

ADMINISTRATION AGREEMENT

between

THE INTER-AMERICAN DEVELOPMENT BANK

and

**FEDERAL MINISTRY FOR THE ENVIRONMENT, NATURE
CONSERVATION AND NUCLEAR SAFETY (BMU) OF GERMANY**

regarding

**Project Specific Grant to the Inter-American Development Bank for Project
PSG No. RG-T3184 titled, "Water Funds: A Sustainable Climate Adaptation
and Resilience Model for Stressed Urban Watersheds in Latin America and the
Caribbean"**

THIS ADMINISTRATION AGREEMENT is entered into between the Inter-American Development Bank (the "Bank") and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) of Germany (the "Donor") (hereinafter together referred to as the "Parties").

WHEREAS, the Bank has designed Project PSG No. RG-T3184 titled, "Water Funds: A Sustainable Climate Adaptation and Resilience Model for Stressed Urban Watersheds in Latin America and the Caribbean" (the "Project"), as described in the attached project document (the "Project Document") and in its corresponding amendatory memorandum (the "Memorandum"), both of which are attached hereto as "Annex A";

WHEREAS, the modified project document (the "Modified Project Document"), attached hereto as "Annex B", reflects amendments to the Project Document, as requested by the Donor and approved by the Bank pursuant to the Memorandum;

WHEREAS, the Donor has agreed to support the execution of the Project by providing a project specific grant (PSG) to be administered by the Bank; and

WHEREAS, the Bank is prepared to receive and administer the contribution funds to be made available by the Donor;

NOW, THEREFORE, the Parties hereby agree as follows:

1. The Donor will make available to the Bank a grant contribution in the amount of EUR 5,000,000.00 (five million euros) (the "Contribution") to be administered by the Bank to co-finance the Project. The Contribution will be solely for the purposes indicated in the Modified Project Document, taking into account the principles of economic efficiency and thrift. Any material deviations from the objectives and activities of the Project described in the Modified Project Document will require the Donor's written approval.
2. Following the signature of this Administration Agreement by the Parties, the Donor will transfer the Contribution to the Bank in one single installment, upon the Bank's written request, to the account indicated by the Bank in writing. Upon receipt of such deposit, the Bank will convert the euros into United States dollars and will deposit the resulting amount (subject to the exchange rate prevailing at the time of conversion) into an account denominated in U.S. dollars (the "Account"). The Account includes resources provided as grant funds by other donors for other Bank projects. The Contribution will be administered in the Account without distinction from other donors' contributions.
3. The Bank will administer the Contribution in accordance with the provisions of this Administration Agreement and the Bank's applicable policies and procedures, including those applicable for third party resources administered by the Bank. The Bank will exercise the same care in the discharge of its functions, as described in this Administration Agreement, as it exercises with respect to the administration and management of resources from other donors, and will have no further liability to the Donor in respect thereof.

4. The Contribution will be accounted for separately from the Bank's assets, and will be administered together with other contributions received by the Bank. The Bank may freely exchange the Contribution funds into other currencies as may facilitate their administration and disbursement. The Bank shall keep, during the execution period of the Project, records of foreign exchange transactions with proper documentation to substantiate such transactions. The foreign exchange risk shall be borne by the Project. The Bank will not be responsible for foreign exchange risk in the receipt, conversion or administration of Contribution funds. Further, the Bank may at its discretion invest and reinvest the resources of the Contribution pending their disbursement in connection with the Project. The Bank will not be entitled to additional contributions from the Donor due to investment losses.
5. To assist in the defrayment of the administrative costs in relation to the Contribution, the Bank will charge and retain: (a) a non-refundable fee equal to five percent (5%) of the total amount of the Contribution following the Contribution's deposit into the Account; and (b) any investment income generated by the Contribution pending its disbursement towards the Project.
6. The Bank's procurement policies and procedures will be applicable to the procurement of goods and services, as well as the contracting of consulting services, carried out with the Contribution, as required by the different components of the Project. Further, the Donor accepts that:
 - (a) the resources of the Contribution will be completely untied; and
 - (b) the consultancy services financed with the Contribution may be provided and executed by consulting firms, specialized institutions or individuals from any Bank member country.
7. The Donor will not be responsible for the activities of any person or third-party engaged by the Bank as a result of this Administration Agreement, nor will the Donor be liable for any costs incurred by the Bank in terminating the engagement of any such person.
8. During the execution of the Project, the Bank will submit to the Donor an annual Project report as of December 31 of every year that shall include: (a) a narrative report of Project progress; and (b) a non-audited financial report of the Contribution. The annual Project report shall be submitted by not later than April 30 of the following year.
9. Further, within six months after the completion of the Project, the Bank will submit to the Donor a final Project report that shall include: (a) a final narrative report; and (b) a final non-audited financial report of the Contribution, including an overview of the expenditures incurred by the implementation of the Project and the funds allocated to cover these expenditures. In addition, the Donor may request an "agreed upon procedures" report issued by the Bank's external auditor on the use of the Contribution resources. The cost of such auditor's report will be borne by the Donor and will not be deducted from the Contribution. The Donor will reimburse the Bank for the cost of this report promptly after

receiving a written request from the Bank. The Bank will not provide audited financial statements for the Account.

10. As soon as possible upon completion of the Project, the Bank will return to the Donor any remaining uncommitted Contribution funds, unless otherwise agreed to in writing by the Parties.
11. The Donor further acknowledges that the Bank's commitment to use the Contribution as contemplated herein will be subject to the Bank's formalization of all internal approvals necessary for the Project and/or the Modified Project Document.
12. The offices responsible for coordination of all matters and receiving any notice or request in writing in connection with this Administration Agreement or the Project are as follow:

(a) For the Bank:

- i. All communications pertaining to donor relations and resource mobilization will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Manager, Office of Outreach and Partnerships (ORP)
Tel.: +1 (202) 623-1583
Fax: +1 (202) 312-4072
E-mail: partnerships@iadb.org

- ii. Day-to-day communications regarding the implementation of this Administration Agreement will be directed to:

Inter-American Development Bank
1300 New York Avenue, NW
Washington, D.C. 20577
UNITED STATES OF AMERICA
Attention: Chief, Grants and Co-financing Management Unit
Office of Outreach and Partnerships (ORP/GCM)
Tel.: +1 (202) 623-2018
E-mail: orp-gcm@iadb.org

(b) For the Donor:

Federal Ministry for the Environment, Nature Conservation and Nuclear
Safety (BMU) of Germany
11055 Berlin
GERMANY
Attention: Norbert Gorißen, Head of Division IK III 7
Tel.: +49 3018 305-2319


Fax: +49 3018 305-4064

E-mail: KIII7@bmu.bund.de

13. This Administration Agreement will come into force on the date of its signature by each of the Parties.
14. The Parties may amend any provision of this Administration Agreement in writing.
15. Subject to their respective policies and procedures with respect to the disclosure of information, the Parties may make this Administration Agreement publicly available.
16. Nothing in this Administration Agreement may be construed as creating an agency relationship between the Parties.
17. Nothing in this Administration Agreement may be construed as a waiver of the Bank's privileges and immunities, under international or any applicable law, including any privileges and immunities agreement.
18. The Parties will seek to settle amicably any disputes that may arise from or relate to this Administration Agreement.

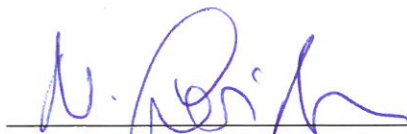
IN WITNESS WHEREOF, the Inter-American Development Bank and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) of Germany, each acting through its duly authorized representative, have signed this Administration Agreement in two (2) originals in the English language as of the dates indicated below.

**INTER-AMERICAN
DEVELOPMENT BANK**


Bernardo Guillamon
Manager
Office of Outreach and Partnerships

Date: June 15, 2018

**FEDERAL MINISTRY FOR THE
ENVIRONMENT, NATURE
CONSERVATION AND NUCLEAR
SAFETY (BMU) OF GERMANY**


Norbert Gorißen
Head of Division
Division IK III 7
International Climate Initiative

Date: June 22, 2018

Annex A

PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

**WATER FUNDS: A SUSTAINABLE CLIMATE ADAPTATION AND
RESILIENCE MODEL FOR STRESSED URBAN WATERSHEDS
IN LATIN AMERICA AND THE CARIBBEAN**

(RG-T3184)

TECHNICAL COOPERATION DOCUMENT

This document was prepared by the project team consisting of: German Sturzenegger, Team Leader (INE/WSA); Manuela Velasquez, Raúl Muñoz, David Wilk, Mauro Nalesso and Marilyn I. Guerrero (INE/WSA); Daniel Hincapié (ORP/ORP); Ileana Pinto (VPC/FMP); Gustavo Vargas (VPC/FMP); Betina Hennig (LEG/SGO); and Claudia Ogliastro (ORP/GCM).

In accordance with the Access to Information Policy, this document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

TECHNICAL COOPERATION DOCUMENT

I. Basic Information for TC

▪ Country/Region:	Regional
▪ TC Name:	Water Funds: A Sustainable Climate Adaptation and Resilience Model for Stressed Urban Watersheds in Latin America and the Caribbean
▪ TC Number:	RG-T3184
▪ Team Leader/Members:	German Sturzenegger (INE/WSA), Team Leader; Manuela Velasquez, Raúl Muñoz, David Wilk, Mauro Nalesso and Marilyn I. Guerrero (INE/WSA); Daniel Hincapié (ORP/ORP), Ileana Pinto (VPC/FMP), Gustavo Vargas (VPC/FMP), Betina Hennig, (LEG/SGO), and Claudia Ogialoro (ORP/GCM).
▪ Taxonomy:	Client Support
▪ Beneficiary:	Brazil, Colombia, Guatemala, Ecuador and Dominican Republic
▪ Executing Agency:	The Nature Conservancy (TNC) The Inter-American Development Bank
▪ Donors providing funding:	International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety of Germany (BMUB)
▪ IDB Funding Requested:	US\$6,200,000 ¹
▪ Local counterpart funding, if any:	US\$6,200,000 ²
▪ Disbursement period:	66 months (execution period: 60 months)
▪ Required start date:	July 2018
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by Unit:	INE/WSA
▪ Unit of Disbursement Responsibility:	INE/INE
▪ Included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Climate Change and Environmental Sustainability

II. Objectives and Justification of the TC

- 2.1 In Latin America and the Caribbean (LAC), where 80% of the population lives in urban areas, cities are increasingly exposed, both in frequency and intensity, to extreme climatic events such as floods and droughts. This climate variability increases the vulnerability of water sources and water supply infrastructure, threatening the livelihood of millions of people.
- 2.2 In LAC, many drinking water sources are severely degraded. Changes in land use and hydrological variability have caused serious degradation in water-related ecosystems such as wetlands and forest streams, which store and reduce runoff, recharge

¹ These funds will be administered by the IDB through a Project-Specific Grant (PSG). The BMUB is expected to commit €5,000,000, which is equivalent to US\$6,200,000 at a Euro/US\$ exchange rate of 1.24 (January 30, 2018). This PSG will be administered by the IDB pursuant to document SC-114. In accordance with that document, the commitment of BMUB for the PSG will be established through a separate Administrative Agreement.

² The Nature Conservancy is expected to contribute with €5,000,000 of counterpart resources, which is equivalent to US\$6,200,000 at a Euro/US\$ exchange rate of 1.24 (January 30, 2018).

aquifers, digest organic waste, and halt erosion. Without this green infrastructure, private companies, water utilities and other large downstream users face significant treatment costs, as the quality and availability of water supply, and hence the costs of treating and distributing it, depend heavily on the quality of these water-related ecosystems. Delivering clean and reliable water may be the single largest challenge that our growing cities face. Investing in watershed conservation through nature-based solutions that increase water quality and quantity is a cost-effective strategy for guaranteeing water security to millions of people in LAC. Green infrastructure serves as a mechanism for Ecosystem-Based Adaptation (EBA), which provides adaptation benefits to land owners and water consumers. However, the cost of watershed conservation has been almost universally neglected in water pricing, and has not been valued against water treatment costs, new water infrastructure or climate hazard protection projects.

