

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
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**FUND FOR THE FINANCING OF
TECHNICAL COOPERATION FOR
INITIATIVES FOR REGIONAL INFRASTRUCTURE
INTEGRATION (FIRII)**

Operating Guidelines

May 12, 2006

This document was prepared by Juan Borga (RE2/FSS) and incorporates comments from Diego Buchara (LEG), Mauro Marcondes-Rodrigues (VPO/IIRSA Coordinator), Juan Benavides (SDS/IFN), Emilio Sawada (RE1/FI1), Carlos Tamayo (RE3/FI3) and Carlos Trujillo (RE2/FI2)

FUND FOR THE FINANCING OF TECHNICAL COOPERATION
FOR
INITIATIVES FOR REGIONAL INFRASTRUCTURE INTEGRATION

Operating Guidelines

I. OBJECTIVE

- 1.1 These guidelines are intended to provide information and guidance to Bank staff on the eligibility criteria, preparation of proposals, approval process and implementation of nonreimbursable technical cooperation operations (“TC operations”), financed with resources from the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (“FIRII” or the “Integration Fund”), approved by the Board of Executive Directors with Document GN-2344-8. The Integration Fund was approved for a total amount of US\$20 million.
- 1.2 These guidelines are complementary to Bank’s current policies and procedures applicable to TC operations, and subject to the terms and conditions set forth in Document GN-2344-8. These guidelines will be updated as needed to reflect lessons learned.

II. DESCRIPTION AND SCOPE OF THE INTEGRATION FUND

- 2.1 *Use of Resources:* The following activities, within each TC operation, will be eligible for financing by the Integration Fund: i) pre-feasibility and feasibility studies; ii) project design; iii) document preparation and revision to carry out financing requests and/or for bidding purposes; and iv) studies related to project viability (technical, economic, financial, environmental, social, institutional and legal). Within the scope of these activities, the Integration Fund could also finance social and environmental studies, public private collaboration for specific projects, strategic environmental assessments and institutional strengthening activities with an emphasis on achieving sustainable capacity for project execution among local or regional organizations.
- 2.2 The resources of the Integration Fund will be used to hire consulting services, purchase goods necessary to carry out studies, and carry out complementary training activities (such as workshops technical sessions, seminars, etc.) in accordance with Document GN-2344-8, and the Bank’s policies and procedures applicable to technical cooperation operations.
- 2.3 *Project Eligibility:* The Integration Fund will finance TC operations, including studies concerning regional physical integration and project preparation for projects that:
 - a. have been included in the Caribbean infrastructure integration initiatives; or

- b. have been included in the IIRSA infrastructure integration initiatives (as defined by the IIRSA member countries at the IIRSA Executive Technical Groups); or
- c. have been included in the Plan Puebla Panama (“PPP”) infrastructure integration initiatives; or
- d. have been included in other infrastructure integration initiatives as approved by the Board of Executive Directors.

Additionally, any such infrastructure integration project must:

1. have been prioritized by the countries during the programming exercises with the Bank or be of a transnational nature;
 2. show an appropriate level of commitment by the beneficiary government so as to guarantee its priority character as part of a regional initiative; and
 3. be consistent with the regional and country strategies of the Bank.
- 2.4 The TC document shall explain the transnational character of the project to be supported by FIRII. Border-crossing systems, e.g., bridges, highways, pipelines, electricity transmission lines, etc., may not require detailed justification. Justification of other type of projects must refer to issues such as direct impact on international trade flows and factor mobility, costs and benefits in more than one country and commitment to support the project by more than one country. In the case of projects in which the available information is limited, the explanation may be based on qualitative arguments.
- 2.5 Furthermore, the relevant Bank Departments will analyze each country request and process only those that are consistent with the provisions set forth in document GN-2344-8, and the Bank’s policies and procedures.
- 2.6 *Coordination of Resources Among different Bank-approved integration initiatives:* The Programming Committee of Management, chaired by the President of the Bank, will coordinate the assignment of the resources of the Integration Fund among the different integration infrastructure initiatives, considering a general strategy for infrastructure integration for the region as a whole. All TC operations before their approval will be distributed to the Programming Committee of Management for information.
- 2.7 *Country Eligibility:* All borrowing member countries of the Bank are eligible.
- 2.8 *Institutions/Executing Agencies:* The following entities of the borrowing member countries of the Bank are eligible to receive technical assistance:
- Entities of the National governments and their political subdivisions.
 - Regional and sub-regional entities/organizations composed of Bank borrowing member countries.
- 2.9 *Requesting Institutions:* Any of the entities and organizations indicated in paragraph 2.8 above can request to the Bank, financing for TC operations under the Infrastructure Fund.

Notwithstanding, when the requesting entity is not the ministry in charge of managing relations with the Bank, a non-objection letter from such entity or ministry shall be presented.

