



***Belize Wastewater Revolving Fund
Recommendations***

Belize



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This project builds upon its previous successful phase “The Caribbean Regional Fund for Wastewater Management (CReW)” project (2011-2017). CReW+ is being executed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the Organisation of the American States (OAS) and the Secretariat of the Cartagena Convention (CAR/RCU) on behalf of the IDB and UNEP respectively.

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Abbreviations

BWRF	Belize Wastewater Revolving Fund
BWSL	Belmopan Waste Water treatment plant and Sewerage Upgrade Project
NWC	National Water Commission
TC	Technical Committee
UN	United Nations
WWTP	Wastewater Treatment Plant
WWPSC	Wastewater Policy Steering Committee



1 Introduction

1.1 The Belize Wastewater Revolving Fund (BWRF)

The provision, improvement and ongoing operation of adequate wastewater treatment services affect all members of society. In rural areas in Belize, sanitation primarily involves the use of pit latrines and septic tanks. Only 11 % of Belize's population (in Belize City, Belmopan, and San Pedro) have access to sewerage services, which include both wastewater collection and treatment. Wastewater collection and treatment in both rural and urban areas needs to be improved for health, environmental, and economic reasons.

The Belize Wastewater Revolving Fund (BWRF) was created under the CReW project. The purpose of this revolving fund is primarily to finance eligible wastewater projects in Belize. The Fund is designed to lend to specific projects that contribute to the set purpose with repayments to the Fund being used again to lend to other projects contributing to the set purpose, in a 'revolving' manner. It is expected to be self-sufficient and sustainable though the Fund may grow through investment returns, Government contributions or initiatives such as the issuance of bonds. It is intended that the Fund may be used several times by the same target group, providing a strong incentive for repayments.

The BWRF was established in 2012 with a US\$5 million grant from the CReW project. In late 2013, the Belmopan Waste Water Treatment Plant and Sewerage Upgrade

Project Phases I and II, executed by the Belize Water Services Limited (BWSL), was selected as the first lender, while in January 2014 the CReW steering committee supported the development of a portfolio of projects. BWSL borrowed and successfully repaid a loan of US\$2.2 million. In 2015, phase III of the same project was also financed by the BWRP. US\$2.7 million was disbursed at 2.0 % interest over 72 months with a 15 month grace period. This too has been successfully repaid and the test of the revolving nature of the BWRP satisfactorily completed. Since then, the BWRP has been idle, unable to make additional loans, reportedly because of the size of the projects identified. Meanwhile point polluters exceeding licensed effluent parameters have not been able to access funding to implement solutions. A review of the BWRP in 2020 suggested several lessons learned and made some short-term recommendations:

1. Prevent conflict of interest by removing any current or potential borrower from any decision-making or influential positions at the BWRP.
2. Review the fiscal potential to increase the BWRP equity by committing regular contributions from the Central Government to guarantee repayment of bonds issues by BWRP to increase its lending capacity through leverage.
3. Generate incentives to apply, by enhancing pollution regulations enforcement and assessing pollution charges to non-compliant entities (a significant contributor to this incentivized environment would be the implementation of the recommended "Polluter Pays Principle")
4. Widen the range of potential borrowers by having the environmental authorities point non-compliant entities to the BWRP for funding and direct them to adequate technical assistance, solution design and implementation skills.
5. Review and activate the application process described in the "Operations Manual" instead of pursuing ad-hoc project selection.

These recommendations are proposed for consideration by the Board as well as

procedures and protocols for the fund's operation along with essential guidelines on how the Fund should operate efficiently and effectively.

2 Key actors and their roles regarding the BWRF

2.1 The BWRF Board

The BWRF Board is chaired by the Financial Secretary or his/her representative of the Ministry of Finance. The Board represents the main stakeholders who will provide policy-based and technical opinions with regards to the use of funds. Suggested membership includes the Ministry responsible for Economic Development, Ministry responsible for infrastructure, Ministry with responsibility for Natural Resources, Ministry with responsibility for the Environment and the Ministry with responsibility for Local Government. The Board should meet as often as necessary to fulfill its obligations but no less than once every three months.