- 2.3 Despite numerous efforts to improve watershed management, few programs provide legal and financial mechanisms to allocate resources for water source conservation and climate protection. On the one hand, protected areas, which in many cases were originally created to shelter water sources, frequently lack financial support for conservation activities. In Colombia, for example, 50% of the population receives water from public protected areas, but market and institutional failures prevent these areas from getting the necessary financial funds to be soundly managed. On the other hand, upstream private and communal landowners, whose lands provide hydrologic, environmental and climate services, are typically not compensated by downstream users. In most cases, there is no mechanism or policy that compensates farmers who improve land practices, that sets aside private areas for conservation or that improves the management of public protected areas.
- 2.4 The development of innovative funding instruments that combine public, private and international resources is critical. There is an urgent need to create financial and institutional mechanisms that offer downstream users the incentives to proactively engage in conservation and climate adaptation practices in upstream catchment areas. For that reasons, The Nature Conservancy (TNC), FEMSA Foundation, the Global Environment Facility (GEF) and the Inter-American Development Bank (IDB), launched in 2011 the [Latin America Water Funds Partnership](#) to create and strengthen Water Funds (WFs) across the region. A WF is a financial and governance mechanism that promotes public and private sector participation for watershed conservation (see [Structure of a WF](#)). This mechanism offers opportunities to advance sustainable watershed management and urban water security. Conservation projects can be grouped in four categories: (i) payment for environmental services, including watershed management and biodiversity conservation; (ii) water resources management as part of sustainable land use programs; (iii) conservation projects to protect the natural habitats where these services originate; and (iv) climate adaptation measures to mitigate impacts on water resources. These broad categories include activities such as the creation of protected areas, forestation and reforestation, riparian restoration, helping landowners switch to conservation/climate-friendly practices, and supporting community-driven conservation initiatives, among others.
- 2.5 Forty WF initiatives are underway in LAC region, 19 of which are formally created and operating in 7 countries (Brazil, Mexico, Peru, Ecuador, Colombia, Costa Rica and the Dominican Republic). There are nearly 90 million people who are benefiting from watershed conservation projects implemented through these WFs. The total area to be conserved by these nineteen funds is nearly 2 million hectares. In the last 5 years,

these funds have been able to leverage over US\$120 million for conservation investments from a variety of public and private sources.

- 2.6 WFs are proving to be an effective strategy to create enabling environments for sustainable watershed management by coordinating stakeholders and advancing new policies. They have also been successful at leveraging needed financial resources for watershed conservation. Several learnings can be drawn from the first set of WFs: (i) to be sustainable, WFs must engage water utilities, guaranteeing that water conservation practices are mainstreamed in the utilities' business model; (ii) WFs could be an strategic mechanism to promote policy change and an enabling regulatory environment that unlocks public and private funding for conservation activities; and (iii) WFs must always put in place solid monitoring systems that quantify the results of conservation activities; and (iv) to be effective, WFs must foster a pipeline of green infrastructure projects. The IDB and TNC have the tools to replicate this conservation model in other water and climate-stressed areas of LAC.
- 2.7 The objective of this TC is to contribute to Nationally Determined Contributions (NDC) adaptation goals by creating and strengthening WFs as governance and financial mechanisms that mobilize public and private funding for the development of EBA strategies at the watershed level in six countries: Brazil, Colombia, Ecuador, Dominican Republic, Peru and Guatemala. The specific objectives of this TC are: (i) to consolidate existing WFs by implementing and scaling up green infrastructure investment and strengthening the Funds' long-term operational and financial sustainability; (ii) to expand the WF model to additional urban watersheds, prioritizing those affected by water stress; (iii) to promote policy change and an enabling regulatory environment to unlock public and private funding for EBA strategies, including the mobilization of climate adaptation finance; and (iv) to promote the inclusion of EBA strategies in IDB projects.
- 2.8 Through this TC, the six beneficiary countries identified³ will advance NDC adaptation goals by adopting long-term mechanisms that mobilize and leverage public and private funding for EBA strategies (i.e., creation of conservation areas, restoration and reforestation, riparian restoration, among others) in twenty water-stressed cities. Twenty WFs will be operational and/or consolidated in these six countries; in five of them, new policy that promotes tariff-based financing for watershed conservation and management will be advanced.⁴ At least three IDB loans will include watershed EBA strategies⁵, further promoting national and subnational policies to include EBA in internationally-financed projects. Regional platforms for EBA strategies will be promoted to reduce water stress, potentially benefitting national and subnational agencies, protected area authorities, farmers, and large water users. Private sector coalitions will also be structured to raise awareness within companies about water risks and the importance of investing in watershed conservation and EBA strategies.
- 2.9 Water Funds have been prioritized based on the following criteria: (i) key areas of biodiversity; (ii) populations with the most benefit from watershed conservation;

³ Brazil, Colombia, Ecuador, Dominican Republic, Peru and Guatemala have been preselected based on the criteria explained in paragraph 2.9. In addition, all these countries have expressed their interest to participate in this project through notification letters sent to TNC (see Annex I).

⁴ A preliminary analysis was conducted: Brazil, Colombia, Ecuador, Dominican Republic and Guatemala have been the five countries pre-identified to develop this policy analysis.

⁵ The TC will finance the design of master plans and green infrastructure projects that will facilitate the inclusion of EBA Strategies in IDB infrastructure loans. Brazil, Peru and Colombia have been pre-identified as potential beneficiaries.

(iii) urban watersheds facing critical climatic conditions and climate adaptation challenges; (iv) opportunities for public-private partnerships to address environmental service issues, possibly mobilizing climate finance; (v) compatibility with the Bank's country strategy and with the relevant national policies and strategies; (vi) existence of a TNC Country Office; and (vii) level of engagement of local authorities with the environmental sustainability/climate resilience agenda, specially of the local water operator(s). 20 WFs, which comply with these criteria, have been pre-identified: Three WFs will be newly created: Curitiba, Vitoria (Brazil), and Bucaramanga (Colombia), and 17 existing WFs will be strengthened and consolidated (Cali, Santa Marta, Cartagena, Bogotá, Medellín (Colombia), Quito, Paute, Tungurahua (Ecuador), Santo Domingo, Yaque del Norte (Dominican Republic), Lima (Peru), Guatemala City (Guatemala), Guayaquil (Ecuador), and Brasilia, Rio de Janeiro, Sao Paulo, and Camboriu (Brazil).

- 2.10 This TC is consistent with the update Institutional Strategy 2010-2020 (AB-3008) and aligned with the cross-cutting theme of climate change and environmental sustainability, through the creation and strengthening of the WFs that would implement climate adaptation measures to mitigate impacts on water resources and promote water security in urban areas.

III. Description of Activities/Components and Budget⁶

- 3.1 **Component 1 – Water Fund's Design, Creation and Monitoring:** Through this component, technical studies will be financed. Namely: (i) ecosystem services modelling and hydrological analysis with climate vulnerability and impact analysis; (ii) EBA portfolio development; (iii) legal/institutional studies; and (iv) socio-economic studies. Based on this information, a set of Plans (Strategic Plan, Financial Plan, Communication Plan and Monitoring Plan) will be developed. WF creation will include formalizing and officially launching Water Funds, setting up an initial governance scheme and operating structure, and designing demonstrative conservation projects. Monitoring systems will be put in place to showcase the benefits of green infrastructure (e.g. avoided water risks, reduced treatment costs for water operators).
- 3.2 **Component 2 – Water Fund's Technical Assistance:** This component will finance the WFs' technical secretariat and equipment (such as meteorological stations, and pluviograph and flow gauges) for implementation and monitoring activities. It will also provide technical support, through TNC personnel, for the design, creation and implementation of the Funds. TNC staff will ensure all WFs have quality control systems in place. Additionally, TNC scientists will provide technical support and training to implement EBA strategies and monitoring protocols to measure the impacts of the WFs.
- 3.3 **Component 3 – Training, Knowledge and Capacity Building:** Through this component the WF model will be systematized, and accessible tools to create or strengthen other Funds will be developed. This includes the dissemination of innovative science/technological packages, business cases, technical exchanges between funds, communication materials and regional events. Specific activities include: (i) developing a tool for climate change scenario analysis and decision-making for optimized EBA portfolios, by identifying ecosystem-based priorities for climate change adaptation, modelling the cost/benefit scenarios for land-use management in watersheds, and developing spatially explicit, optimized portfolios for implementing

⁶ Details of the structure and components of the Program can be seen at the [Project Proposal Document](#) submitted and approved by the BMUB.

EBA strategies; (ii) developing monitoring guidelines to measure the impacts of WFs in terms of climate change adaptation and EBA interventions; (iii) developing and deploying a web-based tool for managing the Water Funds network (community of practice). This web-based tool will facilitate information exchange among Water Funds. Through the network a regional web-based training program will be piloted, including the development of manuals and case studies to make these approaches tenable to utilities and water regulators. The web-based tool will facilitate the exchange of best practices and lessons learned among WFs.

- 3.4 **Component 4 – Private and Public-Sector Participation:** To promote public participation, policy proposals to incorporate watershed conservation costs into EBA strategies will be developed in five countries⁷. The project will work with the Regional Association of Water Regulators in Latin America (ADERASA) to incorporate watershed conservation costs into tariffs as an EBA strategy targeted to reduce water climate vulnerability in urban areas. This will include sharing successful case studies among WFs. Peer-to-peer exchanges will be facilitated, and regulatory cases that have successfully incorporated watershed conservation and EBA costs (e.g., Peru) will be shared with other regulators and water utilities. This will include organizing a regional workshop with ADERASA on the topic, with the participation of water regulators and water utilities throughout LAC. The project will also promote the creation and formalization of new coalitions. Through this component, a private sector strategy for each country will be designed to engage corporations through private coalitions to support WFs. The strategies will identify key water users at a national and local level, identify incentives to engage water users around a coalition to support WFs, develop the structure of the operation of the coalition (e.g., target geographical area and WFs, funding commitments, financial management, reporting). Potential members of the coalition are companies linked to food production, retailers, and finance institutions, among others.
- 3.5 **Component 5 – Demonstrative Projects:** This component will finance the implementation of EBA strategies. The strategies will focus on natural ecosystem restoration in degraded areas to recover water flow regulation, sediment control and water quality, e.g. planting native species, fence an area to allow natural restoration, avoid fires to allow natural restoration, and others. In addition, conservation agreements with private landowners will be established to avoid deforestation of critical water provision areas. For local communities and private land-owners involved in restoration/conservation activities, the project will provide benefits and incentives to ensure that they keep maintaining their support to EBA activities. The incentives will include: technical assistance on productive activities, training on best agricultural practices and fire control (on relevant places), and environmental education.
- 3.6 **Component 6 – Mainstreaming of EBA strategies:** Technical studies will be developed in three countries to design the implementation of EBA strategies financed with IDB loan resources.⁸ The scope of the technical studies will be defined during the preparation of these loans, but could include Green Infrastructure Master Plans, and

⁷ As mentioned in footnote 4, a preliminary analysis was conducted, and Brazil, Colombia, Ecuador, Dominican Republic and Guatemala have been pre-identified as candidates to develop this policy analysis.

⁸ As mentioned in footnote 5, the TC will finance, among other studies, the design of master plans and green infrastructure projects that will facilitate the inclusion of EBA strategies in IDB infrastructure loans. Brazil, Peru and Colombia have been pre-identified as potential beneficiaries.

the socioeconomic analysis and engineering design of green infrastructure projects. In some cases, projects under execution will be strengthened to include EBA measures.

- 3.7 The total cost of the Project is US\$12,400,000. The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) of Germany expects to commit €5,000,000 to this project, which is equivalent to approximately US\$6,200,000.⁹ Final resources in US dollars will be dependent on the exchange rate of the day in which resources are received by the Bank and converted into US Dollars.¹⁰ There will be an in-kind and in cash counterpart contribution from TNC for a total of €5,000,000 which is equivalent to approximately US\$6,200,000.¹¹ In-kind resources will consist of staff time, facilities for the development of workshops, and office space for staff/consultants supporting the design of the different products included in this TC (see Detailed Budget).

Indicative Budget (US\$)

Activity/Component	IDB PSG (IKI)	Counterpart Funding (TNC)	Total Funding
Component 1	352,035	263,465	615,499
Component 2	1,837,635	2,540,751	4,378,386
Component 3	285,836	272,336	558,172
Component 4	307,623	26,201	333,824
Component 5	1,025,890	1,900,475	2,926,365
Component 6	522,276	0	522,276
Project Management and Evaluation	1,558,705	1,196,772	2,755,477
Cost sharing fee (5%) (¶ 3.8)	310,000	0	310,000
Total	6,200,000	6,200,000	12,400,000

- 3.8 Resources of this project to be received from BMUB through a Project Specific Grant (PSG). PSGs are administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants" (Document SC-114). As contemplated in these procedures, the commitment by BMUB will be established through a separate Administration Agreement. Under such agreement, resources for this project will be administered by the Bank, and the Bank will charge a non-refundable administration fee of 5% of the contribution, which is identified in the project's budget. The 5% administration fee will be charged upon the Bank's receipt of the contribution. The Bank will administer the Contribution in accordance with the Bank's applicable policies and procedures.