In the case of regional and sub-regional entities/organizations, a written request or non objection letter should be signed by the entities or ministries representing the countries that would benefit from the execution of the project supported by the TC operation.

- 2.10 *Financing Modality:* FIRII will operate under the nonreimbursable modality in accordance with the terms set forth in Document GN-2344-8.
- 2.11 *Financing Amount:* The maximum amount per project to be financed by the Integration Fund (including any support activities for such project) shall not exceed an accumulated total of US\$1.5 million. The sum of TC operations assigned to countries that participate in any integration initiative cannot exceed, in any three-year period, more than 60% of the total resources of the Integration Fund. This figure may be revised after two years to better reflect demand and progress in the utilization of the Integration Fund resources. No country can execute more than thirty percent of all TC operations financed by the Integration Fund.
- 2.12 *Local Contribution:* The executing agency will share the financial costs of each TC operation by an amount to be decided on a case-by-case basis, and which shall not be lower than twenty percent (20%) of the total cost of each individual operation. Such contribution may be provided in kind.
- 2.13 *Executing of the operation:* The execution of the TC operations will be the responsibility of any of the entities referred to in paragraph 2.8. For operations with a regional, transnational or bi-national scope the executing agency will guarantee the coordination of activities with all the beneficiaries in the relevant countries.

In exceptional cases, and particularly for transnational projects, upon the express written request and justification of the country/countries, the Bank may select and hire the consulting services necessary to implement a specific technical cooperation operation financed with resources of the Integration Fund.

- 2.14 *Procurement of Consulting Services and Goods:* The selection and contracting of consulting services to be financed with resources from the Integration Fund will be carried out according to the Bank's policies and procedures set forth in documents GN-2349-6 ("Policies for the Procurement of Works and Goods Financed by the IDB") dated February 2006, and GN-2350-6 ("Policies for Selection and Contracting of Consultants Financed by the IDB"), dated February 2006, as such policies and procedures may be amended from time to time. The amount per operation allocated to the acquisition of goods shall not exceed 30% of the Bank's financing. Only on a case-by-case basis and in exceptional circumstances duly justified, a higher percentage of such resources could be allocated to the acquisition of goods for a particular operation.
- 2.15 The acquisition of goods and related services to be financed with resources from FIRII, will be carried out in accordance with Bank's policies and procedures.

- 2.16 *Processing of the Operations*: Except as expressly set forth in this proposal, the processing, approval, execution and implementation of the TC operations financed with resources of the Integration Fund will be carried out in accordance with the Bank's policies and procedures applicable to regular technical cooperation operations as such policies and procedures may be amended from time to time.
- 2.17 All TC operations, regardless the amount, will be submitted to the Board of Executive Directors for its approval by short procedure.

III. APROVAL PROCEDURES

- 3.1 The Project Team is responsible to assure that the proposed TC operation fulfills the eligibility requirements as indicated in paragraph 2.3 above as well as internal Bank procedures for TC operations.
- 3.2 The Project Team will present to RE2/FSS a TC Profile following the Bank's standard on this matter (See Annex I for reference). At that time, RE2/FSS will make a provisional commitment of resources from FIRII, which will be valid for eight months. If during that period the Project Team does not obtain the approval from the CRG of the Plan of Operations for the TC operation, then the resources could be assigned to other TC operations in the pipeline.
- 3.3 RE2/FSS, will certify the eligibility of the Plan of Operations for the proposed TC operation (Annex III) upon presentation to RE2/FSS of the Plan of Operations for the proposed TC operation approved by the CRG.
- 3.4 RE2/FSS will also verify that the TC operation proposal complies with the following requirements of the Integration Fund: a) the proposed TC operation does not exceed an accumulated total amount of US\$1.5 million (Previous TC operations approved for the same project under the Integration Fund will count towards above total); b) no single integration initiative receives, in any three-year period, more than 60% of the Integration Fund's resources; and c) no beneficiary country receives more than 30% of all TC operations financed by the Integration Fund;
- 3.5 After obtaining certification of resources, the Project Team will be responsible for obtaining the approval of the Board of Executive Directors.

IV. DISBURSEMENT AND OTHER PROVISIONS

- 4.1 *Disbursement:* Current Bank's policies on disbursements will apply.
- 4.2 *Completion Report:* The Project Team is responsible of preparing the TC operation Completion Report (see Annex II) within six months after the completion of the TC operation and must send a copy to RE2/FSS.
- 4.3 *Cancellations:* Current Bank's policies on cancellations will apply (OA-416). In addition to the circumstances for total cancellation indicated in such policy TC operations financed by the Fund could also be cancelled if: (i) the execution of the TC operation has not been commenced within one year of the TC operation approval by the Board of Executive Directors; or (ii) The TC operation proposal has not been sent for approval to the Board of Executive Directors following one year from the date of certification of resources by RE2/FSS.