The BWRF is supported by a Technical Committee (TC) to promote good quality proposals in alignment with the goals and objectives of the BWRF.

The Technical Committee

The Technical Committee is chaired by the Chief Environmental Officer or his/her representative. The Committee represents the main stakeholders who will provide policy and technical guidance with regards to the development of project proposals. Suggested membership includes the Ministry with responsibility for Economic Development, the Ministry with responsibility for Human Development, the Ministry with responsibility for Health and Wellness, the Ministry with responsibility for infrastructure, the Ministry with responsibility for Public Utilities and other non-voting members who may be invited at the pleasure of the Chair. The TC should meet as often as necessary to fulfill its obligations but no less than once every three months.

General operating principles are defined within the “Operations Manual” previously developedⁱⁱ.

The representative of the Ministry of Finance, as the Chair of the BWRF Board of Directors will have the following responsibilities:

- a. Implementation and management of loan agreements.
- b. Assignment of loan officers to monitor compliance.
- c. Reports to the Board

As described in the terms of referenceⁱⁱⁱ, the representative of the Department of the Environment, as the Chair of the Technical Committee will have the following responsibilities:

- a. Encourage proposals for funding under the BWRF that are appropriate and which further the policy objectives of the Wastewater Policy Steering Committee (WWPSC) and the official policies of the GOB.
- b. Assist with the development of those proposals when needed.
- c. Present such proposals as are deemed appropriate, with the recommendations and comments of the TC to the BWRF Board of Directors for their decision and action.

2.2 Wastewater Policy Steering Committee (WWPSC)

The WWPSC comprises of major stakeholders of the wastewater sector and is chaired by the Chief Environmental Officer or his/her representative: ⁱⁱⁱⁱ

The Committee oversees matters related to:

- **Review and analyses of documents and projects** relevant to the

development of the National Wastewater Policy

- **Support and guide** the technical experts responsible for the development of the National Wastewater Policy and facilitate the flow of information and the conduct of project related work.
- **Prioritize the components of the National Wastewater Policy** in the context of expected project outcomes.
- **Identify tasks and establish expert** groups as required.
- **Supervise and guide** expert groups and ensure that cross-sectoral issues are adequately tackled by those groups.
- **Edit and approve** recommended advice and specifications in a timely manner.
- **Ensure that reporting language** is clear, simple and focused on the objectives.

The WWPSC will oversee the implementation of public awareness campaigns which will include campaigns to raise awareness of the BWRP in three main target populations:

- a. General public
- b. Potential borrowers
- c. Decision makers

Potential borrowers will apply to the BWRP using a preliminary proposal request form.

[iv] <https://mail.google.com/mail/u/0/>

3 Process Recommendations for the BWRf

In this chapter, the recommended process flow that aims to streamline project initiation and ensure efficient utilization of the revolving fund is presented. This process flow is designed to provide clarity and structure to the project proposal and evaluation stages, ensuring that all essential factors are considered for successful implementation.

By following this recommended process flow, we ensure that all project proposals undergo a thorough and systematic evaluation, guaranteeing that projects selected for financing are viable, sustainable, and aligned with the goals of the revolving fund.