IV. Executing Agency and Execution Structure¹²

- 4.1 **Execution Arrangements:** According to the approved IKI proposal, the IDB and TNC will be the co-executors of the Program. The Nature Conservancy (TNC) will execute BMUB resources in the amount of €4,278,810 (Components 1 to 5). The IDB will execute BMUB resources in the amount of €721,190 (Component 6).¹³ TNC, the leading conservation non-profit organization in the world, was created 64 years ago, works in 69 countries, and has more than 600 scientists. TNC has more than 15 years

⁹ Based on the Euro/US\$ exchange rate of 1.24 from January 30, 2018.

¹⁰ If a significant adverse fluctuation in the exchange rate reduces the amount of US dollars specified in this budget, the difference will be covered with counterpart resources. If these resources were not enough, project activities and budget will be adjusted accordingly.

¹¹ Based on the Euro/US\$ exchange rate of 1.24 from January 30, 2018.

¹² Details of the structure of the Program can be seen at the Project Proposal Document submitted and approved by the BMUB.

¹³ This amount also includes the mid-term and final evaluation, and the cost sharing fee.

working with WFs. TNC executed operation GRT/CF-12631-RG before the estimated time and accomplished all expected outcomes and outputs and is currently executing operation ATN/OC-15994-RG. The administrative and technical supervision of the proposed operation will be under the responsibility of INE/WSA. The project team will be responsible for the preparation and submission to the donor of all execution reports in compliance with the stipulation of the Administration Agreement. If at the end of project execution, the project is closed with a positive uncommitted and unspent balance, the project team will be responsible for requesting ORP/GCM to transfer the unspent balance to the donor, pursuant to the terms of the PSG Administration Agreement.¹⁴

- 4.2 For execution purposes, the IDB and TNC will sign a non-reimbursable technical cooperation agreement. IDB's disbursement unit will be INE/INE. TNC will be responsible for the administration of the resources provided by the Bank, in accordance to Bank policies and procedures. TNC will execute the technical aspects of the TC through its Latin America Region Operating Unit. A Regional Project Manager will be designated. The finance unit of TNC Worldwide Office (TNC HQ) will have the overall responsibility for the financial administration of the funds and the financial systems, processes and training. At the national level, TNC's Country Offices will be responsible for the technical monitoring of the activities, in coordination with the Regional Project Manager.
- 4.3 During the execution period of the Project, TNC will submit to the Bank, by no later than April 30 of every year, an annual report of the Project, describing: (i) the progress of the Project during the preceding year; and (ii) the financial report of the contribution as of December 31st of the preceding year. Within six months after the completion of the Project, TNC will submit to the Bank: (i) a Final Project Report, including an overview of the expenditures incurred for the implementation of the Project and the funds allocated to such expenditures (financial report); and (ii) an operation and progress report of the Project (narrative report).
- 4.4 **Evaluations:** The project will include the following evaluations: (i) a mid-term evaluation within ninety (90) days from the mid-term point of the project disbursement period; and (ii) a final evaluation, upon execution of ninety percent (90%) of the resources of the Contribution or completion of sixty (60) months of the execution period of the Project, whichever occurs first.
- 4.5 **Procurement:** The resources executed directly by the Bank will be used to hire consulting and non-consulting services. The activities to be executed are included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; and (iii) GN-2303-20 for logistics and other related services. Bank staff travel costs will not be covered with these funds. TNC shall apply the "Policies for the Procurement of Goods and Works financed by the IDB" (GN-2349-9) and the "Policies for the Selection and Contracting Consultants financed by the IDB" (GN-2350-9), in particular the Appendix 4 of such Policies for private sector entities, for procuring and contracting. A procurement plan will be prepared by TNC and updated according to the project needs. The Procurement plan must be approved by the Bank before initiating any procurement process.

¹⁴ All PSG Administration Agreements include provisions for the use of any unspent balances.

- 4.6 **Financial Management Aspects:** Financial Management matters will be conducted according to the Financial Management Guidelines for IDB-financed projects (OP-273-6). The disbursement period for the project is 66 months after the signature of the agreement. Preliminary, disbursements made by the Bank to TNC will be biannual and based on actual expenses incurred by TNC and reported to the Bank. Disbursements will be made from the Bank to TNC's HQ. During program execution, TNC will submit the Final Audited Financial Statements of the project when it reaches 90% of total disbursements.
- 4.7 **Conditions prior to first disbursement to TNC:** (i) evidence that the Operations Manual for the TC has been approved by the Bank; and (ii) evidence of the appointment/designation of (a) project manager, and (b) regional grant specialist.¹⁵
- 4.8 **Special Conditions of Execution:** Prior to the initiation of project activities in each specific country, a non-objection letter issued by the liaison entity of the corresponding country, shall be obtained. The Bank will coordinate with the beneficiary entities, which will vary from country to country.¹⁶

V. Major Issues

- 5.1 A potential risk would be the weak performance in the implementation of the WFs. To mitigate these risks, feasibility studies, and Conservation and Monitoring Plans will be developed for each WF to establish the selection, development, implementation and monitoring of the conservation projects financed for such WF. Throughout project execution, TNC will also provide the required guidance, and develop templates for project management and reporting.

VI. Exceptions to Bank Policy

- 6.1 This TC does not present any exceptions to Bank policies.

VII. Environmental and Social Strategy

- 7.1 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703) the proposed operation was classified as category C (see Environmental Filters). No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact.

Required Annexes:

- Annex I: Results Matrix
- Annex II: Procurement Plan – TNC and Procurement Plan – IDB

Required Electronic Links:

- Request from the Client
- Terms of Reference (TORs)

¹⁵ The project manager and the regional grant specialist are part of TNC's current staff.

¹⁶ Partner institutions for the preselected countries are: Ministry of Environment and the Regulatory Authority of Drinking Water and Sanitation in Peru; Ministry of Environment and Natural Resources in Guatemala; Ministry of the Environment and the Quito Municipality in Ecuador; Ministry of Environment and Sustainable Development in Colombia; Ministry of the Environment, the National Water Agency (ANA), and the Environmental Secretary of São Paulo Government in Brazil; and the National Council for Climate Change and Clean Development Mechanism in Dominican Republic.



Operation Number: RG-13184
TCM Cycle: TCM Period 2017
Last Update: 2/15/2018

Inter-American Development Bank - IDB

Results Matrix

Outcomes

Outcome: 1 in 6 Latin American Countries, 20 Water Funds in 20 cities at risk for water security are supported by public policy investment, and/or development loans, and have the capacity and institutional mandate to include EBA strategies in their plans of interventions and improve their adaptive capacity.

Indicator	Flag ^a	Unit of Measure	Baseline	Baseline Year	Source of verification	EOP
1.1 Water Funds established that implement EBA actions in watersheds		Water Funds	0.00	2017	TNC Semester Progress Report based on the agreements signed by each WF	P 8.00 P(x) 8.00 A 0.00
1.2 Water Funds strengthened that implement EBA actions in watersheds		Water Funds	0.00	2017	TNC Semester Progress Report based on the financial strategy developed by each Water Fund	P 12.00 P(x) 12.00 A 0.00
1.3 Number of people directly supported by the project		People	0.00	2017	TNC semester progress report (SPR) based on the WF's technical report	P 50,000.00 P(x) 50,000.00 A 0.00
1.4 Area of ecosystems improved or protected by the project		Hectares	0.00	2017	TNC semester progress report (SPR) based on the WF's technical report	P 50,000.00 P(x) 50,000.00 A 0.00
1.5 IDB loans approved or under execution that include EBA measures		Loans	0.00	2017	Loan documents and/or TORs of loan projects approved by the IDB that includes EBA measures	P 3.00 P(x) 3.00 A 0.00
1.6 Private sector coalitions created to contribute financially to implement EBA strategies through Water Funds		Private Sector Coalitions	0.00	2017	TNC Semester Progress Report based on the documents signed that describe the coalition (including members, shared)	P 6.00 P(x) 6.00 A 0.00
1.7 Policy instruments to increase funding for EBA strategies developed		Policy instruments	0.00	2017	TNC and IDB will verify the following documents to achieve target: Hard copy of the proposed policy change with evidence of formal	P 7.00 P(x) 7.00 A 0.00

^a CRP Indicator

Outputs: Annual Physical and Financial Progress

1 Water Fund's Design, Creation and Monitoring

Water Fund's Design, Creation and Monitoring						Physical Progress							Financial Progress							Theme	Fund	Flag
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Source of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP					
1.1 Strategies designed	Communication Plan and/or Communication Materials developed	Strategies (#)	0	2017	TNC Semester Progress Report	P	4	6	7	5	2	24	P	32296	112522	24366	9734	3596	182514	Water and Sanitation	COF	+
						P(x)	4	6	7	5	2	24	P(x)	32296	112522	24366	9734	3596	182514			
						A																
1.2 Feasibility Studies undertaken	Technical (hydrological) analysis completed	Studies (#)	0	2017	TNC Semester Progress Report	P	1		1			2	P	31000	24800	24800	0	0	80800	Water and Sanitation	COF	+
						P(x)	1		1			2	P(x)	31000	24800	24800	0	0	80800			
						A																
1.3 Diagnostics and assessments completed	Socioeconomic analysis completed	Diagnostics (#)	0	2017	TNC Semester Progress Report	P	1		1			2	P	18909			0	0	18909	Water and Sanitation	COF	+
						P(x)	1		1			2	P(x)	18909			0	0	18909			
						A																
1.4 Launch project workshop implemented	Water Fund launch event implemented	Workshops (#)	0	2017	TNC Semester Progress Report	P		1				1	P	0	11273	0	0	0	11273	Water and Sanitation	COF	+
						P(x)		1				1	P(x)	0	11273	0	0	0	11273			
						A																
1.5 Monitoring and evaluation systems implemented	Hydrological monitoring protocol implemented	MSE systems (#)	0	2017	TNC Semester Progress Report	P	3	2	2			7	P	78909	106218	18800	0	12400	218127	Water and Sanitation	COF	+
						P(x)	3	2	2			7	P(x)	78909	106218	18800	0	12400	218127			
						A																
1.6 Action plans designed	Strategic Plan and Financial Plan developed	Action Plans (#)	0	2017	TNC Semester Progress Report	P	1	1				2	P	4509	98467	0	0	0	102978	Water and Sanitation	COF	+
						P(x)	1	1				2	P(x)	4509	98467	0	0	0	102978			
						A																
1.7 Implementation and Management Plan developed	Operational / business plan developed	Plans (#)	0	2017	TNC Semester Progress Report	P		1				1	P	1860	1240	0	0	0	3100	Water and Sanitation	COF	+
						P(x)		1				1	P(x)	1860	1240	0	0	0	3100			
						A																

