

## Technical Cooperation Abstract

### I. Basic Project Data

▪ Country/Region:	BELIZE/CID - Isthmus & DR
▪ TC Name:	Support the development of an IDB CLIMA pilot project in Belize
▪ TC Number:	BL-T1179
▪ Team Leader/Members:	ALLENG, GERARD P. (CSD/CCS) Team Leader; RIQUELME, RODRIGO (INE/WSA) Alternate Team Leader; BRUSA, FEDERICO (CSD/CCS); GILLES, AURELIE FLAVY (CID/CID); SALAZAR, ASTRID DANIELLE (CID/CBL); LANDAZURI-LEVEY, MARIA C. (LEG/SGO); BLANC PAULINE LOLA (CSD/CCS); WATSON, GREGORY (CSD/CCS); SAMAYOA JUAREZ, JORGE OMAR (CSD/RND); ORTIZ DE ZARATE MARIA LAURA (CSD/CCS); WATSON, BRODRICK RAYLANDO (VPC/FMP); LUNSTEDT TAPIA, CHRISTIAN (VPC/FMP); USHER, ORCHEL LISAMARIE (CID/CBL); VILLARROEL TORAL MARIA SOLEDAD (INE/WSA); GOMEZ, JUAN (CSD/CCS); BORJA DIAZ FELIPE (CSD/CCS)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	IDB CLIMA - Strengthening Marine Ecosystem Resilience by Enhancing Wastewater Infrastructure in Caye Caulker - BL-L1051
▪ Date of TC Abstract:	22 Jan 2025
▪ Beneficiary:	Belize Water Services Limited
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change Solutions Division
▪ Unit of Disbursement Responsibility:	CID/CBL - Country Office Belize
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Social inclusion and equality ; Productivity and innovation ; Institutional capacity and rule of law; Environmental sustainability; Gender equality; Diversity; Biodiversity, natural capital, and climate action; Gender equality and inclusion of diverse population groups

### II. Objective and Justification

- 2.1 This Technical Cooperation (TC) aims to support Belize in developing its first operation under the IDB CLIMA Pilot Program. The program is designed to promote sector-specific investments that enhance the borrower's ability to integrate climate and biodiversity considerations into decision-making and planning processes, as well as improve readiness to access thematic green capital markets. To achieve this, IDB CLIMA offers grants to borrowers who successfully meet targeted results through sectoral investments, measured by Key Performance Indicators that: (i) reduce development gaps while delivering impact in terms of biodiversity and climate; (ii) strengthen the sector's capabilities to develop sectoral project pipelines that include climate and/or biodiversity considerations; and (iii) strengthen sector-driven biodiversity and climate monitoring, reporting and verification (MRV) systems to meet international climate, biodiversity and thematic green debt standards.
- 2.2 To define actions associated with investments (ii) and (iii), borrowers must first assess their existing capabilities in terms of the Green Transition Framework (GTF). The GTF

follows a three-stage sequential approach that allows borrowers to benefit from IDB technical and financial support as they evolve from an incipient stage –in which they have limited capabilities to access thematic green debt markets– to a stage in which they are able to systematize green and thematic debt issuances. Therefore, to reach its objective, the TC will: (i) Assess the capabilities of the borrowing entity and the country as a whole, to place it in its appropriate GTF stage; (ii) support the strengthening of said capabilities so that the borrower can progress in the GTF; and (iii) conduct applied research activities to contribute to the strengthening of Belize's first IDB CLIMA pilot project and at the same time feed the development of the GTF.

- 2.3 This TC supports the BL-L1051 operation, “IDB CLIMA - Wastewater Collection and Treatment System for Caye Caulker.” The operation aims to address a key driver of environmental degradation impacting the tourism sector: the lack of wastewater collection and treatment. In Caye Caulker, untreated wastewater is causing environmental damage to local ecosystems, including the barrier reef, a UNESCO World Heritage Site, as well as seagrasses and mangroves. The development of a wastewater collection and treatment plant will mitigate pollution, reduce greenhouse gas emissions, and enhance the climate resilience of these ecosystems. This operation will reduce the discharge of untreated wastewater and harmful pollutants into the sea, thereby protecting critical ecosystems. Additionally, it aims to strengthen the borrower's capacity to integrate climate change and biodiversity considerations into its decision-making and planning processes. This will position the borrower to access thematic and green debt markets, as well as other climate financing mechanisms, in the future.

### III. Description of Activities and Outputs

- 3.1 **Component 1. Climate and biodiversity studies and programs.** This component will support the necessary studies and programs required to achieve the operation's General Objectives, in alignment with the IDB CLIMA framework.
- 3.2 **Component 2. Assessment of Belize's and BWS's institutional capabilities and associated opportunities.** This component will assess the institutional readiness of Belize Water Services (BWS) and the Government of Belize to integrate climate and biodiversity considerations into their planning and decision-making processes, as well as their ability to access thematic and green bonds and other climate finance instruments. It will also offer recommendations for opportunities and actions to enhance these capabilities.
- 3.3 **Component 3 Strengthening of sectoral and/or national capabilities.** This component will enhance the borrower's capabilities to develop project pipelines that incorporate climate and biodiversity considerations. It will also support the establishment of an MRV system to enable comprehensive reporting for the water sector.

### IV. Budget

Indicative Budget

Activity/Component	IDB Funding	Total
Component 1. Climate and biodiversity studies and programs.	200,000	200,000
Component 2. Assessment of Belize's and BWS's institutional capabilities and associated opportunities.	75,000	75,000
Component 3. Strengthening of sectoral and/or national capabilities.	125,000	125,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>

### V. Executing Agency and Execution Structure

- 5.1 Given the Bank's proven track record in developing operational and institutional capacity-building activities, the Bank will execute this TC and carry out all

contract-related activities. The Bank is considered to have the adequate systems to guarantee the proper execution of the operation and ensure the sustainability of the implementation of the project in line with the “Operational Guidelines for Technical Cooperation Products” (GN-2629-1). Additionally, CCS will coordinate with other IDB Group departments and liaise with other key initiatives and stakeholders involved in the design, implementation, and financing of IDB-CLIMA pilot projects. Supervision will be carried out by the CSD/CCS Team Leader.

- 5.2 The Climate Change Division of the Inter-American Development Bank (CSD/CCS) has substantial experience with the development of Research and Dissemination activities tied to climate change and integration of results within the IDBG project origination and execution activities. The Bank will follow its procurement policies and guidelines related to contracting processes.

## **VI. Project Risks and Issues**

- 6.1 Starting from a baseline of minimal capacity in climate change and biodiversity, BWS is primarily focused on operational improvements, particularly in reducing operating expenses (OPEX). Therefore, any proposed actions must clearly demonstrate either cost reductions or opportunities to secure concessional funding for BWS. Efforts to strengthen sectoral and national capabilities may also encounter resistance from public administration officials, potentially slowing progress through the stages of the GTF. The experience of CSD/CCS in similar national contexts, combined with the expertise of the IDB Group, will be crucial in addressing these challenges. Additionally, the knowledge products developed through this TC will ensure timely, informed decision-making to support the successful completion of the pilot project.

## **VII. Environmental and Social Aspects**

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank’s Environmental and Social Policy Framework (ESPF).