

AN INTEGRATED APPROACH TO WATER AND WASTEWATER MANAGEMENT USING INNOVATIVE
SOLUTIONS AND PROMOTING FINANCING MECHANISMS IN THE WIDER CARIBBEAN REGION

RG-T3209

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Global Environment Facility (FMM)** through a communication dated April 19, 2018 and signed by Brady Martin (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$168,907** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Certified by:

| | |
|---|----------|
| (original firmado) | 5/3/2018 |
| _____ | _____ |
| Sonia M. Rivera | Date |
| Chief | |
| Grants and Co-Financing Management Unit | |
| ORP/GCM | |
| _____ | _____ |

Approved:

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|-------------------------------|----------|
| (original firmado) | 5/3/2018 |
| _____ | _____ |
| Sergio Campos | Date |
| Division Chief | |
| Water and Sanitation Division | |
| INE/WSA | |

Technical Cooperation (TC) Document

Preparation for GEF Project CReW+: An integrated approach to water and wastewater management using innovative solutions and promoting financing mechanisms in the Wider Caribbean Region - RG-T3209

I. Basic Information

| | |
|--|---|
| ▪ Country/Region: | Latin America and the Caribbean |
| ▪ TC Name: | Preparation for GEF Project RG-G1016 -- CReW+: An integrated approach to water and wastewater management using innovative solutions and promoting financing mechanisms in the Wider Caribbean Region |
| ▪ TC Number: | RG-T3209 |
| ▪ Team Leader/Members: | David Wilk (Team Leader); Rodrigo Riquelme (Co-Team Leader) (INE/WSA); Evan Cayetano (WSA/CTT); Max Velasquez (WSA/CHO); Keisuke Sasaki, María. Del Rosario Navia, Pedro Moreo and Irene Cartin (INE/WSA); and Pilar Jimenez de Arrechaga (LEG/SGO) |
| ▪ Indicate if: Operational Support, Client Support, or Research & Dissemination | Operational Support |
| ▪ If Operational Support TC, give number and name of Operation Supported by the TC: | RG-G1016 -- CReW+: An integrated approach to water and wastewater management using innovative solutions and promoting financing mechanisms in the Wider Caribbean Region |
| ▪ Date of TC Abstract authorization: | February 16, 2018 |
| ▪ Beneficiary (countries or entities which are the recipient of the technical assistance): | Barbados, Belize, Colombia, Costa Rica, Dominican Republic, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Suriname, and Trinidad & Tobago |
| ▪ Executing Agency and contact name | (IDB) through (INE/WSA) |
| ▪ Donors providing funding: | Global Environmental Fund |
| ▪ IDB Funding Requested: | US\$168,907 ¹ |
| ▪ Local counterpart funding, if any: | N/A |
| ▪ Disbursement period: | 12 months (includes execution period) |
| ▪ Required start date: | May 01, 2018 |
| ▪ Types of consultants: | Individual consultants, firms and services |
| ▪ Prepared by Unit: | INE/WSA |
| ▪ Unit of Disbursement Responsibility: | INE |
| ▪ TC Included in Country Strategy (y/n): | No |
| ▪ TC included in CPD (y/n): | No |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Social inclusion and equality; productivity and innovation; and institutional strengthening. |

II. Description of the Associated Operation

2.1 This Operational Support – Technical cooperation (OS-TC, or “TC”) is associated to the GEF operation RG-G1016 “CReW+: An integrated approach to water and wastewater management using innovative solutions and promoting financing mechanisms in the Wider Caribbean Region”. The main objective of the GEF operation

¹ An additional \$131,093 (totaling \$300,000 of the PPG allocation) will be executed by UN Environment (previously UNEP). UN-Environment’s co-execution of the GEF will include 5 non-IDB member countries: Cuba, Grenada, St. Kitts and Nevis, St. Lucia, St Vincent and the Grenadines.