2 Water Fund's Technical Assistance						A							A									
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Means of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP	Theme	Fund	Flags		
2.1 Institutions trained	WFs that received technical assistance of TNC staff	Institutions (#)	0	2017	TNC Semester Progress Report	P					20	20	P	689147	1376288	1417925	533248	102993	4121571	Water and Sanitation	COF	+
						P(a)					20	20	P(a)	689147	1376288	1417925	533248	102993	4121571			
2.2 Water Fund's Technical Secretariat supported	Technical Secretariats					P		1			1		P	0	50727	0	0	0	50727	Water and Sanitation	COF	
						P(a)		1			1		P(a)	0	50727	0	0	0	50727			
2.3 TC funded equipment delivered	Institutions equipped	Institutions equipped (#)				P							P	7440	95728	102920	0	0	206088	Water and Sanitation	COF	+
						P(a)		3	2			5	P(a)	7440	95728	102920	0	0	206088			
3 Training, Knowledge and Capacity Building						A							A									
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Means of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP	Theme	Fund	Flags		
3.1 Training workshops delivered	Training workshops	Workshops (#)	0	2017	TNC Semester Progress Report	P	12	15	11	8	1	47	P	7403	132643	22035	5084	920	187785	Water and Sanitation	COF	+
						P(a)	12	15	11	8	1	47	P(a)	7403	132643	22035	5084	920	187785			
3.2 Tools designed/strengthened	Tool for analyzing climate change scenarios and optimized portfolio for Water Funds; groundwater screening tool	Tools (#)	0	2017	TNC Semester Progress Report	P			1	1		2	P	0	82480	9300	0	8200	97960	Water and Sanitation	COF	+
						P(a)			1	1		2	P(a)	0	82480	9300	0	8200	97960			
3.3 Technical notes created	Development of a business case to show the benefits of investing in green infrastructure to reduce climate change vulnerability	Notes (#)	0	2017	TNC Semester Progress Report	P		3	1			4	P	12400	92555	43013	0	0	147968	Water and Sanitation	COF	+
						P(a)		3	1			4	P(a)	12400	92555	43013	0	0	147968			
4 Strategies designed	Regional policy and water tariff strategies designed	Strategies (#)	0	2017	TNC Semester Progress Report	P	1	2				3	P	12400	24800	8680	0	0	45880	Water and Sanitation	COF	+
						P(a)	1	2				3	P(a)	12400	24800	8680	0	0	45880			
3.5 Networks/communities of practice established	Community of practice	Networks (#)	0	2017	TNC Semester Progress Report	P		2	1	3	1	7	P	3720	22072	18800	21452	33738	98580	Water and Sanitation	COF	+
						P(a)		2	1	3	1	7	P(a)	3720	22072	18800	21452	33738	98580			
4 Private and Public-Sector Participation						A							A									
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Means of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP	Theme	Fund	Flags		
4.1 Policies designed	National, state or local public policies developed to support WF	Policies (#)	0	2017	TNC Semester Progress Report	P	1	2	2	1		6	P	47364	72611	86646	26607	0	213228	Water and Sanitation	COF	+
						P(a)	1	2	2	1		6	P(a)	47364	72611	86646	26607	0	213228			
4.2 Corporate sector coalitions created to support Water Funds		coalitions (#)	0	2017	TNC Semester Progress Report	P		2	3	3		8	P	24248	59091	21249	13404	2604	120596	Water and Sanitation	COF	
						P(a)		2	3	3		8	P(a)	24248	59091	21249	13404	2604	120596			
5 Demonstrative Projects						A							A									
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Means of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP	Theme	Fund	Flags		
5.1 Pilot interventions implemented	Demonstrative projects	Plans (#)	0	2017	TNC Semester Progress Report	P		3	5	5	2	15	P	525288	1108014	86949	231134	74400	2026365	Water and Sanitation	COF	+
						P(a)		3	5	5	2	15	P(a)	525288	1108014	86949	231134	74400	2026365			
6 Mainstreaming of EBA strategies						A							A									
Output	Output Description	Unit of Measure	Baseline	Baseline Year	Means of verification	2018	2019	2020	2021	2022	EOP	2018	2019	2020	2021	2022	EOP	Theme	Fund	Flags		
6.1 Policy/Study Subes undertaken	Technical studies developed to design EBA measures to be implemented with IDB loan resources	Studies (#)	0	2017	Final studies approved by the loan leader of each loan	P		3			3	P	0	522278	0	0	0	522278	Water and Sanitation	COF	+	
						P(a)		3			3	P(a)	0	522278	0	0	0	522278				

Other Cost
Cost Sharing Fee (5%)
Project audit
Project Finance and Operations
Project Management
Project midterm and final evaluation

Total Cost

CSF Indicator

Standard Output Indicator

	2018	2019	2020	2021	2022	Cost
P	\$310,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$310,000.00
P(e)	\$310,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$310,000.00
A						
P	\$0.00	\$0.00	\$0.00	\$0.00	\$92,000.00	\$92,000.00
P(e)	\$0.00	\$0.00	\$0.00	\$0.00	\$92,000.00	\$92,000.00
A						
P	\$365,788.00	\$861,965.00	\$889,896.00	\$218,309.00	\$84,964.00	\$2,220,924.00
P(e)	\$365,788.00	\$861,965.00	\$889,896.00	\$218,309.00	\$84,964.00	\$2,220,924.00
A						
P	\$51,349.00	\$113,114.00	\$116,507.00	\$72,002.00	\$57,681.00	\$410,553.00
P(e)	\$51,349.00	\$113,114.00	\$116,507.00	\$72,002.00	\$57,681.00	\$410,553.00
A						
P	\$0.00	\$31,000.00	\$0.00	\$0.00	\$31,000.00	\$92,000.00
P(e)	\$0.00	\$31,000.00	\$0.00	\$0.00	\$31,000.00	\$92,000.00
A						
	2018	2019	2020	2021	2022	Total Cost
P	\$2,305,001.00	\$5,018,773.00	\$3,574,068.00	\$1,130,674.00	\$471,164.00	\$12,400,000.00
P(e)	\$2,305,001.00	\$5,018,773.00	\$3,574,068.00	\$1,130,674.00	\$471,164.00	\$12,400,000.00
A						

Country: Regional						PROCUREMENT PLAN FOR BANK EXECUTED OPERATIONS										UDR: INE/INE	
Project number: RG-T3184						Name of Project: Water Funds: A Sustainable Climate Adaptation and Resilience Model for Stressed Urban Watersheds in Latin America and the Caribbean											
Period covered by the Plan: 60 months						Total Project Amount: \$ 584,275											
Component	Procurement Type (1) (2)	Service type (3) (2)	Description	Estimated contract cost (US\$)	Selection Method (2)	Type of Contract	Source of Financing and Percentage				Estimated date of the procurement notice	Estimated contract start date	Estimated contract length	Comments			
							IDB/IMF		Other External Donor								
							Amount	%	Amount	%							
Component 6	A. Consulting services	Consulting Firm (GN-2765)	Technical studies to design EBA measures to be implemented with IDB loan resources in Brazil	\$ 212,944	SCS	Lump Sum	\$ 212,944	100%	\$ -	0%	1 Feb-19	1-Jun-19		This is an estimated amount that is expected to finance more than one contract, depending on the needs of each project			
Component 6	A. Consulting services	Consulting Firm (GN-2765)	Technical studies to design EBA measures to be implemented with IDB loan resources in Peru	\$ 154,665	SCS	Lump Sum	\$ 154,665	100%		0%	1 Feb-19	1-Jun-19		This is an estimated amount that is expected to finance more than one contract, depending on the needs of each project			
Component 6	A. Consulting services	Consulting Firm (GN-2765)	Technical studies to design EBA measures to be implemented with IDB loan resources in Colombia	\$ 154,666	SCS	Lump Sum	\$ 154,666	100%		0%	1 Feb-19	1-Jun-19		This is an estimated amount that is expected to finance more than one contract, depending on the needs of each project			
Project Manager	A. Consulting services	Individual Consultant (AM-650)	Mid-term evaluation	\$ 31,000	IICQ	Lump Sum	\$ 31,000	100%		0%	1 Feb-19	1-Jun-19					
Project Manager	A. Consulting services	Individual Consultant (AM-650)	Final evaluation	\$ 31,000	IICQ	Lump Sum	\$ 31,000	100%		0%	1 Feb-22	6 Feb-22					
Prepared by:			TOTALS	\$ 584,275			\$ 584,275	100%	\$ -	0%							

(1) Grouping together of similar procurement is recommended, such as publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value of US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and Y1".

(2) (i) Individual consultants: ICQ: Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection. Selection process to be done in accordance with AM-650.

(2) (ii) Consulting firms: Per GN-2765-1, Consulting Firm selection methods for Bank-executed Operations are: Single Source Selection (SSS); Simplified Competitive Selection (<=250K) (SCS); Fully Competitive (>250K) (FCS); and Framework Agreement Task Order (TO). All Consulting Firm selection processes under this policy must use the electronic module in Convergence.

(2) (iii) Goods: Per GN-2765-1, par. A.2.2.c: "The procurement of goods and related services, except when such goods and related services are necessary to achieve the objectives of the Bank-executed Operational Work and are included in the consulting services contract and represent less than ten percent [10%] of the consulting services contract value."

Inter-American Development Bank

PROCUREMENT PLAN						Executing agency: The Nature Conservancy (TNC)									
Country: Regional						Name of the TC: Water Funds: A Sustainable Climate Adaptation and Resilience Model for Stressed Urban Watersheds in Latin America and the Caribbean									
Number of TC: RG-T3184						Goods and Services (in \$)				Consulting Services (in US\$)		\$	1,205,745		
Exchange Rate						1.24									
Country	OUTPUT	Component	Consulting, Non Consulting, WFP Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (ex-ante or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments			
								IDB %	TNC %						
					5814,691.48										
Brazil	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Communication materials	\$66,960.00	Private Sector Methods	Ex-post	93%	7%	2018					
Brazil Brasilia	OUTPUT 4: Communication Plan and/or communication materials	Component 1	CONSULTING SERVICES	Development of Communication Plan for Brasilia Water Fund	\$11,949.09	Private Sector Methods	Ex-post	0%	100%	2019					
Ecuador	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Printing	\$3,334.00	Private Sector Methods	Ex-post	100%	0%	2019					
Colombia	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Printing	\$7,440.00	Private Sector Methods	Ex-post	83%	17%	2019					
Peru Lima	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Printing	\$4,960.00	Private Sector Methods	Ex-post	100%	0%	2018					
Guatemala	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Printing	\$4,960.00	Private Sector Methods	Ex-post	100%	0%	2020					
Dominican Republic	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Printing	\$8,324.00	Private Sector Methods	Ex-post	100%	0%	2019					
Latin America	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	RD-Printing	\$20,088.00	Private Sector Methods	Ex-post	100%	0%	2019					
Latin America	OUTPUT 4: Communication Plan and/or communication materials	Component 1	NON CONSULTING SERVICES	Develop communication material for social media (web page, facebook and twitter) to promote Water Funds	\$36,299.38	Private Sector Methods	Ex-post	36%	64%	2018					
Brazil	OUTPUT 3: Technical (hydrological) analysis completed	Component 1	CONSULTING SERVICES	Support the water funds to expand their intervention capacity by identification of new priority areas of intervention for CBA strategies	\$49,600.00	Private Sector Methods	Ex-post	100%	0%	2019					
Brazil Vitória	OUTPUT 3: Technical (hydrological) analysis completed	Component 1	CONSULTING SERVICES	Mapping and definition of priority areas in Vitória water fund in Espírito Santo state	\$31,000.00	Private Sector Methods	Ex-post	100%	0%	2018					
Brazil Brasilia	OUTPUT 7: Socio-economic analysis completed	Component 1	CONSULTING SERVICES	Socio-economic analysis study for Brasilia WF	\$16,909.09	Private Sector Methods	Ex-post	0%	100%	2019					
Colombia Bucaramanga	OUTPUT 8: Launch project (WFP) technical implementation	Component 1	NON CONSULTING SERVICES	CO-Launching event of Bucaramanga Water Fund	\$11,272.73	Private Sector Methods	Ex-post	0%	100%	2019					
Brazil Brasilia	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Hydrological monitoring protocol development and implementation for Brasilia	\$28,182.82	Private Sector Methods	Ex-post	0%	100%	2019					
Ecuador Paute	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Develop monitoring protocols for TONAPA Water Fund	\$13,500.00	Private Sector Methods	Ex-post	100%	0%	2019					
Ecuador Guayaquil	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Develop monitoring protocols for Guayaquil Water Fund	\$13,500.00	Private Sector Methods	Ex-post	100%	0%	2019					
Colombia	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 2	EQUIPMENT	GPS Monitoring	\$2,976.00	Private Sector Methods	Ex-post	100%	0%	2018					
Colombia	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	EQUIPMENT	Hydrological Monitoring Equipment for Colombia Water Funds (Meteorological station, pluviograph and flow logger)	\$153,016.00	Private Sector Methods	Ex-post	61%	39%	2019					
Colombia	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Hydrological monitoring design for Bogotá and Cartagena Water Funds	\$31,000.00	Private Sector Methods	Ex-post	100%	0%	2019					
Colombia Bucaramanga	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 2	EQUIPMENT	Equipment CO-Hydrological monitoring equipment for Bucaramanga Water Fund (Meteorological station, pluviograph and flow logger)	\$43,400.00	Private Sector Methods	Ex-post	100%	0%	2020					

