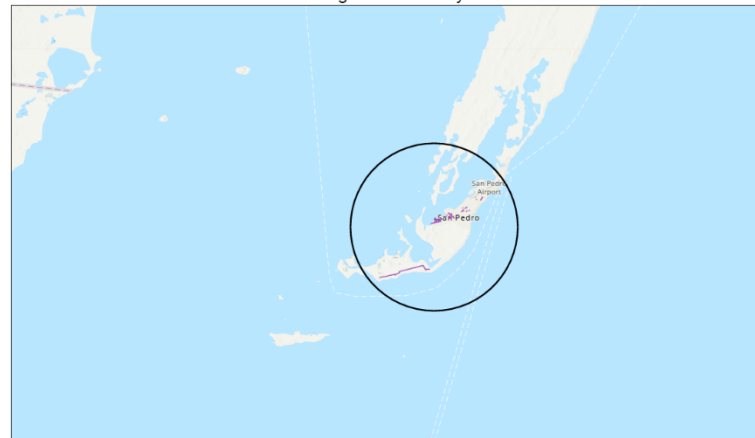
ProposedWaterMain

1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km
Ext. NASA, NGA, USGS, CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS

Web AppBuilder for ArcGIS

Ext. NASA, NGA, USGS | CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS | NEX-GDDP NASA Earth Exchange Global Data Distributed Projections (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created by User-Author

Indigenous Territory



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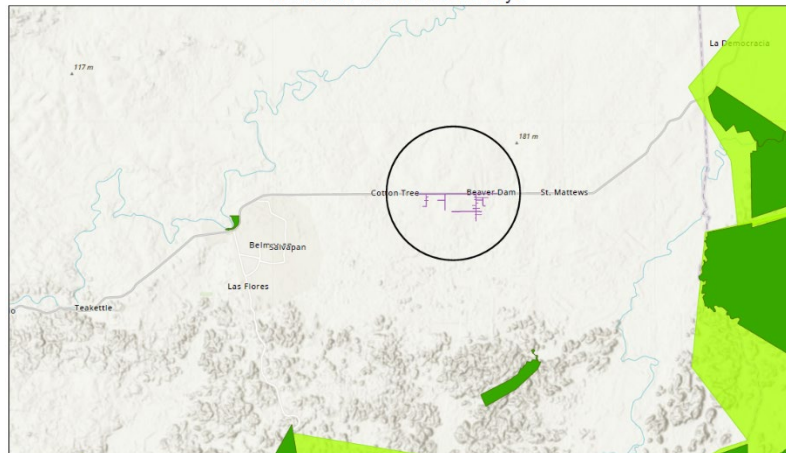
ProposedWaterMain

1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km
Ext. NASA, NGA, USGS, CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS

Web AppBuilder for ArcGIS

Ext. NASA, NGA, USGS | CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS | NEX-GDDP NASA Earth Exchange Global Data Distributed Projections (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created by User-Author

KBA And Protected Areas-Cayo



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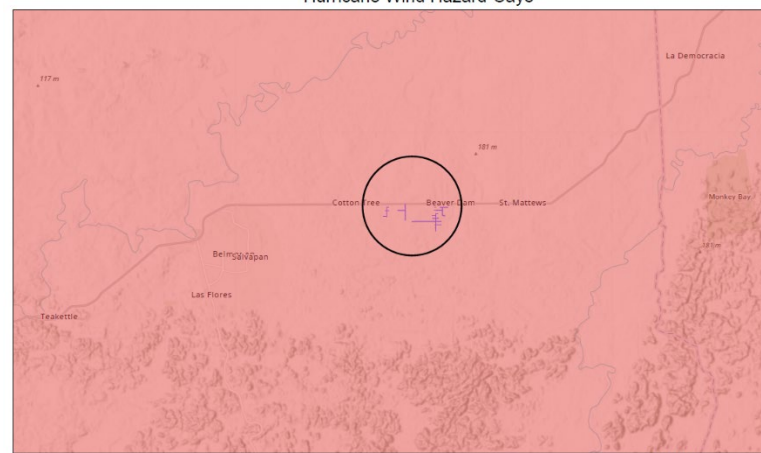
ProposedWaterMain
ExistingWaterMain
Protected Areas
Key Biodiversity Areas