is to implement technical small-scale solutions, using an integrated water and wastewater management approach and building sustainable financing mechanisms for the successful application of innovative technologies in the Wider Caribbean. The project will promote a more integrated approach to water and wastewater management, highlighting the negative effects of untreated wastewater, as well as the importance of watershed and freshwater basin protection, water conservation and efficiency, and water reuse. It will prioritize new technologies for treating wastewater in rural and peri-urban areas that are replicable and sustainable in the long run, with proven results in critical watersheds. It will also identify a suite/menu of innovative financing mechanisms for water and wastewater resources, with adequate piloting through the project investments. Finally, it will promote participatory planning and implementation, and ensure that the participating countries benefit from institutional strengthening and regional/national capacity building and knowledge management activities.

- 2.2 The GEF operation will include the following components: (i) institutional and policy reforms, with a diagnostic of institutional and regulatory frameworks for Integrated Water and Wastewater Management (IWWM), establishment of coordination mechanisms and information exchanges, and knowledge and capacity building activities; (ii) sustainable financing options, with the design of financing mechanisms for wastewater management at small-scale local, rural, peri-urban and community level, and their application to three watersheds/hot spots; (iii) the design and implementation of twelve (12) innovative solutions based on an identification and applications of technological options and best practices, taking into consideration the best use of limited investment resources and demonstrations in three (3) priority watersheds, and (iv) knowledge management, with the design and implementation of a communication strategy for CReW+, the habilitation of the clearinghouse mechanisms for investments and technologies' implementation, documentation process and results of CReW+, and the dissemination to reach out to the full range of stakeholders of the project.
- 2.3 The Full-size GEF operation (RG-G1016), for a total of \$14,943,938, will be funded under two GEF's focal areas: International Waters and Land Degradation. IDB will execute \$8,545,839 of Project Grant Funding. The additional \$6,398,099 will be executed by UN Environment (previously UNEP). The beneficiary countries include 13 IDB-member countries, and 5 non-member countries. Activities exclusively directed to non-member countries will be executed under the UN Environment-provided funding. The [PIF proposal](#) was approved and included in the GEF Work Program, with a notification from GEFSEC to IDB (October 30, 2017), which included notification of the approval of the [PPG Grant](#). The GEF project proposal will be prepared during the second and fourth quarter and will be submitted for IDB's Board approval after the final submission for GEF Chief Executive Officer (CEO) Endorsement, estimated for Q1-Q2, 2019.

III. Objectives and Justification

- 3.1 The proposed objective is to support the preparation of the GEF proposal, by providing inputs for detailed design and validation of the components, their indicators and targets, co-financing², risk assessment, institutional arrangements for execution,

² Co-financing refers to other financial resources that will be directed to same area of intervention or to the specific project activities proposed under the program,

detailed budget and other supporting documentation. The proposal will show the project's contribution to the GEF Focal Areas and to national sustainable development objectives and expected global environmental benefits.