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (ex-ante & ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	TNC %			
Colombia Bucaramanga	OUTPUT 12: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Hydrological monitoring design for Bucaramanga Water Fund	\$18,400.00	Private Sector Methods	Ex-post	100%	0%	2020		
Dominican Republic	OUTPUT 11: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Monitoring of project impact	\$12,400.00	Private Sector Methods	Ex-post	100%	0%	2021		
Dominican Republic	OUTPUT 11: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Implementation of water monitoring protocol in Santo Domingo	\$59,743.43	Private Sector Methods	Ex-post	0%	100%	2018		
Dominican Republic	OUTPUT 11: M&E systems (hydrological monitoring protocol) implemented	Component 1	CONSULTING SERVICES	Implementation of water monitoring protocol in Yague del Norte Water Fund	\$37,200.00	Private Sector Methods	Ex-post	0%	100%	2018		
Brazil Brasilia	OUTPUT 13: Strategic Plan & Financial Plan developed	Component 1	CONSULTING SERVICES	Development of conservation plan for Brasilia WF	\$5,636.38	Private Sector Methods	Ex-post	0%	100%	2019		
Ecuador	OUTPUT 13: Strategic Plan & Financial Plan developed	Component 1	CONSULTING SERVICES	Develop a sustainability plan for Water Funds in Ecuador	\$24,800.00	Private Sector Methods	Ex-post	76%	24%	2019		
Ecuador Paeate	OUTPUT 13: Strategic Plan & Financial Plan developed	Component 1	CONSULTING SERVICES	FORNARA strategic plan	\$49,994.10	Private Sector Methods	Ex-post	56%	44%	2019		
Colombia Bucaramanga	OUTPUT 13: Strategic Plan & Financial Plan developed	Component 1	CONSULTING SERVICES	Strategic plan	\$22,545.45	Private Sector Methods	Ex-post	0%	100%	2018		
Brazil Vitoria	OUTPUT 16: Implementation and Management Plan (operational/business plan) developed	Component 1	CONSULTING SERVICES	Design of business plan for Vitoria water fund in Espírito Santo state	\$3,100.00	Private Sector Methods	Ex-post	100%	0%	2018		
					\$4,178,994.27							
Brazil	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$542,867.29	Private Sector Methods	Ex-post	42%	58%	2018		
Brazil	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$127,980.40	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	EQUIPMENT	Equipment	\$4,464.00	Private Sector Methods	Ex-post	100%	0%	2018		
Ecuador	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$396,132.20	Private Sector Methods	Ex-post	43%	57%	2018		
Ecuador	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$43,647.12	Private Sector Methods	Ex-post	53%	47%	2018		
Ecuador	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	EQUIPMENT	Equipment	\$2,232.00	Private Sector Methods	Ex-post	100%	0%	2018		
Colombia	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$531,522.28	Private Sector Methods	Ex-post	46%	54%	2018		
Colombia	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$87,637.60	Private Sector Methods	Ex-post	100%	0%	2018		
Peru Lima	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$127,825.32	Private Sector Methods	Ex-post	87%	13%	2018		

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (in-situ or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	THC %			
Peru Lima	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$31,248.00	Private Sector Methods	Ex-post	100%	0%	2018		
Guatemala	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$347,851.00		Ex-post	27%	73%	2018		
Guatemala	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$46,117.18	Private Sector Methods	Ex-post	39%	61%	2018		
Dominican Republic	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$412,936.43		Ex-post	27%	63%	2018		
Dominican Republic	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$68,880.80	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	SALARIES	\$1,081,727.24		Ex-post	13%	87%	2018		
Latin America	OUTPUT 1: Institutions trained (includes institutions strengthened, tools developed and public/private sectors engaged)	Component 2	OPERATING EXPENSES	TNC trips for WF supervision	\$287,468.00	Private Sector Methods	Ex-post	66%	34%	2018		
Colombia Bucaramanga	OUTPUT 14: Water Fund's Technical Secretariat supported through financial assistance	Component 2	DISBURSEMENT TO WF	Disbursement to WF for technical secretariat	\$50,727.27		Ex-post	0%	100%	2019		
					\$558,172.36							
Brazil	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training BR Team management and planning meeting for project development	\$3,422.40	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil Rio de Janeiro	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training BR institutional arrangement workshop for Mantiqueira project for Rio de Janeiro WF	\$1,302.00		Ex-post	100%	0%	2018		
Brazil Rio de Janeiro	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training BR institutional arrangement workshop project for Rio de Janeiro WF	\$1,302.00	Private Sector Methods	Ex-post	100%	0%	2019		
Brazil Brasilia	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Restoration training for local stakeholders in Ocoyote	\$12,400.00		Ex-post	100%	0%	2018		
Brazil Vitoria	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training BR Vitoria business plan presentation and validation	\$992.00	Private Sector Methods	Ex-post	100%	0%	2019		
Colombia	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training CO Workshop (Medellin): Annual meeting of Colombia Water Funds network: Water Funds exchange (field trip catering and transport)	\$3,472.00		Ex-post	100%	0%	2020		
Guatemala	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training GU Training course on natural ecosystems restoration as an EBA strategy in Guatemala. Location: city in Guatemala to be defined. Target: field practitioners working in watershed conservation in watersheds linked with Guatemala city	\$7,440.00	Private Sector Methods	Ex-post	100%	0%	2019		
Dominican Republic	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD Environmental education workshop with neighbor associations oriented to water conservation	\$2,480.00		Ex-post	100%	0%	2019		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RO Training for Water Funds implementers on restoration techniques for Tropical Ecosystems - Brazil (training to happen in the field)	\$6,510.00	Private Sector Methods	Ex-post	100%	0%	2018		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RO Latin America Water Funds Bi-annual meeting	\$93,000.00		Ex-post	0%	100%	2019		

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (pre- or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	TNC %			
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD-Training for Water Funds implementors on restoration techniques for Mont and Ecosystems - Quito - Ecuador	\$10,044.00	Private Sector Methods	Ex-post	100%	0%	2020		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD-Training for Water Funds implementors on restoration techniques for Tropical Ecosystems - Brazil - field visit	\$5,580.00	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD-Training on Water Fund modeling tools for developing climate change scenarios and portfolios of EBA strategies - Bogota - Colombia	\$6,758.00	Private Sector Methods	Ex-post	100%	0%	2020		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD-Training on Water Fund Monitoring for EBA strategies - Quito - Ecuador	\$8,618.00	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 3: Training and meetings	Component 3	NON CONSULTING SERVICES	Training RD-Workshop between water funds included in the proposal to share best practices and lessons learned regarding implementation of EBA strategies and monitoring - Guatemala	\$4,484.00	Private Sector Methods	Ex-post	100%	0%	2021		
Latin America	OUTPUT 13: Methodologies designed	Component 3	CONSULTING SERVICES	Develop visualization tool for analyzing climate change scenarios and optimized portfolio for water funds	\$24,800.00	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 13: Methodologies designed	Component 3	CONSULTING SERVICES	Develop groundwater screening tool	\$48,380.00	Private Sector Methods	Ex-post	0%	100%	2019		
Latin America	OUTPUT 13: Methodologies designed	Component 3	NON CONSULTING SERVICES	Editing, design and Translation of monitoring guidelines from English to Spanish & Portuguese	\$9,300.00	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 13: Methodologies designed	Component 3	NON CONSULTING SERVICES	Editing, design and Translation of climate change modeling guidelines from English to Spanish & Portuguese	\$9,300.00	Private Sector Methods	Ex-post	100%	0%	2020		
Latin America	OUTPUT 13: Methodologies designed	Component 3	NON CONSULTING SERVICES	Editing, design and Translation of systematization report from Spanish to English & Portuguese	\$6,700.00	Private Sector Methods	Ex-post	100%	0%	2021		
Latin America	OUTPUT 16: implementation and Management Plan (operational/business plan) developed	Component 3	CONSULTING SERVICES	Development of a business case for one pilot water fund in one of the 6 countries	\$74,807.86	Private Sector Methods	Ex-post	95%	5%	2019		
Latin America	OUTPUT 16: implementation and Management Plan (operational/business plan) developed	Component 3	CONSULTING SERVICES	Develop a WF sustainability methodology for implementing on water funds in operation	\$49,600.00	Private Sector Methods	Ex-post	11%	89%	2018		
Latin America	OUTPUT 17: Regional policy and water	Component 3	NON CONSULTING SERVICES	Training RD-Exchange workshop with Water Regulators of Latin America to share experiences on water policy - Lima	\$8,680.00	Private Sector Methods	Ex-post	100%	0%	2020		
Latin America	OUTPUT 17: Regional policy and water	Component 3	CONSULTING SERVICES	Develop a paper targeted to regulatory and water operation entities	\$12,400.00	Private Sector Methods	Ex-post	0%	100%	2018		
Latin America	OUTPUT 17: Regional policy and water	Component 3	CONSULTING SERVICES	Road map guide identifying current status and opportunities for incorporating green infrastructure costs across Latin America	\$24,800.00	Private Sector Methods	Ex-post	0%	100%	2019		
Latin America	OUTPUT 20: Technical notes (business case to disseminate the WFs) created	Component 3	CONSULTING SERVICES	Develop technical document with methodological guidelines and best practices to develop financial analysis to be used on business case for Water Funds	\$23,560.00	Private Sector Methods	Ex-post	0%	100%	2019		
Ecuador	OUTPUT 21: Networks of practice established	Component 3	NON CONSULTING SERVICES	Training EC-Annual capacity building workshops for waterfunds in Ecuador, technical teams of waterfunds and TNC Workshops take place in Quito	\$14,880.00	Private Sector Methods	Ex-post	50%	50%	2018		
Colombia	OUTPUT 21: Networks of practice established	Component 3	NON CONSULTING SERVICES	Training CO-Workshop 7 (Cartagena): Annual meeting of Colombia Water Funds network - Public	\$2,852.00	Private Sector Methods	Ex-post	100%	0%	2021		
Colombia	OUTPUT 21: Networks of practice established	Component 3	NON CONSULTING SERVICES	Training CO-Workshop 8 (Bogota): Annual meeting of Colombia Water Funds network	\$2,336.00	Private Sector Methods	Ex-post	100%	0%	2022		
Colombia	OUTPUT 21: Networks of practice established	Component 3	NON CONSULTING SERVICES	Training CO-Workshop (Cali): Annual meeting of Colombia Water Funds network-Water Funds exchange	\$3,472.00	Private Sector Methods	Ex-post	100%	0%	2019		
Latin America	OUTPUT 21: Networks of practice established (Technical exchange between WFs, including web-based network)	Component 3	CONSULTING SERVICES	Contract services to systematize best practices and lessons learned of the project	\$15,500.00	Private Sector Methods	Ex-post	100%	0%	2022		

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (USD)	Procurement Method (2)	Procurement Revision (ex-ante or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	TMC %			
Latin America	OUTPUT 21: Networks of practice established (Technical exchange between WFs, including web based networks)	Component 3	CONSULTING SERVICES	Establishment and management of an internet base community of practice and exchange group among Water Funds	\$14,880.00	Private Sector Methods	Ex-post	0%	100%	2019		
Latin America	OUTPUT 22: Networks of practice established (Technical exchange between WFs, including web based networks)		CONSULTING SERVICES	Management of the community of practice	\$44,640.00			100%	0%	2020		
					\$333,824.12							
Brazil	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Contract the State of the art of sanitation regulation and Brazilian States and water companies	\$37,200.00	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil Sao Paulo	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training BR-Water tariff Cost Composition Workshop in São Paulo WF	\$2,901.60	Private Sector Methods	Ex-post	100%	0%	2020		
Brazil Cambaru	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training BR-Water tariff Cost Composition Workshop in Santa Catarina State	\$2,901.60	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil Cambaru	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Design of business plan for Santa Catarina state tariff model	\$36,120.00	Private Sector Methods	Ex-post	100%	0%	2018		
Ecuador	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training Ecuador: Meetings with national and local authorities related to tariffs to develop a working relationship. These events may include out of town (Quito) visits from the Political Advisor and a technician from TNC Ecuador	\$14,170.72	Private Sector Methods	Ex-post	83%	17%	2018		
Ecuador	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Develop a study to develop a road map on how to incorporate watersheds conservation on water tariffs in two additional cities in Ecuador (linked to WFs baseline in Quito)	\$49,600.00	Private Sector Methods	Ex-post	69%	31%	2019		
Ecuador	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Develop legal instruments that could be implemented by national or local public authorities in Ecuador to incorporate conservation costs in water tariffs	\$22,320.00	Private Sector Methods	Ex-post	100%	0%	2020		
Colombia	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	CO-Workshop (Bogotá): Key institutions evaluating the design of new water tariffs scheme, evaluation and approval process	\$1,860.00	Private Sector Methods	Ex-post	100%	0%	2019		
Colombia	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Support to identify legal and political gaps and requirements to achieve approval for water tariffs scheme	\$5,208.00	Private Sector Methods	Ex-post	100%	0%	2019		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training GU-First conference to promote the importance of including environmental costs on water tariffs. Location: Guatemala city. Target group: stakeholders related with water WPs. INCLUDES LINE 139	\$4,960.00	Private Sector Methods	Ex-post	100%	0%	2020		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training GU-Technical workshop to develop methodology for watershed valuation (meat) with water tariffs in Guatemala. Location: Guatemala city. Target: technical experts on watershed management and water and environmental environmental indicators	\$9,348.00	Private Sector Methods	Ex-post	100%	0%	2020		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training GU-Working meeting to discuss incorporation of environmental costs on water tariffs in Guatemala. Location: Guatemala city. Target group: water regulators, municipalities, water operators, public institutions (Ministry of the Environment and Natural Resources)	\$2,048.00	Private Sector Methods	Ex-post	100%	0%	2020		
						Private Sector Methods						