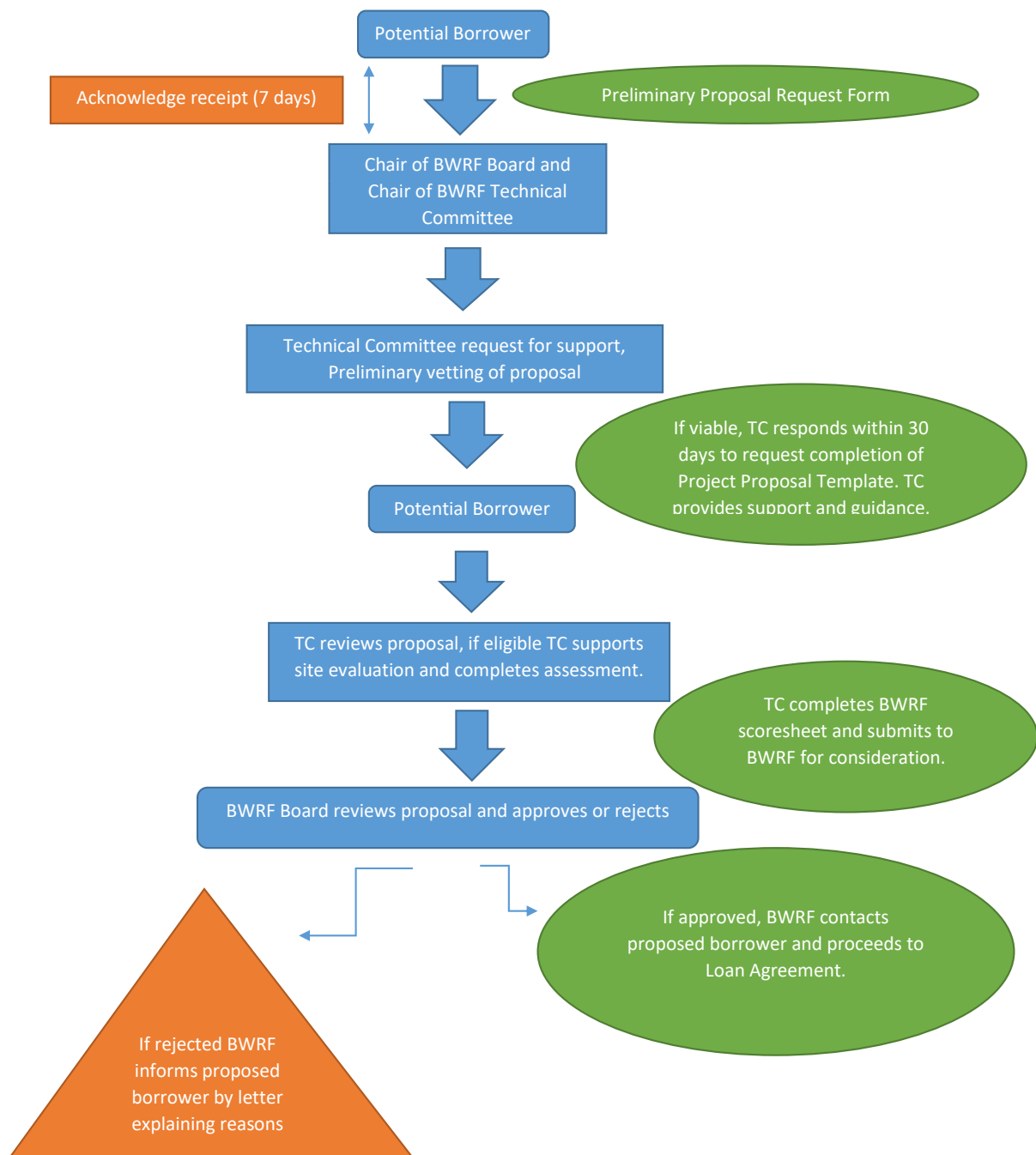


Figure 1 - Revolving Fund Process Flow

1. In the first instance, a potential borrower should complete a preliminary proposal request form and submit that form to the Chair of the BWRF Board of Directors and to

the Chair of the BWRF Technical Committee.

2. Chair BWRF Board of Directors causes an acknowledgement of receipt to be sent to the author of the request within one week of receipt. At the same time a request is sent to the chair of the technical committee for guidance and support with the proposal.