- 3.2 This TC will support the definition and sizing of the four activities to be financed under the Full-size GEF operation: t:
- 3.3 Institutional, policy, legislative and regulatory reforms for Integrated Water and Wastewater Management (IWWM). This TC will: (i) define the necessary diagnostic of institutional and regulatory frameworks for IWWM needed, the countries where the analysis should focus; (ii) the coordination mechanisms and information exchanges needed, including the design of platforms and databases, for the adoption of IWWM approaches; and (iii) the knowledge and capacity building needs and the packages that will be required for institutional strengthening.
- 3.4 Sustainable and tailor-made financing options for urban, peri-urban and rural IWWM. This TC will: (i) define the array of financing options for wastewater management financing at small-scale local, rural, peri-urban community level; (ii) the definition and selection of three watersheds/hot spots where the design of financial mechanisms will be supported (including innovations that allow for water conservation and water reuse; (iii) and define the scope and type of knowledge and training packages that best suit the beneficiaries (in the selected watersheds, as well as among all participating countries).
- 3.5 Provision of innovative small-scale, local, rural, peri-urban or community-based solutions for IWWM. This TC will: (i) identify the technological options and their performance (in contaminants' removal, ecological/conservation objectives, water use/conservation), best practices across the region (and outside the region if relevant), and recommendations regarding the best use of limited investment resources; (ii) recommendations for the selection of demonstration projects, with a preliminary definition of the types of technological options, design parameters and economic sustainability considerations to be considered in later phases of design; and (iii) identification of specific capacity building needs for the types of interventions and demonstration projects proposed.
- 3.6 Knowledge management and advocacy on the importance of IWWM to achieve the Sustainable Development Goals. This TC will identify: key elements and content of a communication strategy for CReW+, the clearinghouse for investment mechanisms and innovative technologies to be implemented, best ways to document processed and results of CReW+, and dissemination mechanisms to reach out the full range of stakeholders of the project.
- 3.7 This OS-TC is consistent with the Bank's Update to the Institutional Strategy 2010-2020 (GN-2788-5) and it is aligned with the development challenges of: (i) social inclusion and equality; (ii) productivity and innovation; and (iii) economic integration. It supports the preparation of a project that will contribute, through the use of innovative technologies and innovative financing mechanisms, to mainstreaming integrated water and wastewater management solutions. It is also aligned with the Sector Framework Document (SFD) (GN-2781), which sets up dimensions of success and lines of action, that include promoting water security and increasing wastewater coverage and supporting self-sustainability. The SFD acknowledges the need to piloting projects to increase knowledge in the design, construction and operation of appropriate, low-cost technologies, integrated water and wastewater management approaches, enhance sustainability of rural service delivery, and increase sector awareness to climate

change and water security. It also recognizes the CReW (RG-X1011) operation as a best practice, which should be expanded to achieve greater impact.

IV. Description of activities/components and budget

4.1 The proposed TC will finance consultancies and services to support the design of the activities described in section III (Para 3.3 – 3.6). It will also facilitate/support the engagement with national and subnational counterparts and stakeholders, as part to the preparation of the Full-size GEF operation. The TC includes four components:

4.2 Component 1. General planning, coordination and logistics (US\$55,000)

4.2.1 **Program Manager** (Strategic planning/management, GEF system/ processes). A PPG Program Manager will be in charge of developing project documentations for GEF FSP CEO Endorsement, in line with GEF, IDB and UN-Environment requirements, including: (i) clear targets, activities, time schedule, responsibilities and deliverables; (ii) coordinate the rest of the PPG team, including sub-regional coordinator, technical consultants and national experts; (iii) assemble technical packages and project documentation, and (iv) define the log frame/results framework, monitoring and evaluation of the project, supported by the necessary inputs and required management assistance. The Program Manager will be financed under the IDB-PPG and the UN Environment-PPG allocations.

4.2.2 **Sub-regional Coordinators** (Spanish and English speaking). With inputs from the technical and national experts, under the leadership of the PPG Program Manager, the Sub-regional coordinators will: support the formulation of the CEO Endorsement package; provide inputs to the methodology for site/hotspot selection; develop workplan and content outlines for national consultation and baseline data collection, and integrate national documentation/inputs provided by national experts; review preliminary costs of proposed investment packages by technical experts; and coordinate validation process with counterparts and stakeholders. The Sub-regional Coordinator for the Spanish-speaking countries will be financed under the IDB-PPG allocation; the Sub-regional Coordinator for the English-speaking countries will be financed under the UN Environment-PPG allocation.

4.3 Component 2. Technical expertise in support of Project preparation (US\$60,500)

4.3.1 **National experts** (data gathering, support/packaging/facilitation, accountable to the sub-regional coordinators). The national experts will: analyze and summarize country priorities; provide inputs for national baselines; assist in the selection and analysis of priority watersheds and hotspots; assist and coordinate country dialogues and consultations; provide feedback on adoption of technologies and the enabling environment; provide the synthesis and packaging of documentation for project proposal; and presentation and dissemination of objectives and project activities.³ The national experts will be financed under the IDB-PPG and the UN Environment-PPG allocations.