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (ex-ante or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IBD %	TNC %			
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Training GU-Workshop to present preliminary results of methodology to guide water tariff resources investment on ESA strategies in Guatemala. Location: Guatemala City. Target: experts in water, representatives of public institutions related with water (including Ministry of the Environment and Natural Resources) and municipal authorities.	\$1,884.00	Private Sector Methods	Ex-post	100%	0%	2021		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Design and implement an strategy to include conservation of watersheds as part of water tariff costs.	\$17,300.00	Private Sector Methods	Ex-post	100%	0%	2020		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Editor and design of a 30 page communication report to promote the concept of incorporating the environmental cost in water tariffs in Guatemala.	\$1,488.00	Private Sector Methods	Ex-post	100%	0%	2020		
Guatemala	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	NON CONSULTING SERVICES	Editor and design of a 60 page report on tool for calculating how to include the environmental cost in water tariffs targeted to water regulators and other public entities related with water in Guatemala.	\$2,480.00	Private Sector Methods	Ex-post	100%	0%	2021		
Dominican Republic	OUTPUT 19: National, state or local public policies developed to support WF	Component 4	CONSULTING SERVICES	Analysis of contribution mechanisms of water utilities to support Water Funds.	\$7,442.00	Private Sector Methods	Ex-post	100%	0%	2020		
Ecuador	OUTPUT 24: Corporate sector coalitions created to support WFs	Component 4	NON CONSULTING SERVICES	Training EC- Meetings with national businesses in Ecuador to identify and sensitize them on watershed conservation so they join the coalition. This is an annual budget therefore various meetings are included. This meetings are hosted by TNC to promote companies to join our conservation goal.	\$25,835.40	Private Sector Methods	Ex-post	68%	32%	2018		
Ecuador	OUTPUT 24: Corporate sector coalitions created to support WFs	Component 4	NON CONSULTING SERVICES	EC- Launching of the water coalition in Ecuador.	\$10,540.00	Private Sector Methods	Ex-post	100%	0%	2020		
Ecuador	OUTPUT 24: Corporate sector coalitions created to support WFs	Component 4	CONSULTING SERVICES	Design an action plan to develop a Water Coalition to engage corporate partners to support water funds in Ecuador as a mechanisms to support long-term sustainability of WF.	\$9,447.52	Private Sector Methods	Ex-post	100%	0%	2019		
Ecuador	OUTPUT 24: Corporate sector coalitions created to support WFs	Component 4	NON CONSULTING SERVICES	Develop and design communication material regarding the objectives and importance of a Water Coalition in Ecuador.	\$2,932.38	Private Sector Methods	Ex-post	100%	0%	2020		
Colombia	OUTPUT 24: Corporate sector coalitions created to support WFs (or use Communication Output)	Component 4	NON CONSULTING SERVICES	Training CO- Workshop (Bogota): Corporate risks related to water use for corporations with intensive water use. Assessment of technical tools and watershed protection alternatives to reduce risks (2 days, 1 day field trip).	\$7,068.00	Private Sector Methods	Ex-post	100%	0%	2018		
Colombia	OUTPUT 24: Corporate sector coalitions created to support WFs (or use Communication Output)	Component 4	NON CONSULTING SERVICES	Training CO- Workshop (Medellin): Building a Water coalition with private partners ready to invest in watershed protection through Water Funds in Colombia. Public and private articulation to increase impact in watershed protection (2 days).	\$2,728.00	Private Sector Methods	Ex-post	100%	0%	2019		
Colombia	OUTPUT 24: Corporate sector coalitions created to support WFs (or use Communication Output)	Component 4	NON CONSULTING SERVICES	Training CO- Workshop 8 (Santa Marta): Water coalition follow up event. Outcomes and main accomplishments after 1 year of creation (1 day).	\$4,218.00	Private Sector Methods	Ex-post	100%	0%	2021		
Colombia	OUTPUT 24: Corporate sector coalitions created to support WFs (or use Communication Output)	Component 4	CONSULTING SERVICES	Design a private sector strategy to engage corporations in Water Funds.	\$12,400.00	Private Sector Methods	Ex-post	100%	0%	2019		
Peru Lima	OUTPUT 24: Corporate sector coalitions created to support WFs (or use Communication Output)	Component 4	NON CONSULTING SERVICES	Training PE-Final day of workshop: Field trip to see potential watershed protection projects, conversations with landowners.	\$1,550.00	Private Sector Methods	Ex-post	100%	0%	2018		

\$2,926,364.83

Country	OUTPUT	Component	Consulting, Non Consulting, WF Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (in ante o ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	TNC %			
Brazil Curitiba	OUTPUT 10: Demonstrative Projects	Component 5	CONSULTING SERVICES	Contract for Engagement with three municipalities to oversee watershed conservation programs, and mapping properties and use the Rural Environmental Registry as an important tool to promote watershed planning, legal environmental compliance and monitoring.	\$21.000.00		Ex-post	100%	0%	2019		
Brazil Curitiba	OUTPUT 10: Demonstrative Projects	Component 5	CONSULTING SERVICES	Carry out environmental assessment in selected municipalities	\$11.000.00	Private Sector Methods						
Brazil Curitiba	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Restoration activities in priority areas in Curitiba	\$62.000.00	Private Sector Methods	Ex-post	0%	100%	2019		
Brazil Sao Paulo	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Institutional arrangement and pilot project implementation for São Paulo WF in PCI or Paraíba do Sul watershed	\$62.000.00	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil Rio de Janeiro	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Institutional arrangement and pilot project implementation for Rio de Janeiro WF in Paraíba do Sul watershed	\$62.000.00	Private Sector Methods	Ex-post	100%	0%	2019		
Brazil Brasília	OUTPUT 10: Demonstrative Projects	Component 5	CONSULTING SERVICES	Design of the GIS database and landowner engagement in Descoberto Watershed/Brasília	\$55.800.00	Private Sector Methods	Ex-post	100%	0%	2018		
Brazil Brasília	OUTPUT 10: Demonstrative Projects	Component 5	CONSULTING SERVICES	Brasília WF demonstrative project	\$49.600.00	Private Sector Methods	Ex-post	100%	0%	2019		
Ecuador Quito	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Establish EBA activities with local landowners (based with forests/paramos conservation and restoration activities)	\$281.220.05	Private Sector Methods	Ex-post	28%	72%	2018		
Ecuador Quito	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement 75 hectares of restoration activities	\$77.175.21	Private Sector Methods	Ex-post	38%	62%	2021		
Ecuador Paute	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 332 hectares of conservation activities forests/paramos and 5 hectares of sustainable cattle ranching and agriculture	\$11.825.55	Private Sector Methods	Ex-post	0%	100%	2018		
Ecuador Paute	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 340 hectares of conservation and restoration activities forests/paramos and 10 hectares of sustainable cattle ranching and agriculture	\$35.824.23	Private Sector Methods	Ex-post	37%	63%	2019		
Ecuador Paute	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 350 hectares of conservation and restoration activities forests/paramos and 15 hectares of sustainable cattle ranching and agriculture	\$50.190.48	Private Sector Methods	Ex-post	41%	59%	2020		
Ecuador Paute	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 12 hectares of restoration activities forests/paramos	\$14.761.90	Private Sector Methods	Ex-post	41%	59%	2021		
Ecuador Guayaquil	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 174 hectares of restoration and conservation activities forests and 10 hectares of sustainable cattle ranching and agriculture	\$34.838.10	Private Sector Methods	Ex-post	75%	25%	2018		
Ecuador Guayaquil	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 185 hectares of restoration and conservation activities forests and 10 hectares of sustainable cattle ranching and agriculture	\$39.561.90	Private Sector Methods	Ex-post	64%	36%	2019		
Ecuador Guayaquil	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement at least 122 hectares of restoration activities forests	\$29.103.80	Private Sector Methods	Ex-post	50%	50%	2020		
Ecuador Tungurahua	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement 122 hectares of conservation activities forests/paramos	\$37.672.44	Private Sector Methods	Ex-post	0%	100%	2018		
Colombia Bogotá	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Protection and restoration of natural ecosystems in key areas for water provision in Bogotá	\$403.000.00	Private Sector Methods	Ex-post	0%	100%	2018		
Colombia Medellín	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement an Ecosystem Based Adaptation project in key areas of Medellín Water Fund	\$43.400.00	Private Sector Methods	Ex-post	100%	0%	2019		
Colombia Medellín	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Protection and restoration of natural ecosystems in key areas for water provision in Medellín	\$403.000.00	Private Sector Methods	Ex-post	0%	100%	2018		
Colombia Cali	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement an Ecosystem Based Adaptation project in key areas of Cali Water Fund	\$43.400.00	Private Sector Methods	Ex-post	100%	0%	2019		
Colombia Bucaramanga	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement an Ecosystem Based Adaptation project in key areas of Bucaramanga Water Fund	\$46.252.00	Private Sector Methods	Ex-post	100%	0%	2021		

Country	OUTPUT	Component	Consulting, Non Consulting, WF-Support, Equipment, Operating Expenses (salaries & travel)	Description (1)	Estimated Cost (US\$)	Procurement Method (2)	Procurement Revision (as-written or ex-post) (3)	Source of financing and %		Estimated starting date	Technical Revision (4)	Comments
								IDB %	TNC %			
Colombia Santa Marta	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement an Ecosystem Based Adaptation project in key areas of Santa Marta Water Fund	\$43,400.00		Ex-post	100%	0%	2003		
Guatemala	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Improved management activities to secure conservation in 122 hectares with 90 landowners with EBA strategies in watersheds that provide water to Guatemala Metropolitan Region	\$226,674.13	Private Sector Methods	Ex-post	0%	100%	2018		
Guatemala	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Improved management activities to secure conservation of 132.84 hectares with 30 landowners with EBA strategies in watersheds that provide water to Guatemala Metropolitan Region	\$175,636.94	Private Sector Methods	Ex-post	0%	100%	2018		
Guatemala	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Improved management activities to secure conservation in 332 hectares as EBA strategies with 19 landowners in Mantecuales Cordillera Alta Protected Reserve and in the Guatemala Metropolitan Region	\$219,251.91	Private Sector Methods	Ex-post	0%	100%	2018		
Guatemala	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Implement EBA strategies in 70 hectares in key areas for water provision for Guatemala Metropolitan Region	\$95,417.19	Private Sector Methods	Ex-post	100%	0%	2019		
Guatemala	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Maintain EBA strategies implemented in 70 hectares in key areas for water provision in Guatemala Metropolitan Region	\$16,182.99	Private Sector Methods	Ex-post	100%	0%	2021		
Dominican Republic	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Recovery and conservation actions within watersheds that supply water to the city of Santo Domingo	\$122,760.00	Private Sector Methods	Ex-post	100%	0%	2019		
Dominican Republic	OUTPUT 10: Demonstrative Projects	Component 5	PILOT PROJECT	Recovery and conservation actions within the watersheds that supply water to the city of Santiago (if ecosystem restoration)	\$122,038.00	Private Sector Methods	Ex-post	100%	0%	2019		
	OUTPUT 2: Project Management	Project Management & Evaluation	OPERATING EXPENSES	Salaries (Project Management)	\$410,152.84			100%	0%	2018		
	OUTPUT 23: Project midterm and final evaluation	Project Management & Evaluation	CONSULTING SERVICES	Final external audit hired by TNC	\$62,000.00	Private Sector Methods	Ex-post	100%	0%	2019		
	Project Finance & Operations	Project Finance & Operations	OPERATING EXPENSES	Salaries (Administrative)	\$2,320,924.14	Private Sector Methods	Ex-post	100%	48%	0.53MM/2020		
Total in US\$					\$11,506,724.04							

MEMORANDUM

DATE: May 3rd, 2018

From: Germán Sturzenegger, Team Leader

To: Bettina Tirelli Hennig, Attorney

CC: Sergio Campos, Chief
Water and Sanitation Division, INE/WSA

SUBJECT: REGIONAL. (ATN/CF-16657-RG; ATN/CF-16658-RG) WATER FUNDS: A SUSTAINABLE CLIMATE ADAPTATION AND RESILIENCE MODEL FOR STRESSED URBAN WATERSHEDS IN LATIN AMERICA AND THE CARIBBEAN (RG-T3184). REQUEST TO CHANGE THE EXECUTION/DISBURSEMENT PERIOD AND OTHER CHANGES

1. BACKGROUND AND REQUEST

The above referenced technical cooperation (TC) (the Project) was approved on March 15th, 2018. The Project's objective is to contribute to Nationally Determined Contributions (NDC) adaptation goals by creating and strengthening WFs as governance and financial mechanisms that mobilize public and private funding for the development of EBA strategies at the watershed level in six countries: Brazil, Colombia, Ecuador, Dominican Republic, Peru and Guatemala. The specific objectives of this TC are: (i) to consolidate existing WFs by implementing and scaling up green infrastructure investment and strengthening the Funds' long-term operational and financial sustainability; (ii) to expand the WF model to additional urban watersheds, prioritizing those affected by water stress; (iii) to promote policy change and an enabling regulatory environment to unlock public and private funding for EBA strategies, including the mobilization of climate adaptation finance; and (iv) to promote the inclusion of EBA strategies in IDB projects.

