

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Strengthening and Evaluating the Caribbean Regional Wastewater Fund (CRew)
▪ TC Number:	RG-T2602
▪ Team Leader/Members:	Rodrigo Riquelme (INE/WSA), Team Leader; Team Members: Evan Cayetano (WSA/CTT); Yvon Mellinger (WSA/CBA); Irene Cartin (INE/WSA); and Javier Jimenez (LEG/SGO)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Client Support
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	
▪ Reference to Request ¹ : (IDB docs #)	IDBdocs#39430468
▪ Date of TC Abstract:	02-26-2015
▪ Beneficiary (countries or entities which are the recipient of the technical assistance):	Jamaica, Guyana, Belize and Trinidad & Tobago
▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {If Bank: Contracting entity} {If the same as Beneficiary, please indicate}	Bank executed (INE/WSA)
▪ IDB Funding Requested:	\$500,000
▪ Local counterpart funding, if any:	0
▪ Disbursement period (which includes execution period):	24 months
▪ Required start date:	April, 2015
▪ Types of consultants (firm or individual consultants):	Individual consultants
▪ Prepared by Unit:	INE/WSA
▪ Unit of Disbursement Responsibility:	INE/WSA
▪ Included in Country Strategy (y/n); ▪ TC included in CPD (y/n):	No
▪ GCI-9 Sector Priority:	Infrastructure for competitiveness and social welfare

II. Objective and Justification

2.1 Description of CRew Program. The Caribbean Regional Fund for Wastewater Management Project (CRew) is a four year project that focuses on piloting revolving

¹ A copy of the Letter of Request, Programming/Portfolio Review Mission Aide Memoire or Report requesting the TC should be submitted with the Abstract.

financing mechanisms and related wastewater management reforms in the wider Caribbean Region (WCR) (RG-X1011 approved by the board on July 7th 2011). The project, which is being funded by the Global Environment Facility (GEF), is managed and implemented by the Inter-American Development Bank (IDB) and the United Nations Environment Program (UNEP).

- 2.2 The overarching objective of the CReW is to create pilot financial mechanisms that can be used to provide sustainable financing for environmentally sound and cost-effective wastewater management. The project also aims to facilitate policy and legal reforms, regional dialogue, and knowledge exchange with the key stakeholders in the Wider Caribbean. The project has an approved amount of US\$20 million and comprises three components: (i) Investment & Innovative Financing of Wastewater Management (\$16,665,000), (ii) Reforms for Wastewater Management (\$2,500,000); and (iii) Communication Outreach and Information Exchange (\$710,000). The CReW was conceived as a pilot financing facility and could be replicated under a larger facility/program through additional capitalization under GEF and/or from other resources.
- 2.3 From among multiple candidates, Belize, Guyana, Jamaica and Trinidad and Tobago were selected to participate in the Pilot Financing Mechanism. Their respective projects were high national priorities to improve or prevent further deterioration of coastal water quality. The country was open to assistance to discussing policy reforms and bringing project costs within ratepayers' ability to pay. Each country signed an agreement with the IDB to create a Pilot Executing Agency (PEA), whose responsibilities include establishing the Pilot Financing Mechanism (PFM), setting up a project management unit, and approving project financial agreements with borrowers.
- 2.4 Nine other countries endorsed CReW, which are Antigua and Barbuda, Barbados, Costa Rica, Guatemala, Honduras, Panama, Saint Lucia, Saint Vincent and the Grenadines, and Suriname. Their participation includes capacity building and institutional strengthening for wastewater policy, legal and institutional reform, although many articulated a demand for participating in pilot projects. Subsequent discussions have embraced the possibility of a follow-on CReW- II.
- 2.5 CReW has joined a well-established community of institutions dedicated to issues related to the environment, public health, water and wastewater management in the Caribbean. The program is aligned with the Bank's GCI-9 since it covers water treatment solutions which mitigate the effect of methane emissions to the atmosphere. The program also aligns with WSA Sector Framework on their Dimensions 1 and 2 (Access to sanitation and quality of service and sector governance improvement respectively).
- 2.6 **Progress and current status of the program**
- 2.7 The US\$5 million Belize Wastewater Revolving Fund (BWRF) (GRT/FM-12724-RG) was envisioned to provide subsidized interest rate loans for eligible public and private sector wastewater treatment projects. During 2014, the CReW retroactively financed US\$739,333 on the Belmopan Sewer System and is currently awarding the contract for a US\$1,137,293 project.