1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km
Ext. NASA, NGA, USGS, CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS

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Ext. NASA, NGA, USGS | CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS | NEX-GDDP NASA Earth Exchange Global Data Distributed Projections (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created by User-Author

Hurricane Wind Hazard-Cayo



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Hurricane Wind Hazard

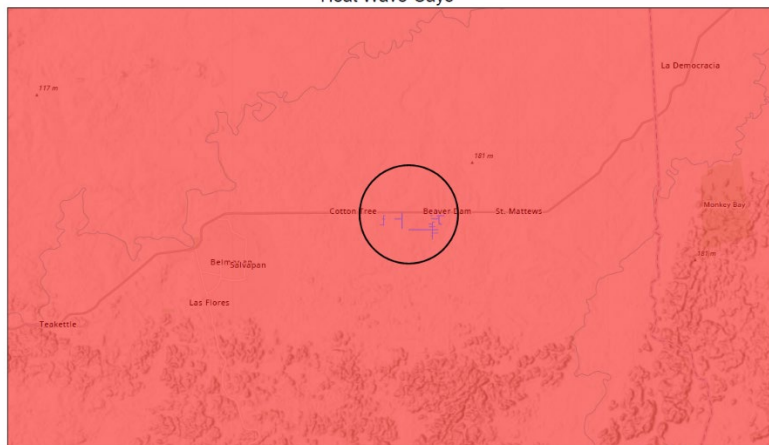
High
ProposedWaterMain

1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km
Ext. NASA, NGA, USGS, CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS

Web AppBuilder for ArcGIS

Ext. NASA, NGA, USGS | CONMAP, Ext. HERE, Garmin, FourQuarks, GeoTechniques, Inc., MET/NASA, USGS | NEX-GDDP NASA Earth Exchange Global Data Distributed Projections (2017). Data Access: Reservoir Hazard - End of Century under RCP 8.5. Created by User-Author

Heat Wave-Cayo



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Heat Wave hazard _End of Century under RCP 8.5 _with Climate Change_View

HIGH

ProposedWaterMain

1:144,448

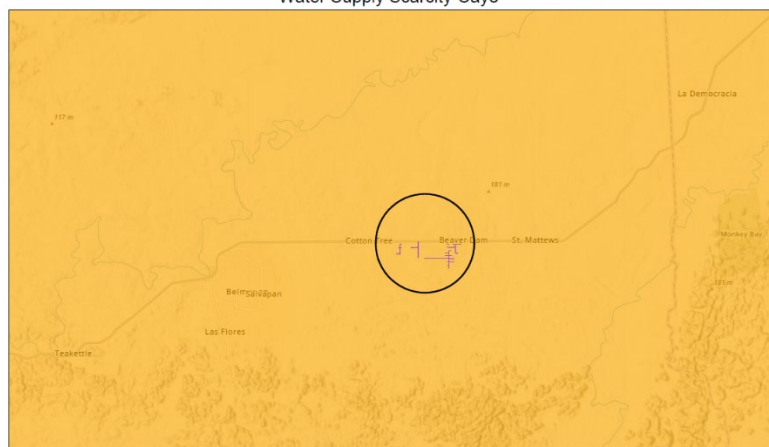
0 1 2 4 mi

0 1.75 3.5 7 km

Enr. NASA, NGA, USGS, CONAMP, Enr. HERE, Garmin, Poiriquet, GeoTechnologies, Inc., METNADA, USGS

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Water Supply Scarcity-Cayo



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Water Supply Scarcity hazard_End of the Century (with Climate Change)