The Project has six components: (i) Water Fund's Design, Creation and Monitoring; (ii) Water Fund's Technical Assistance; (iii) Training, Knowledge and Capacity Building; (iv) Private and Public Sector Participation; (v) Demonstrative Projects; and (vi) Mainstreaming of EBA strategies. The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) of Germany will contribute with €5,000,000 to this project. Additionally, there will be an in-kind and in cash counterpart contribution from The Nature Conservancy (TNC) for a total of €5,000,000. The IDB is the IKI project lead partner and will execute component (iv), and TNC is the implementing partner for componentes (i) to (v).

During the negotiation of the agreement, the project team and IKI reviewed the approved TC Document identified a need for a change in the disbursement and execution period, as well as other specific changes described in the section below.

2. TECHNICAL JUSTIFICATION OF PROPOSED CHANGES

The initial timeline of the project was January 2018 - December 2022, with a 60-month execution period and a 66-month disbursement period. Due to delays in the approval process, it is necessary to change the time for both to a 54-month execution period and a 60-month disbursement period.

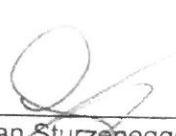
After the TC Document was approved by the IDB's Board of Executive Directors, the name of the Ministry changed from "Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)" to "Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)". Therefore, any and all references in the TC Document to the "Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)" shall read "Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU)".

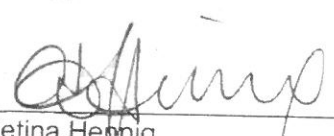
Other changes: (i) In Section I. Basic Information for TC, Peru should be included among the beneficiary countries; (ii) in Section II, paragraph 2.9, the Water Funds that will be newly created are: Belo Horizonte, Brasilia, Curitiba and Bucaramanga; and (iii) in Section III, paragraph 4.3, TNC will submit an Annual Report of the Project to the Bank by no later than January 30th every year, and within three months after the completion of the Project, a Final Project Report, so the Bank can comply with the reporting deadlines established in the agreement to be signed with IKI.

None of these changes alter the objectives of the Project or affect the achievement of the expected results.

3. RECOMMENDATION

In accordance with the Table of Authority for Non-Reimbursable and Contingent-Recovery Technical Cooperation Operations (OA 421), Item III. A and D, the authority to approve the proposed changes corresponds to the Attorney and Project Team Leader, respectively. Therefore, their approval is requested to amend the above described parts of the project document.



German Sturzenegger
Water and Sanitation Division

Betina Hennig
Legal Department

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

**WATER FUNDS: A SUSTAINABLE CLIMATE ADAPTATION AND
RESILIENCE MODEL FOR STRESSED URBAN WATERSHEDS
IN LATIN AMERICA AND THE CARIBBEAN**

(RG-T3184)

AMENDED TECHNICAL COOPERATION DOCUMENT

AMENDED TECHNICAL COOPERATION DOCUMENT

I. Basic Information for TC

▪ Country/Region:	Regional
▪ TC Name:	Water Funds: A Sustainable Climate Adaptation and Resilience Model for Stressed Urban Watersheds in Latin America and the Caribbean
▪ TC Number:	RG-T3184
▪ Team Leader/Members:	German Sturzenegger (INE/WSA), Team Leader; Manuela Velasquez, Raúl Muñoz, David Wilk, Mauro Nalesso and Marilyn I. Guerrero (INE/WSA); Daniel Hincapie (ORP/ORP), Ileana Pinto (VPC/FMP), Gustavo Vargas (VPC/FMP), Betina Hennig, (LEG/SGO), and Claudia Ogialoro (ORP/GCM).
▪ Taxonomy:	Client Support
▪ Beneficiary:	Brazil, Colombia, Guatemala, Peru, Ecuador and Dominican Republic
▪ Executing Agency:	The Nature Conservancy (TNC) The Inter-American Development Bank
▪ Donors providing funding:	International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany (BMU)
▪ IDB Funding Requested:	US\$6,200,000 ¹
▪ Local counterpart funding, if any:	US\$6,200,000 ²
▪ Disbursement period:	60 months (execution period: 54 months)
▪ Required start date:	July 2018
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by Unit:	INE/WSA
▪ Unit of Disbursement Responsibility:	INE/INE
▪ Included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Climate Change and Environmental Sustainability

II. Objectives and Justification of the TC

- 2.1 In Latin America and the Caribbean (LAC), where 80% of the population lives in urban areas, cities are increasingly exposed, both in frequency and intensity, to extreme climatic events such as floods and droughts. This climate variability increases the vulnerability of water sources and water supply infrastructure, threatening the livelihood of millions of people.
- 2.2 In LAC, many drinking water sources are severely degraded. Changes in land use and hydrological variability have caused serious degradation in water-related ecosystems such as wetlands and forest streams, which store and reduce runoff, recharge aquifers, digest organic waste, and halt erosion. Without this green infrastructure,

¹ These funds will be administered by the IDB through a Project-Specific Grant (PSG). The BMU is expected to commit €5,000,000, which is equivalent to US\$6,200,000 at a Euro/US\$ exchange rate of 1.24 (January 30, 2018). This PSG will be administered by the IDB pursuant to document SC-114. In accordance with that document, the commitment of BMU for the PSG will be established through a separate Administrative Agreement.

² The Nature Conservancy is expected to contribute with €5,000,000 of counterpart resources, which is equivalent to US\$6,200,000 at a Euro/US\$ exchange rate of 1.24 (January 30, 2018).

private companies, water utilities and other large downstream users face significant treatment costs, as the quality and availability of water supply, and hence the costs of treating and distributing it, depend heavily on the quality of these water-related ecosystems. Delivering clean and reliable water may be the single largest challenge that our growing cities face. Investing in watershed conservation through nature-based solutions that increase water quality and quantity is a cost-effective strategy for guaranteeing water security to millions of people in LAC. Green infrastructure serves as a mechanism for Ecosystem-Based Adaptation (EBA), which provides adaptation benefits to land owners and water consumers. However, the cost of watershed conservation has been almost universally neglected in water pricing, and has not been valued against water treatment costs, new water infrastructure or climate hazard protection projects.

- 2.3 Despite numerous efforts to improve watershed management, few programs provide legal and financial mechanisms to allocate resources for water source conservation and climate protection. On the one hand, protected areas, which in many cases were originally created to shelter water sources, frequently lack financial support for conservation activities. In Colombia, for example, 50% of the population receives water from public protected areas, but market and institutional failures prevent these areas from getting the necessary financial funds to be soundly managed. On the other hand, upstream private and communal landowners, whose lands provide hydrologic, environmental and climate services, are typically not compensated by downstream users. In most cases, there is no mechanism or policy that compensates farmers who improve land practices, that sets aside private areas for conservation or that improves the management of public protected areas.
- 2.4 The development of innovative funding instruments that combine public, private and international resources is critical. There is an urgent need to create financial and institutional mechanisms that offer downstream users the incentives to proactively engage in conservation and climate adaptation practices in upstream catchment areas. For that reasons, The Nature Conservancy (TNC), FEMSA Foundation, the Global Environment Facility (GEF) and the Inter-American Development Bank (IDB), launched in 2011 the [Latin America Water Funds Partnership](#) to create and strengthen Water Funds (WFs) across the region. A WF is a financial and governance mechanism that promotes public and private sector participation for watershed conservation (see [Structure of a WF](#)). This mechanism offers opportunities to advance sustainable watershed management and urban water security. Conservation projects can be grouped in four categories: (i) payment for environmental services, including watershed management and biodiversity conservation; (ii) water resources management as part of sustainable land use programs; (iii) conservation projects to protect the natural habitats where these services originate; and (iv) climate adaptation measures to mitigate impacts on water resources. These broad categories include activities such as the creation of protected areas, forestation and reforestation, riparian restoration, helping landowners switch to conservation/climate-friendly practices, and supporting community-driven conservation initiatives, among others.
- 2.5 Forty WFs initiatives are underway in LAC region, 19 of which are formally created and operating in 7 countries (Brazil, Mexico, Peru, Ecuador, Colombia, Costa Rica and the Dominican Republic). There are nearly 90 million people who are benefiting from watershed conservation projects implemented through these WFs. The total area to be conserved by these nineteen funds is nearly 2 million hectares. In the last 5 years,

these funds have been able to leverage over US\$120 million for conservation investments from a variety of public and private sources.

- 2.6 WFs are proving to be an effective strategy to create enabling environments for sustainable watershed management by coordinating stakeholders and advancing new policies. They have also been successful at leveraging needed financial resources for watershed conservation. Several learnings can be drawn from the first set of WFs: (i) to be sustainable, WFs must engage water utilities, guaranteeing that water conservation practices are mainstreamed in the utilities' business model; (ii) WFs could be an strategic mechanism to promote policy change and an enabling regulatory environment that unlocks public and private funding for conservation activities; and (iii) WFs must always put in place solid monitoring systems that quantify the results of conservation activities; and (iv) to be effective, WFs must foster a pipeline of green infrastructure projects. The IDB and TNC have the tools to replicate this conservation model in other water and climate-stressed areas of LAC.
- 2.7 The objective of this TC is to contribute to Nationally Determined Contributions (NDC) adaptation goals by creating and strengthening WFs as governance and financial mechanisms that mobilize public and private funding for the development of EBA strategies at the watershed level in six countries: Brazil, Colombia, Ecuador, Dominican Republic, Peru and Guatemala. The specific objectives of this TC are: (i) to consolidate existing WFs by implementing and scaling up green infrastructure investment and strengthening the Funds' long-term operational and financial sustainability; (ii) to expand the WF model to additional urban watersheds, prioritizing those affected by water stress; (iii) to promote policy change and an enabling regulatory environment to unlock public and private funding for EBA strategies, including the mobilization of climate adaptation finance; and (iv) to promote the inclusion of EBA strategies in IDB projects.
- 2.8 Through this TC, the six beneficiary countries identified³ will advance NDC adaptation goals by adopting long-term mechanisms that mobilize and leverage public and private funding for EBA strategies (i.e., creation of conservation areas, restoration and reforestation, riparian restoration, among others) in twenty water-stressed cities. Twenty WFs will be operational and/or consolidated in these six countries; in five of them, new policy that promotes tariff-based financing for watershed conservation and management will be advanced.⁴ At least three IDB loans will include watershed EBA strategies⁵, further promoting national and subnational policies to include EBA in internationally-financed projects. Regional platforms for EBA strategies will be promoted to reduce water stress, potentially benefitting national and subnational agencies, protected area authorities, farmers, and large water users. Private sector coalitions will also be structured to raise awareness within companies about water risks and the importance of investing in watershed conservation and EBA strategies.
- 2.9 Water Funds have been prioritized based on the following criteria: (i) key areas of biodiversity; (ii) populations with the most benefit from watershed conservation;

³ Brazil, Colombia, Ecuador, Dominican Republic, Peru and Guatemala have been preselected based on the criteria explained in paragraph 2.9. In addition, all these countries have expressed their interest to participate in this project through notification letters sent to TNC (see Annex I).

⁴ A preliminary analysis was conducted: Brazil, Colombia, Ecuador, Dominican Republic and Guatemala have been the five countries pre-identified to develop this policy analysis.

⁵ The TC will finance the design of master plans and green infrastructure projects that will facilitate the inclusion of EBA Strategies in IDB infrastructure loans. Brazil, Peru and Colombia have been pre-identified as potential beneficiaries.

(iii) urban watersheds facing critical climatic conditions and climate adaptation challenges; (iv) opportunities for public-private partnerships to address environmental service issues, possibly mobilizing climate finance; (v) compatibility with the Bank's country strategy and with the relevant national policies and strategies; (vi) existence of a TNC Country Office; and (vii) level of engagement of local authorities with the environmental sustainability/climate resilience agenda, specially of the local water operator(s). 20 WFs, which comply with these criteria, have been pre-identified: Four WFs will be newly created: Belo Horizonte, Brasilia, Curitiba, and Bucaramanga (Colombia), and 16 existing WFs will be strengthened and consolidated (Cali, Santa Marta, Cartagena, Bogotá, Medellín (Colombia), Quito, Paute, Guayaquil, Tungurahua (Ecuador), Santo Domingo, Yaque del Norte (Dominican Republic), Guatemala City (Guatemala), and Vitoria, Rio de Janeiro, Sao Paulo, and Camboriu (Brazil).

- 2.10 This TC is consistent with the update Institutional Strategy 2010-2020 (AB-3008) and aligned with the cross-cutting theme of climate change and environmental sustainability, through the creation and strengthening of the WFs that would implement climate adaptation measures to mitigate impacts on water resources and promote water security in urban areas.