³ A limited number of national experts will be hired, based on the definition of data needs and the identification of priority watersheds/hot spots during the early phase of TC execution.

4.3.2 Technical experts in water and wastewater management, including policy and institutional aspects. The technical experts will: develop an assessment of technological options that can be considered given the national and local priorities identified in the national baselines and documentation; select and summarize best practices, reporting on effectiveness and costs; draw recommendations for demonstration projects, including short technical and cost profiles for consideration in the package of investments to be funded; and provide recommendations on capacity building to assure sustainability of projects, with preliminary costing, institutional and regulatory assessment needed. For component 1 (institutions), he/she will include a preliminary mapping of capacities (individual countries or groups of countries), the types of coordination mechanisms and platforms that can be used for interventions in watersheds and hotspots. For the design and content of component 2 and based on the project team's selection of priority watersheds, hotspots and technical analysis of technological options, he/she will provide recommendations on best suitable financial mechanism, including sustainability considerations (socio-economic and financial). The technical experts will be financed under both, the IDB-PPG and the UN Environment-PPG allocations.

4.4 Component 3. Dialogues, meetings/facilitation, travel and supervision (\$53,407).

4.4.1 Dialogues, meetings, expert facilitation and travel. Organize and conduct country dialogues and meetings to present and discuss progress and results of project preparation. This includes: (i) regional and sub-regional sessions with stakeholders at mid-term of project preparation, to validated results of country baselines and conception/early proposals for financing packages to be included in the project; (ii) selective meetings with stakeholders to discuss project concepts and early designs/ pre-feasibility studies; (iii) facilitated workshops to assist the development and validation of investment packages, capacity building and knowledge development and dissemination packages to be submitted in the final package for GEF CEO endorsement. The dialogues, meetings and expert facilitation will be financed under the IDB-PPG allocation; travel will be financed under both, the IDB-PPG and the UN Environment-PPG allocations.⁴

4.5 The total cost and the amount available for the proposed TC is US\$168,907, financed with GEF resources from the Project Preparation Grant (PPG). Its corresponding funds have been approved by the GEF on the same date as the PIF and specified in GEF's Commitments to IADB (11/01/2017 to 11/30/2017), in GEF communication to IDB (December 4, 2017).

⁴ The travel costs for Bank staff (in accordance with GN-2470-2) will include coordination and facilitation of dialogues and workshops with counterparts and stakeholders in the region.

Indicative Budget (US\$)

| Component | Activity | Description | IDB PPG Funding | UN Environment PPG Funding | Total Funding |
|--------------------------------|--|--------------------------------------|-----------------|----------------------------|----------------|
| 1. Planning and Coordination | PPG Program Management | Consulting fees | 35,000 | 30,000 | 65,000 |
| | Sub-regional Coordinator (Spanish speaking) | Consulting Fees | 20,000 * | | 20,000 |
| | Sub-regional Coordinator (English speaking) | Consulting Fees | | 53,000 | 53,000 |
| 2. Technical expertise | National experts | Consulting fees | 25,000 | 23,000 | 48,000 |
| | Technical consultants | Consulting Fees | 35,500 | 16,000 | 51,500 |
| 3. Dialogues, meetings, travel | Country dialogues, meetings/ workshops, facilitation | Consulting Fees, Services and Travel | 40,000 | | 40,000 |
| | Travel and supervision | Travel IDB Staff/ consultants ** | 13,407 | 9,093 | 22,500 |
| | TOTAL | | 168,907 | 131,093 | 300,000 |

* This allocation will be complemented with resources already mobilized under separate funding source for sub-regional coordination based in CME.