V. CONTACT PERSONS

- 5.1 VPO/IIRSA Coordinator: Mauro Marcondes Rodrigues
- 5.2 PPP Coordinator: Marcelo Antinori
- 5.3 RE2/FSS: Juan Borga

TC PROFILE
(FORMAT AND CONTENT)

TC Profiles should not exceed 4 pages in length

I. Basic Project Data

- Country/Region
- Program Name/Number:
- Team Leader/Members:
- Date of Request¹:
- Beneficiary (country or entity which is the recipient of the grant):
- Executing Agency (Organization or entity responsible for executing the TC Program):
- Financing Plan:
- Technical and Basic Responsibility
- Tentative Dates: Loan Committee/EVP _____ DIR/PRE _____

II. Background and problem statement (estimated length: 1 page)

- 2.1 This subheading should facilitate a clear understanding of the program's problem. It should also explain the program's priority, why the source of funding has been selected, the value added or additionality of the program and its relationship to Bank strategies, as well as to other relevant national and international programs.

III. Program objective and description (estimated length: 1 page)

- 3.1 This subheading should describe briefly the goal and purpose (including a preliminary description of potential outcomes, if possible) of the proposed program and its major components, activities, and expected outputs. An indication should be made if the program will require a log-frame.

IV. Cost and financing (estimated length: 1/4 page)

- 4.1 Provide a cost estimate and source(s) of financing: Bank, other Donors, and Local.

¹ A copy of the Letter of Request should be submitted with Profile.

V. Executing agency and execution structure (estimated length: about ½ page)

- 5.1 This subheading should provide relevant information on the nature of the executing agency, its track record, its mission, major areas of activities and programs. To the extent possible, it should also contain a preliminary assessment of the agency's capacity to execute the program, as well as the relationship of the program with the executing agency's mission and other programs. If information is not available, the agency's capacity should be mentioned under major issues to be addressed (section VI). If the Bank is the proposed executing agency, this section should provide information to justify this arrangement.

VI. Major issues (estimated length: about ½ page)

- 6.1 Special issues for analysis should be identified, beyond those that are common to most projects, including: demand, value added, institutional and financial sustainability, capacity to execute the program, ability to monitor and evaluate the program, overall dimension, ownership, if a need for phasing components/activities, and any special execution arrangements (e.g. if there is a need of a new law, decree, multi-agency participation).

VII. Action Plan

- 7.1 This subheading should set out the steps that are to be taken to process the program; indicate the status of the program's preparation and provide an idea of the additional information required. It should also give a tentative estimate of processing requirements (staff time, consulting services, missions, etc.) and a timetable for the same.

VIII. Environmental and Social Strategy

- 8.1 Describe the identified or potential negative environmental and/or social impacts of the program and the strategy for how these impacts will be properly addressed. If the Project Team considers that the operation will not cause negative social or environmental impacts, or that it will generate mostly positive impacts, they should also include this in the Profile.

IX. Approval

APPROVED _____ **(SIGNATURE)** _____
DIVISION CHIEF / COUNTRY REPRESENTATIVE (FOR REGIONAL OPERATION DEPTS.)
OR DEPARTMENT MANAGER (FOR INT AND SDS)

ANNEX II

TC Operation Financed by the Integration Fund

TC operation Completion Report

(Up to four pages)

| | |
|---|--|
| Beneficiary Country or Countries | |
| Project Name | |
| Project No. | |
| Project Team Members | |
| Executing Agency | |
| Amount: Bank / Local Counterpart | |
| Bank Approval Date | |
| Project Completion Date | |
| Objective & Description: | |
| Evaluation of Inputs: | |
| Evaluation of Outputs: | |
| Overall Assessment: | |
| Lessons Learned: | |
| Recommendations and Follow-Up Actions: | |

Project Team should prepare this report no latter than six months after project completion date.

Certification

TC operation Name

TC operation Number

I certify that resources from the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) are available for up to US\$[*AMOUNT*] in order to finance the activities described and budgeted in this document. I have also verified that: a) the proposed TC operation does not exceed an accumulated total amount of US\$1.5 million; b) that the integration initiative to which the proposed TC operation belongs has not received more than 60% of the resources of the FIRII in any three year period; and c) that no country beneficiary of the proposed TC operation has received more than 30% of all TC operations financed by the FIRII.

The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except that local consultants working in their own borrowing member country shall have their remuneration defined and paid in the currency of that country. No resources of the FIRII shall be made available to cover amounts greater than the amount certified herein above for the implementation of this technical cooperation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the FIRII is not at risk.

The project team is responsible of preparing a TC operation completion report within six months after the completion of the TC operation and send a copy to RE2/FSS.

[*Signature*]

Arnoldo M. da Fonseca
Chief
RE2/TEC

Date