- 2.8 The US\$3 million Guyana Wastewater Revolving Fund (GWRF) (GRT/FM-12725-RG) supports improvements in wastewater management through both public and private sector channels. In 2014, a shortlist of potential private sector companies was targeted by GWRF and discussed with IDB.
- 2.9 The Credit Enhancement Facility in Jamaica (JCEF) (GRT/FM-12726-RG) is a US\$3 million guarantee fund placed in a reserve account and pledged to local commercial banks as collateral for acquiring financing to carry out wastewater projects.
- 2.10 The US\$2 million Trinidad and Tobago Revolving Wastewater Fund (TTWRF) (GRT/FM-12727-RG) was conceptualized to improve coverage and performance in the wastewater sector. The first-generation project in southwestern Tobago will rehabilitate a 15-year old wastewater treatment plant and expand the number of property connections to bring more customers onto the network.
- 2.11 The Project Coordinating Group (PCG) was established in order to carry out the day-to-day management of the CReW project based in Jamaica. The PCG coordinates the execution of the project under the oversight of UNEP and IDB, drawing from their combined expertise. The PCG is composed by 4 members lead by the Project Coordinator who is responsible for the overall performance of the project and production of the outputs/products, reporting directly to the UNEP and IDB. The four pilots are progressing according with the planned outcomes having disbursed already 70% of budget of the program.
- 2.12 The process of developing lessons learned, dissemination and extending the CReW to a second stage (CReW-2)
- 2.13 Although the program has enough resources for its conclusion, there will be a need to develop further activities that are required to acquire better understanding of the program impacts, lessons learned and elaborate a replication strategy for a second stage.
- 2.14 On July 30, 2014, the Pilot Countries met in Jamaica at the invitation of the IDB-UNEP to share their experiences and views with regards to project execution with the intention that any knowledge generated could contribute to enhancing the current operation and also support with a strategy for the design of a 'CReW-2. They identified some critical issues to be considered.
- 2.15 It was strongly suggested that awareness building activities should commence as early as possible and there should be more information sharing with key stakeholders, the media and the private sector. The countries have stated the importance of establishing clear and objective selection criteria for pilot country selection.
- 2.16 It was also acknowledged that the barriers to improving the waste water go beyond the availability on funding (although this is important) to issues of capacity and organizational readiness and building this capacity may require significant resources in a future project. The private sector is also a relevant player that should be encouraged in the delivery of wastewater services. There are many successful business models that have been used in other countries including build-operate and transfer, built- own- operate, etc.

2.17 Regarding governance issues, there is a need to have a stronger regulatory framework that actively participates in developing and monitoring a comprehensive Action Plan, and a civil society that actively participates.

2.18 **TC General and specific objectives**

2.19 The general objective of this TC is to provide finance for capturing lessons learned, developing a dissemination strategy and the development of a replication strategy for CReW-2.

2.20 The specific objectives are:

- ✓ Entail a thorough baseline analysis, which should take into account the cultural and political differences, governance modalities and regional alliances.
- ✓ Capture CReW program lessons learned in a comprehensive and practical manner.
- ✓ Establish a clear and a transparent selection process for pilot countries and first generation projects.
- ✓ Design dissemination and outreach campaign on CReW findings and outputs.
- ✓ Obtain endorsement at the national and regional levels of signatory countries.
- ✓ Develop realistic project impact indicators and project targets, which are linked to budgetary provision.
- ✓ Develop a private sector involvement strategy compatible with the nature of the proposed program.
- ✓ Design a replication strategy for CReW-2.

III. Description of activities and outputs

3.1 **Component 1. Lessons learned and Replication Strategy.** This component will include the development of the activities related to capturing the main lessons learned during the development of CReW. The analysis of these findings along with discussions and workshops with the relevant program stakeholders will allow the development of the replication strategy for CReW-2. There will be a detailed analysis on the execution of CReW in terms of political, institutional and financial barriers. The effectiveness of the program will be also studied through the development of workshops with the GEF focal points of the 13 participating countries. Opportunities for the private sector will also be analyzed in the modalities of expansion of the revolving fund facility for the private sector, development of built operate and transfer projects for some water utilities and/or the industrial sector.

3.2 **Component 2. Communication and Dissemination Campaign.** This component will include the dissemination of experiences and lessons learned from CReW Pilot Projects. The component will also include an early-stage implementation of a targeted communication campaign including the preparation and dissemination of knowledge and information materials, media releases and articles. The campaign will be targeted to government stakeholders that could potentially be executing agencies, private sector and non for profit organizations.

3.3 **Component 3. Project Selection.** This component will include the activities needed in order to select the projects to be included in CreW-2. Based on the replication strategy the

activities will include country selection methodology, baseline studies on selected countries, project definition and expected outcomes.

- 3.4 **Component 4. Preparation of Project Proposal Document.** This component will finance the design of the final proposal document that will detail the new structure and implementation plan of CReW-2. The outputs will serve as the basis for the preparation of Project Information Form for GEF.

IV. Budget

- 4.1 The budget is shown in the table below:

Table I - Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1	Lessons learned and Replication Strategy	150,000	0	150,000
Component 2	Communication and Dissemination Campaign	120,000	0	120,000
Component 3	Project Selection	100,000	0	100,000
Component 4	Preparation of Project Proposal Document	130,000	0	130,000
	Total	500,000	0	500,000

V. Executing agency and execution structure

- 5.1 The Bank (INE/WSA) will execute this technical cooperation operation since it is a regional operation and will require coordination with the four pilot countries. INE/WSA will be responsible for all aspects of this technical cooperation including disbursements.

VI. Project Risks and issues

- 6.1 No major risks were identified; the CReW program and its team have been fully operative since July 2011.

VII. Environmental and Social Classification

- 7.1 Given the nature of the activities to be financed by this TC, and in accordance with the guidelines of the Environment and Safeguard Compliance Policy (OP-703) Policy, the TC is classified as Category "C".