

SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

REGIONAL PLATFORM FOR WATER RESOURCE MANAGEMENT

(RG-G1001)

PROPOSAL TO AMEND THE RESOLUTION DE-006/11

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# REGIONAL PLATFORM FOR WATER RESOURCE MANAGEMENT

(GRT/FM-12631-RG)

## PROPOSAL TO AMEND THE RESOLUTION DE-006/11

<b>Operation Type:</b>	Investment Grant
<b>Executing Agency:</b>	The Nature Conservancy
<b>Agreement's Signature Date:</b>	March 16, 2011
<b>Amount of the nonreimbursable financing:</b>	US\$ 5.000.000

### I. BACKGROUND INFORMATION

- 1.1 The "Regional Platform for Water Resource Management" (RG-G1001) (hereinafter the "Project"), is an investment grant operation which objective is to support the establishment of Water Funds (WFs) in at least five countries across Latin America and the Caribbean region to serve as financing mechanisms for the protection of key watersheds and the provision of long-term payments for environmental services.
- 1.2 The resources for the financing of the Project will be provided from the Earth Fund of the Global Environment Facility (the "GEF Earth Fund"), a fund created in 2007 and endowed with resources from the GEF Trust Fund (the "GEF", a trust fund created pursuant to the "Instrument for the Establishment of the Restructured Global Environment Facility"). The trustee of the GEF (the "GEF Trustee") is the International Bank for Reconstruction and Development (the "World Bank"), and the Earth Fund is administered by the International Finance Corporation (the "IFC") of the World Bank Group.
- 1.3 The Chief Executive Officer (the "CEO") and the Council (the "Council") of the GEF, endorsed and approved, respectively, the Project in May 2010.
- 1.4 In turn, the Board of Executive Directors of the Inter-American Development Bank (the "Bank") approved the Project on January 19, 2011, through Resolution DE-006/11. The text of said Resolution responds to the fact that the resources from the GEF are normally transferred to the Inter-American Development Bank (the "Bank") under the terms of a Financial Procedures Agreement (the "FPA") signed between the Bank and the GEF Trustee, on April 5th 2010, which provided for the creation of the IADB/GEF account (the "IADB/GEF Fund") for the Bank to receive, hold and administer GEF resources from the GEF Trustee.
- 1.5 The content of Resolution DE-006/11, resolves the following:

“1. That the President of the Bank, or such representative as he shall designate, is authorized in the name and on behalf of the Bank, as Administrator of the IADB/GEF Fund, to enter into such agreement or agreements as may be necessary with The Nature Conservancy, and to adopt such other measures as may be pertinent for the execution of the project proposal contained in document PR-3684 with respect to a nonreimbursable financing of the Global Environment Facility (GEF) for regional platform for water resource management.

2. That up to the sum of US\$5,000,000 is authorized for the purposes of this resolution chargeable to the resources of the IADB/GEF Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.”

- 1.6 In line with the terms of the referred Resolution, the Bank and The Nature Conservancy (the “Executing Agency”) on March 16, 2011, entered into non-reimbursable financing agreement (GRT/FM-12631-RG). In such agreement the Bank agreed to grant to the Executing Agency a non-reimbursable financing chargeable to the resources of the IADB/GEF Fund, of up to the amount of five million dollars (US\$5,000,000).
- 1.7 For the purpose of disbursing of GEF Earth Fund resources to the Bank, IFC notified the Bank that prior to the transfer of said resources, the Bank and IFC shall enter into a stand-alone disbursement agreement, instead of using the FPA. Moreover, in subsequent conversations with Bank officials, the GEF Trustee and IFC confirmed that the GEF Earth Fund resources should be administered by the Bank separately from GEF resources held in the IADB/GEF Fund account.
- 1.8 As a consequence, it is considered appropriate that the GEF Earth fund resources be administered as a project specific grant (“PSG”), according to the provisions set forth in the “Report on COFABS, Ad-Hocs and CLFGS and a proposal to unify them as Project Specific Grants (PSGS)” (Document SC-114-1), and the disbursement agreement mentioned in the previous paragraph.
- 1.9 The provisions of the above-referenced disbursement agreement will be substantially the same as those normally used by the Bank for PSG agreements from other donors, and may include additional provisions to comply with specific reporting requirements and the return of investment income on undisbursed grant funds applicable to GEF Earth Fund resources.