Moderate

ProposedWaterMain

1:144,448

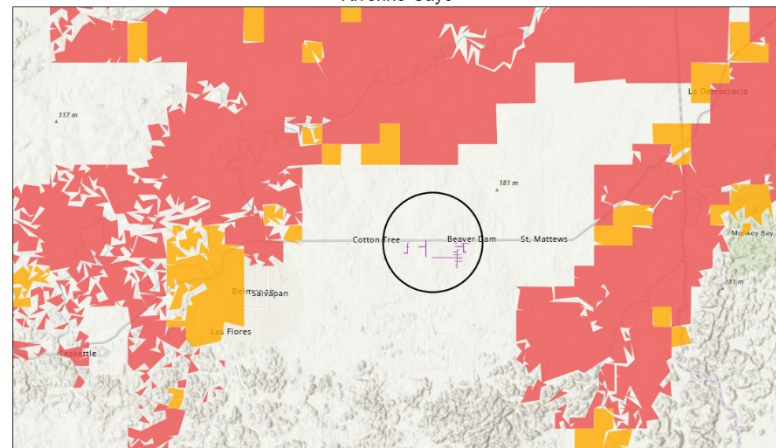
0 1 2 4 mi

0 1.75 3.5 7 km

Enr. NASA, NGA, USGS, CONAMP, Enr. HERE, Garmin, Poiriquet, GeoTechnologies, Inc., METNADA, USGS

Web AppBuilder for ArcGIS

Riverine-Cayo



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ProposedWaterMain Moderate

Riverine Flooding Hazard

High

1:144,448

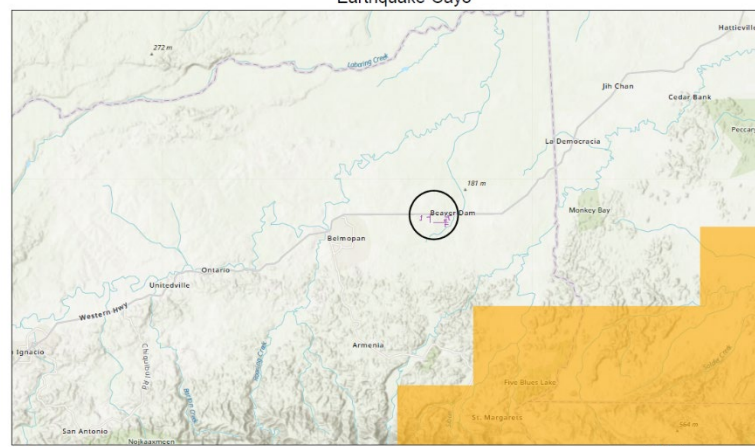
0 1 2 4 mi

0 1.75 3.5 7 km

Enr. NASA, NGA, USGS, CONAMP, Enr. HERE, Garmin, Poiriquet, GeoTechnologies, Inc., METNADA, USGS

Web AppBuilder for ArcGIS

Earthquake-Cayo



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Earthquake hazard

Moderate

ProposedWaterMain

1:268,895

0 2.5 4.5 9 mi

0 3.75 7.5 15 km

CONAMP, Enr. HERE, Garmin, Poiriquet, METNADA, USGS, Enr. NASA, NGA, USGS

Web AppBuilder for ArcGIS

INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Issues	Description	Source	Expected Dates
Institutional Capacity Assessment, Results Matrix, and Operating Manual	Institutional Capacity Assessment of BWS as Executing Agency using IDB's ICAP methodology. Development of the Strengthening Plan for BWs as Executing Agency. Evaluation of potential risks associated with the operations (Risk Matrix). Development of Operating Manual for the operation.	Transactional	October-December 2022
Consolidated Budget, Multiannual Budget, Procurement Plan.	Development of planning documents for the operation (Consolidated Budget, Multiannual Budget, Procurement Plan).	Transactional	October-January 2022
Environmental and Social Documents/Studies.	Development of Environmental and Social Analysis (ESA) and Environmental and Social Management Plan (ESMP) for sample projects. Development of Environmental and Social Management Framework (ESMF). Development of Environmental and Social Management System (ESMS).	Transactional	October-January 2022
Energy Efficiency Audit & Investment Plan.	Development of an energy efficiency audit of BWS and an associated investment plan to reduce the company's electricity consumption. It includes technical specifications, bill of quantities and cost-benefit analysis.	TC	October-December 2022
Disinfection Assessment and Investment Plan.	Development of technical specifications, bill of quantities and budget for the disinfection subcomponent.	TC	August-December 2022
Financial Analysis.	Development of BWS's financial analysis to identify the company's capacity to absorb IDB financing.	TC	September-December 2022

CONFIDENTIAL¹

¹ The information contained in this Annex is deliberative, and therefore confidential, in accordance with the exception regarding “Deliberative Information” referred to in paragraph 4.1 (g) of the Bank’s “Access to Information Policy” (Document GN-1831-28).