3. Within one month of the submission/receipt of the preliminary proposal, the Technical Committee should have concluded a preliminary 'vetting' of that proposal. If the proposal concept is valid then the TC should respond to the request with an invitation to complete the Project proposal template according to the Project Proposal Template^[iv]. The TC should provide guidance and support in the completion of this template as required.

4. The Technical Committee will review the project proposal. This should include verification that the project proposal is complete and conforms to the basic eligibility criteria along with the social, technical, financial, environmental and legal guidelines. If the project is eligible, the TC will usually facilitate a site visit/evaluation. The TC will assess the need for wastewater treatment at the site including the feasibility of undertaking the project in terms of the technical complexity, cost, organizational and environmental considerations.

An assessment of this nature should encompass the following factors as delineated in Table 1:

Table 1 - Assessment Description

Assessment Area	Description
Engineering Review	Assess the technical feasibility and adequacy of the wastewater treatment solution; the wastewater treatment system requirements; the approximate cost estimate of required capital investments; conformity with national norms and standards and the capacity of the organization for operation and maintenance.
Environmental Review	Assess the project to identify its potential environmental and social impacts or risks and will assess whether the environmental guidelines are addressed, including mitigation measures, if required.
Financial Review	Before awarding a loan, the BWRf Board and/or TC should conduct an assessment of all potential borrowers to ensure creditworthiness. Each proposal should demonstrate adequate revenue or security to repay a BWRf loan.
Socio-Economic Review	Proposals should be assessed to determine the socio-economic viability of the proposal.
Legal Review	Assess any legal conditions associated with the project and determine if the proposal can ensure the sustainable and successful operation of the project.
Proposal Evaluation	Following the assessment, the BWRf scoresheet should be completed by the TC ^[vii] . Any outstanding issues that need to be resolved as a condition for proposal approval should be identified. Once the proposal has been evaluated, the project can be submitted to the BWRf Board for consideration.
Board Approval	The BWRf Board will review the proposal evaluation, and based on the recommendations of the TC will approve or reject the project. Projects that are rejected will be issued a letter by the BWRf Board outlining the reasons for the rejection. Projects that are approved will be contacted in writing by the TC informing them of the approval.
Loan Agreements	Loan agreements will be executed between the Government of Belize, Ministry of Finance as Chair of the BWRf and the proposing agency for the selected project, detailing the responsibilities of each party in accordance with the agreed terms and conditions ^[viii] . The loan agreement should include the disbursement schedules, the repayment schedules, the interest rates and fees if applicable.

Assessment Area	Description
Governance	<p>The Belize Wastewater Revolving Fund (BWRf) has obligations to ensure payments or repayments and to submit reports. Regular financial reports should be a requirement. Such financial reports should include: profit and loss account, cash flow statement indicating overview of sources and applications of funds and a balance sheet approved by the fund's Board of Directors and by an external auditor. These should be finalized annually within three months of the end of the financial year. It is advisable to produce profit and loss accounts quarterly to facilitate monitoring and evaluation of the revolving nature of the BWRf, together with a cash flow forecast for the rest of the year. The fund's multi-year planning should consist of a minimum of five year cash flow forecast, which should be adjusted and extended annually on the basis of the results achieved. The staffing of the BWRf should be such as to enable maintenance of adequate records including records on premiums, contributions, loans and advances, if any. The information on the personal particulars and all financial aspects of the users should be kept confidential by storing and securing the relevant information and records appropriately. Third parties should not have access to these records.</p>

4 References

- [\[i\]](#) CReW Draft Operations Manual, Belize
- [\[ii\]](#) BWRf Draft Terms of Reference and BWRf TOR Technical Committee
- [\[iii\]](#) Draft terms of reference Wastewater Policy Steering Committee
- [\[iv\]](#) Preliminary Project Proposal Request Form
- [\[v\]](#) Project Proposal Template for BWRf
- [\[vi\]](#) BWRf scoresheet for proposal assessment
- [\[vii\]](#) Loan agreement between Government of Belize and Belize Water Services Limited

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