



NORTH AMERICAN DEVELOPMENT BANK

**INSTITUTIONAL DEVELOPMENT COOPERATION  
PROGRAM (IDP)**

**OPERATING GUIDELINES**

**I. GENERAL**

1. The purpose of these guidelines is to establish the scope and operating procedures of the Institutional Development Cooperation Program (IDP) of the North American Development Bank (NADB).
2. The objective of the IDP is to provide grant assistance for institutional strengthening tools to assist in achieving effective and efficient operation of utilities, state and local government agencies, and other project sponsors involved in water, wastewater, solid waste management, water conservation, and all other sectors in which NADB operates.
3. The Board of Directors is responsible for authorizing annual program budgets and adjustments to those budgets.

**II. ELIGIBILITY**

1. IDP grant assistance supports utilities, state and local government agencies, and other sponsors of projects that have been certified by the Border Environment Cooperation Commission (BECC), or sponsors who are actively developing specific projects for certification by BECC and financing by NADB.
2. In order to be eligible for IDP grant assistance, at a minimum, a project sponsor must have submitted a Step I to the BECC and be actively working on a Step II for submission to the BECC.

**III. GRANT ASSISTANCE**

1. Generally, the maximum amount of grant assistance that each IDP recipient (Recipient) or study (including regionalization studies) can receive in a given NADB fiscal year is US\$250,000.
2. NADB will require an appropriate cash contribution to the cost of an IDP study from the study sponsor. In cases involving updates of studies previously funded by the IDP, a contribution of at least 15% of the study's cost will be required. In addition, regionalization studies will require a cash contribution of at least 25% of the cost of the study from the study sponsors, in order to demonstrate adequate community buy-in.
3. In the event the project being supported by IDP grant assistance actually receives financing from NADB, NADB may require reimbursement in whole or in part of such

assistance as a project development cost. Such reimbursement may be funded out of loan proceeds.

4. There is no obligation on the part of NADB to fund cost overruns of IDP studies.

#### **IV. AREAS OF ASSISTANCE**

Assistance will be provided to certain activities that strengthen institutional capacity and create a solid financial foundation for the development of infrastructure projects being certified by the BECC and financed by NADB. These activities are limited to the following:

- a) Financial Studies. Because of their strong relationship to project sustainability and financial feasibility, focus will be given to financial studies that address user fees and fee structures, and the development of user registries.
- b) Administrative operational analyses. This area includes management studies, billing and collection studies, operation manuals and procedures, reviews of conservation policies and procedures, audits, evaluations of commercial, administrative and operational performance, and public outreach efforts regarding the benefits of fee for service and other issues of importance to the financial health of a project sponsor.
- c) Technical operational analyses. This area includes regional planning studies, water loss audits, line surveys, mapping, urban cadastral system studies related to municipal planning reforms, technical diagnostic studies, energy audits, clean energy resource assessments and evaluations, urban public transport execution program plans, urban public transport demand studies, and evaluations of electromechanical equipment, and infiltration and inflow analyses.
- d) Legal and regulatory analyses. This area includes the review of legal and regulatory frameworks, land use policy studies, and analyses of the privatization process.
- e) Information and management system studies. Ordinarily, IDP funds will not be used to purchase software and equipment related to an IDP study. However, the Technical Assistance Committee may approve the purchase of such software or equipment when a project sponsor commits and provides 30% of the cost of such software or equipment and the training necessary to utilize it. Each request for software or equipment shall be reviewed by NADB's MIS Department prior to presentation to the Technical Assistance Committee to determine its technical adequacy and appropriateness.

#### **V. AUTHORIZATION**

1. NADB project managers will present studies to the NADB Technical Assistance Committee for approval.
2. The time period from the approval of a study to the initiation of the study shall not exceed nine (9) months. Within this period, the following deadlines shall be observed: date of approval to date of procurement request, 15 days; date of procurement

request to date of bidding, 75 days; date of bidding to initiation of study, 6 months. Studies that do not comply with these deadlines may be cancelled by the Technical Assistance Committee.

## **VI. CONTRACT ADMINISTRATION AND MANAGEMENT**

1. NADB will sign a Letter Agreement with Recipient. The Letter Agreement will specify the study to be performed and the commitment obligations of both parties.
2. Recipient shall designate a project manager who shall be responsible to Recipient and NADB for the implementation of the study.
3. The Technical Assistance Committee shall determine if a proposed study should be procured directly by NADB or Recipient based on the type of study and the capacity of Recipient to undertake the procurement. In all cases, NADB's procurement policies and procedures shall apply.
4. In the event that Recipient contracts the services directly with the consultant, the following process shall be followed:
  - a. Recipient will contract directly with the consultant chosen to perform the services, using NADB's procurement policies and procedures. NADB must give its "no objection" to the terms of reference developed for the study, the process used for the selection of the consultant, and the contract between Recipient and the consultant.
  - b. Recipient will be responsible for payments to the consultant under the contract. NADB will reimburse Recipient for payments made to the consultant in accordance with the contract. NADB may suspend disbursements to Recipient in the event that the terms of reference for the study are not being fulfilled, including the quality and the schedule of the work, until the problem is resolved.

## **VII. PROJECT IMPLEMENTATION**

1. Recipient will provide progress reports to NADB during the course of the study. Copies of any work product produced by the consultant will be provided to NADB, including interim and final reports.
2. Upon completion of each study, Recipient and NADB will devise an implementation plan addressing the results and recommendations of the study, and will evaluate the consultant's performance and the study's effectiveness.

## **VIII. PROGRAM ASSESSMENT**

NADB, in consultation with participating communities, will perform an annual program evaluation.