** Per Operational Policy for Technical Cooperation OP-400, TC resources may not supplement the budget of a Bank department or division for routine or customary activities. This TC will finance travel costs for Bank staff in accordance with GN-2470-2.

V. Executing agency and execution structure

- 5.1 The IDB will be the executing agency supported by the Endorsement letters included in the PIF proposal. INE/WSA is the division responsible for its implementation and supervision. The Bank will be responsible for the administration of the procurement of consulting services. This arrangement has the following reasons: (i) the complexity in project implementation involving different countries, institutional jurisdictions and stakeholders; and (ii) Bank's support in HQ and COFs will facilitate the task, and will ensure timely delivery of results.
- 5.2 The two sub-regional coordination teams (Mexico and Jamaica) will allow the project preparation team and consultants to be closer to stakeholder countries and achieve higher efficiency at various phases of the TC, including communication and dissemination in Spanish and English, respectively. The sub-regional coordination team for Spanish-speaking countries, financed under IDB-PPG allocation and supported by IDB specialists in COFs, will allow a rapid incorporation of new countries to this new CReW+ (Mexico, Colombia and Dominican Republic), and will strengthen the participation of all Central American participating countries (Belize, Costa Rica, Guatemala, Honduras, and Panama).
- 5.3 The Team leader in HQ and the IDB Specialists and consultants in the COFs will be responsible for execution and supervision of all the activities funded under this TC, according to the Results Framework and Procurement Plan.

- 5.4 **Monitoring arrangements.** The project team will report periodic progress towards the completion of all funded activities, based on technical reports and submissions by consultants (according to their TORs).
- 5.5 The TC procurement will follow Bank policies and will adhere to the TC procurement plan. Individual consultants will be contracted under the rules of the Bank's human resources policy (standards AM-650). Consulting firms will be contracted per the Bank's policies on the selection and contracting of consultants (document GN-2765-1 and its operative guidelines OP-1155-4); the contracting of non-consulting services (e.g. seminars) will observe the Bank's Corporate Procurement Policies (document GN-2303-20).

VI. Major issues and Risks

- 6.1 This operation poses very low risks, as it supports the preparation of GEF/Project backed with a solid PIF proposal approved by GEF, with Letters of Endorsement from 18 countries. The activities proposed are adequately programmed to be executed during the execution period. The Bank executed successfully the first CReW operation (RG-X1011), where it gained experience and managed to build a strong presence and relationship with national stakeholders. In four countries (Jamaica, T&T, Belize and Guyana) it supported the development of financing mechanism. In Jamaica and Belize it managed to establish fully operational financial mechanisms, showing a strong commitment from national and sub-national stakeholders. The new CReW+ operation will benefit from lessons learned from the first operation, by streamlining operational processes and focusing more on the design and implementation of site/community innovative technological solutions supported by a specific business/financing models to make them sustainable overtime. It will strengthen the knowledge generation, communication and information sharing across the CReW+ participants. It will also improve coordination mechanisms with partners and stakeholders and reduce the period of execution with effective results in the short and medium terms. Finally, the Bank's presence in 13 of the 18 participating countries will facilitate the mobilization of consultants and input gathering. The strong coordination with UN-Environment will assure the delivery of products on-time for the submission of the Proposal for GEF CEO Endorsement, estimated for the first quarter of 2019.

VII. Exceptions to Bank policy

- 7.1 There are no exceptions to Bank policy.

VIII. Environmental and Social Strategy

- 8.1 In accordance with the Environmental and Social Compliance (OP-703) and the Safeguards Toolkit, this project is classified as category "C". The activities financed through this operation will not have direct or indirect, social or environmental negative impacts. See [Safeguard Policy Report](#).

Annexes:

- [List of Focal Points and Endorsement Letters by GEF Operational Focal Points](#)
- [Results Matrix](#)
- [Terms of Reference](#)
- [Procurement Plan](#)

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.