## **II. ANALYSIS AND RECOMMENDATION**

- 2.1 Considering that the resources for the financing of the Project will be provided directly by the IFC, pursuant to a disbursement agreement to be entered into between the Bank and the IFC, and taking into account that the Bank would administer said resources through an account distinct from the IDB/GEF Fund, it is recommended that the text of the

Resolution DE-006/11 be amended so as to indicate: (i) that the President of the Bank, or such representative as he shall designate, is authorized in the name and on behalf of the Bank, to enter into an agreement or agreements with the IFC, and to adopt such other measures as may be pertinent for the financing and execution of the Project; (ii) that up to the sum of US\$5,000,000 will be chargeable to resources of the GEF Earth Fund to be transferred to the Bank by the IFC.

- 2.2 The authority to approve the proposed amendment to Resolution DE-006/11 lies on the Board of Executive Directors of the Bank. To that end, pursuant to the Regulations of the Board of Executive Directors of the Inter-American Development Bank (document DR-398-11), Management may submit the proposed amendment to the Board by its approval by short procedure, as described in the list of documents which may be approved by short procedure: “iv. Amendments to resolutions and contracts for: investment and sector loans, technical cooperation and small projects, when the authority to approve such amendments has not been delegated to the President”
- 2.3 The text of the proposed amendatory Resolution, which is being submitted for the approval of the Board of Executive Directors of the Bank by short procedure, is attached herewith as an Annex.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-6/11

Regional. GRT/FM-12631-RG. Nonreimbursable Financing  
for a Regional Platform for Water Resource Management

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized in the name and on behalf of the Bank to enter into such agreement or agreements as may be necessary with the International Finance Corporation (IFC), as administrator of the GEF Earth Fund, and The Nature Conservancy, and to adopt such other measures as may be pertinent for the financing and execution of the project proposal contained in document PR-3684 with respect to a nonreimbursable financing for a regional platform for water resource management.

2. That up to the sum of US\$5,000,000 is authorized for the purposes of this Resolution chargeable to the resources of the GEF Earth Fund, subject to the signature of the disbursement agreement to be entered into between the IFC and the Bank for the administration of the resources for the regional platform for water resource management by the Bank.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on 19 January 2011 and amended by Resolution DE-\_\_\_/11,  
adopted on \_\_\_ \_\_\_\_\_ 2011)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_/11

Regional. GRT/FM-12631-RG. Nonreimbursable Financing for a Regional  
Platform for Water Resource Management  
(Amendment to Resolution DE-6/11)

The Board of Executive Directors

RESOLVES:

To amend paragraphs 1 and 2 of Resolution DE-6/11, dated January 19, 2011, as follows:

“1. That the President of the Bank, or such representative as he shall designate, is authorized in the name and on behalf of the Bank to enter into such agreement or agreements as may be necessary with the International Finance Corporation (IFC), as administrator of the GEF Earth Fund, and The Nature Conservancy, and to adopt such other measures as may be pertinent for the financing and execution of the project proposal contained in document PR-3684 with respect to a nonreimbursable financing for a regional platform for water resource management.

2. That up to the sum of US\$5,000,000 is authorized for the purposes of this Resolution chargeable to the resources of the GEF Earth Fund, subject to the signature of the disbursement agreement to be entered into between the IFC and the Bank for the administration of the resources for the regional platform for water resource management by the Bank.”

(Adopted on\_\_ \_\_\_\_\_ 2011)