III. Description of Activities/Components and Budget⁶

- 3.1 **Component 1 – Water Fund's Design, Creation and Monitoring:** Through this component, technical studies will be financed. Namely: (i) ecosystem services modelling and hydrological analysis with climate vulnerability and impact analysis; (ii) EBA portfolio development; (iii) legal/institutional studies; and (iv) socio-economic studies. Based on this information, a set of Plans (Strategic Plan, Financial Plan, Communication Plan and Monitoring Plan) will be developed. WF creation will include formalizing and officially launching Water Funds, setting up an initial governance scheme and operating structure, and designing demonstrative conservation projects. Monitoring systems will be put in place to showcase the benefits of green infrastructure (e.g. avoided water risks, reduced treatment costs for water operators).
- 3.2 **Component 2 – Water Fund's Technical Assistance:** This component will finance the WFs' technical secretariat and equipment (such as meteorological stations, and pluviograph and flow gauges) for implementation and monitoring activities. It will also provide technical support, through TNC personnel, for the design, creation and implementation of the Funds. TNC staff will ensure all WFs have quality control systems in place. Additionally, TNC scientists will provide technical support and training to implement EBA strategies and monitoring protocols to measure the impacts of the WFs.
- 3.3 **Component 3 – Training, Knowledge and Capacity Building:** Through this component the WF model will be systematized, and accessible tools to create or strengthen other Funds will be developed. This includes the dissemination of innovative science/technological packages, business cases, technical exchanges between funds, communication materials and regional events. Specific activities include: (i) developing a tool for climate change scenario analysis and decision-making for optimized EBA portfolios, by identifying ecosystem-based priorities for climate change adaptation, modelling the cost/benefit scenarios for land-use management in watersheds, and developing spatially explicit, optimized portfolios for implementing EBA strategies; (ii) developing monitoring guidelines to measure the impacts of WFs

⁶ Details of the structure and components of the Program can be seen at the [Project Proposal Document](#) submitted and approved by the BMU.

in terms of climate change adaptation and EBA interventions; (iii) developing and deploying a web-based tool for managing the Water Funds network (community of practice). This web-based tool will facilitate information exchange among Water Funds. Through the network a regional web-based training program will be piloted, including the development of manuals and case studies to make these approaches tenable to utilities and water regulators. The web-based tool will facilitate the exchange of best practices and lessons learned among WFs.

- 3.4 **Component 4 – Private and Public-Sector Participation:** To promote public participation, policy proposals to incorporate watershed conservation costs into EBA strategies will be developed in five countries⁷. The project will work with the Regional Association of Water Regulators in Latin America (ADERASA) to incorporate watershed conservation costs into tariffs as an EBA strategy targeted to reduce water climate vulnerability in urban areas. This will include sharing successful case studies among WFs. Peer-to-peer exchanges will be facilitated, and regulatory cases that have successfully incorporated watershed conservation and EBA costs (e.g., Peru) will be shared with other regulators and water utilities. This will include organizing a regional workshop with ADERASA on the topic, with the participation of water regulators and water utilities throughout LAC. The project will also promote the creation and formalization of new coalitions. Through this component, a private sector strategy for each country will be designed to engage corporations through private coalitions to support WFs. The strategies will identify key water users at a national and local level, identify incentives to engage water users around a coalition to support WFs, develop the structure of the operation of the coalition (e.g., target geographical area and WFs, funding commitments, financial management, reporting). Potential members of the coalition are companies linked to food production, retailers, and finance institutions, among others.
- 3.5 **Component 5 – Demonstrative Projects:** This component will finance the implementation of EBA strategies. The strategies will focus on natural ecosystem restoration in degraded areas to recover water flow regulation, sediment control and water quality, e.g. planting native species, fence an area to allow natural restoration, avoid fires to allow natural restoration, and others. In addition, conservation agreements with private landowners will be established to avoid deforestation of critical water provision areas. For local communities and private land-owners involved in restoration/conservation activities, the project will provide benefits and incentives to ensure that they keep maintaining their support to EBA activities. The incentives will include: technical assistance on productive activities, training on best agricultural practices and fire control (on relevant places), and environmental education.
- 3.6 **Component 6 – Mainstreaming of EBA strategies:** Technical studies will be developed in three countries to design the implementation of EBA strategies financed with IDB loan resources.⁸ The scope of the technical studies will be defined during the preparation of these loans, but could include Green Infrastructure Master Plans, and the socioeconomic analysis and engineering design of green infrastructure projects.

⁷ As mentioned in footnote 4, a preliminary analysis was conducted, and Brazil, Colombia, Ecuador, Dominican Republic and Guatemala have been pre-identified as candidates to develop this policy analysis.

⁸ As mentioned in footnote 5, the TC will finance, among other studies, the design of master plans and green infrastructure projects that will facilitate the inclusion of EBA strategies in IDB infrastructure loans. Brazil, Peru and Colombia have been pre-identified as potential beneficiaries.

In some cases, projects under execution will be strengthened to include EBA measures.

- 3.7 The total cost of the Project is US\$12,400,000. The International Climate Initiative (IKI) of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) of Germany expects to commit €5,000,000 to this project, which is equivalent to approximately US\$6,200,000.⁹ Final resources in US dollars will be dependent on the exchange rate of the day in which resources are received by the Bank and converted into US Dollars.¹⁰ There will be an in-kind and in cash counterpart contribution from TNC for a total of €5,000,000 which is equivalent to approximately US\$6,200,000.¹¹ In-kind resources will consist of staff time, facilities for the development of workshops, and office space for staff/consultants supporting the design of the different products included in this TC (see [Detailed Budget](#)).

Indicative Budget (US\$)

Activity/Component	IDB PSG (IKI)	Counterpart Funding (TNC)	Total Funding
Component 1	352,035	263,465	615,499
Component 2	1,837,635	2,540,751	4,378,386
Component 3	285,836	272,336	558,172
Component 4	307,623	26,201	333,824
Component 5	1,025,890	1,900,475	2,926,365
Component 6	522,276	0	522,276
Project Management and Evaluation	1,558,705	1,196,772	2,755,477
Cost sharing fee (5%) (¶ 3.8)	310,000	0	310,000
Total	6,200,000	6,200,000	12,400,000

- 3.8 Resources of this project to be received from BMU through a Project Specific Grant (PSG). PSGs are administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants" (Document SC-114). As contemplated in these procedures, the commitment by BMU will be established through a separate Administration Agreement. Under such agreement, resources for this project will be administered by the Bank, and the Bank will charge a non-refundable administration fee of 5% of the contribution, which is identified in the project's budget. The 5% administration fee will be charged upon the Bank's receipt of the contribution. The Bank will administer the Contribution in accordance with the Bank's applicable policies and procedures.

IV. Executing Agency and Execution Structure¹²

- 4.1 **Execution Arrangements:** According to the approved IKI proposal, the IDB and TNC will be the co-executors of the Program. The Nature Conservancy (TNC) will execute BMU resources in the amount of €4,278,810 (Components 1 to 5). The IDB will execute BMU resources in the amount of €721,190 (Component 6).¹³ TNC, the leading conservation non-profit organization in the world, was created 64 years ago, works in 69 countries, and has more than 600 scientists. TNC has more than 15 years working

⁹ Based on the Euro/US\$ exchange rate of 1.24 from January 30, 2018.

¹⁰ If a significant adverse fluctuation in the exchange rate reduces the amount of US dollars specified in this budget, the difference will be covered with counterpart resources. If these resources were not enough, project activities and budget will be adjusted accordingly.

¹¹ Based on the Euro/US\$ exchange rate of 1.24 from January 30, 2018.

¹² Details of the structure of the Program can be seen at the [Project Proposal Document](#) submitted and approved by the BMU.

¹³ This amount also includes the mid-term and final evaluation, and the cost sharing fee.

with WFs. TNC executed operation GRT/CF-12631-RG before the estimated time and accomplished all expected outcomes and outputs and is currently executing operation ATN/OC-15994-RG. The administrative and technical supervision of the proposed operation will be under the responsibility of INE/WSA. The project team will be responsible for the preparation and submission to the donor of all execution reports in compliance with the stipulation of the Administration Agreement. If at the end of project execution, the project is closed with a positive uncommitted and unspent balance, the project team will be responsible for requesting ORP/GCM to transfer the unspent balance to the donor, pursuant to the terms of the PSG Administration Agreement.¹⁴

- 4.2 For execution purposes, the IDB and TNC will sign a non-reimbursable technical cooperation agreement. IDB's disbursement unit will be INE/INE. TNC will be responsible for the administration of the resources provided by the Bank, in accordance to Bank policies and procedures. TNC will execute the technical aspects of the TC through its Latin America Region Operating Unit. A Regional Project Manager will be designated. The finance unit of TNC Worldwide Office (TNC HQ) will have the overall responsibility for the financial administration of the funds and the financial systems, processes and training. At the national level, TNC's Country Offices will be responsible for the technical monitoring of the activities, in coordination with the Regional Project Manager.
- 4.3 During the execution period of the Project, TNC will submit to the Bank, by no later than January 30th of every year, an annual report of the Project, describing: (i) the progress of the Project during the preceding year; and (ii) the financial report of the contribution as of December 31st of the preceding year. Within three months after the completion of the Project, TNC will submit to the Bank: (i) a Final Project Report, including an overview of the expenditures incurred for the implementation of the Project and the funds allocated to such expenditures (financial report); and (ii) an operation and progress report of the Project (narrative report).
- 4.4 **Evaluations:** The project will include the following evaluations: (i) a mid-term evaluation within ninety (90) days from the mid-term point of the project disbursement period; and (ii) a final evaluation, upon execution of ninety percent (90%) of the resources of the Contribution or completion of fifty-four (54) months of the execution period of the Project, whichever occurs first.
- 4.5 **Procurement:** The resources executed directly by the Bank will be used to hire consulting and non-consulting services. The activities to be executed are included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; and (iii) GN-2303-20 for logistics and other related services. Bank staff travel costs will not be covered with these funds. TNC shall apply the "Policies for the Procurement of Goods and Works financed by the IDB" (GN-2349-9) and the "Policies for the Selection and Contracting Consultants financed by the IDB" (GN-2350-9), in particular the Appendix 4 of such Policies for private sector entities, for procuring and contracting. A procurement plan will be prepared by TNC and updated according to the project needs. The Procurement plan must be approved by the Bank before initiating any procurement process.

¹⁴ All PSG Administration Agreements include provisions for the use of any unspent balances.

- 4.6 **Financial Management Aspects:** Financial Management matters will be conducted according to the Financial Management Guidelines for IDB-financed projects (OP-273-6). The disbursement period for the project is 60 months after the signature of the agreement. Preliminary, disbursements made by the Bank to TNC will be biannual and based on actual expenses incurred by TNC and reported to the Bank. Disbursements will be made from the Bank to TNC's HQ. During program execution, TNC will submit the Final Audited Financial Statements of the project when it reaches 90% of total disbursements.
- 4.7 **Conditions prior to first disbursement to TNC:** (i) evidence that the Operations Manual for the TC has been approved by the Bank; and (ii) evidence of the appointment/designation of (a) project manager, and (b) regional grant specialist.¹⁵
- 4.8 **Special Conditions of Execution:** Prior to the initiation of project activities in each specific country, a non-objection letter issued by the liaison entity of the corresponding country, shall be obtained. The Bank will coordinate with the beneficiary entities, which will vary from country to country.¹⁶

V. Major Issues

- 5.1 A potential risk would be the weak performance in the implementation of the WFs. To mitigate these risks, feasibility studies, and Conservation and Monitoring Plans will be developed for each WF to establish the selection, development, implementation and monitoring of the conservation projects financed for such WF. Throughout project execution, TNC will also provide the required guidance, and develop templates for project management and reporting.

VI. Exceptions to Bank Policy

- 6.1 This TC does not present any exceptions to Bank policies.

VII. Environmental and Social Strategy

- 7.1 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703) the proposed operation was classified as category C (see Environmental Filters). No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact.

Required Annexes:

- Annex I: Results Matrix
- Annex II: Procurement Plan – TNC and Procurement Plan – IDB

Required Electronic Links:

- Request from the Client
- Terms of Reference (TORs)

¹⁵ The project manager and the regional grant specialist are part of TNC's current staff.

¹⁶ Partner institutions for the preselected countries are: Ministry of Environment and the Regulatory Authority of Drinking Water and Sanitation in Peru; Ministry of Environment and Natural Resources in Guatemala; Ministry of the Environment and the Quito Municipality in Ecuador; Ministry of Environment and Sustainable Development in Colombia; Ministry of the Environment, the National Water Agency (ANA), and the Environmental Secretary of São Paulo Government in Brazil; and the National Council for Climate Change and Clean Development Mechanism in Dominican Republic.