



# **NORTH AMERICAN DEVELOPMENT BANK**

## **TECHNICAL ASSISTANCE PROGRAM (TAP)**

### **OPERATING GUIDELINES**

#### **I. BACKGROUND**

The North American Development Bank (NADBank) may use a portion of its retained earnings or other available resources to provide technical assistance to project sponsors for the purpose of developing environmental infrastructure projects with potential for NADBank certification and financing, as well as for strengthening their institutional and financial capabilities. In addition, technical assistance may be used to fund activities that help advance the mandate of the Bank.

Many communities in the U.S.-Mexico border region lack the human and financial resources necessary to develop, implement, operate and maintain needed infrastructure projects and, more broadly, to manage their utilities in a sustainable manner. These limitations affect the potential for the healthy development of such communities, as well as their ability to access project funding from NADBank and other sources.

The Technical Assistance Program (TAP) was created to: (1) provide support for the development of specific infrastructure projects or capital investment programs; (2) support public and private entities to enhance their technical, financial, and institutional capabilities; and (3) generate knowledge that advances the mandate of NADBank.

This document describes the scope, eligibility criteria and operating procedures for obtaining assistance through the TAP program.

#### **II. ELIGIBILITY CRITERIA**

##### **1. Recipients:**

- a. TAP grants may be provided to public or private sponsors who are actively developing projects to be considered for NADBank certification and financing or that have recently received project certification and financing but require additional support for project implementation.
- b. NADBank may also use TAP funding to conduct studies that will support implementation of its mandate.
- c. In awarding TAP funds, priority will be given to public sponsors of projects related to water, wastewater, stormwater and solid waste management.
- d. Private sector sponsors must agree to reimburse TAP funds within a timeframe established by NADBank at the time of funding. NADBank may waive this requirement if support for a particular study is expected to generate valuable knowledge or capacity for NADBank, or in instances in which NADBank deems the

project to have significant environmental or social benefits that would otherwise not be realized.

2. **Funding Limit:** Grants may be awarded to sponsors and for internal NADBank studies in amounts of up to US\$250,000. In the event the project represents a regional effort (where more than one community is involved), the amount awarded may be up to US\$350,000.
3. **Sponsor Contribution:** Project sponsors must contribute to the cost of the TAP-funded activity. NADBank requires the project sponsor to provide a cash or in-kind contribution of at least 10% of the cost of the activity being funded by the TAP award. In limited circumstances, such as financial hardship on the part of the TAP recipient or when the activity generates knowledge useful for the development of NADBank portfolio, NADBank may waive the required contribution.
4. **Types of Activities:** The TAP award must be used for activities that are aligned with any of the following objectives:
  - a. *Project identification, development, and implementation.* This objective includes activities related to all aspects of project planning and identification, project development, as well as project implementation and operation. Studies supported under this category could address, for example, technical, environmental, financial, legal or public outreach needs.
  - b. *Institutional capacity building.* This objective includes activities that promote and strengthen the administrative, technical, legal or operations and maintenance capacities of project sponsors.
  - c. *Generation of knowledge that advances NADBank's mandate.* This objective covers activities that are initiated by NADBank for the purpose of generating knowledge that will help NADBank fulfill its mandate, including studies on the border region, specific technologies, industries or markets, and impact assessments of infrastructure financed by NADBank.

Pilot environmental infrastructure projects and research studies related to the above-referenced objectives may be funded by TAP, provided that the project is aimed at supporting the development and introduction of innovative technological solutions to environmental problems as a means of promoting their broader use in the border region.

Ordinarily, TAP funds may not be used to purchase software and equipment. However, NADBank may approve the purchase of 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 must be reviewed by NADBank's information systems management staff to determine its technical adequacy and appropriateness.

### III. AUTHORIZATION PROCESS

1. The Chief Environmental Officer (CEVO) will develop an annual TAP work plan with the input of all departments, consistent with the TAP budget. This work plan will include estimated budgets for each technical assistance project. The proposed work plan, and

any amendment to the work plan needed throughout the year, will be submitted to the Funding Committee for its consideration and approval.

2. The CEVO may authorize up to a 10% increase in the amount of a TAP award included in the work plan to accommodate marginal differences between the projected and actual cost of the technical assistance after procurement, or as a result of NADBank-approved amendments to the scope of work. Modifications greater than 10% of the original TAP award must be approved by the Funding Committee.
3. Project Managers (PMs) are responsible for the preparation of technical assistance requests, which must include a detailed Terms of Reference for the proposed award. With the concurrence of the relevant department director, the PM must submit the request to the Director of Administration to verify the availability of funds for the request, and subsequently to the CEVO for final approval, including verification of the technical adequacy of the terms of reference.

#### **IV. CONTRACT ADMINISTRATION AND PROJECT MANAGEMENT**

1. After approval of a technical assistance request, NADBank will enter into a technical assistance agreement with the project sponsor. The agreement will:
  - specify the obligations of both parties relating to the TAP award, including the cash or in-kind contribution from the project sponsor;
  - establish whether the project sponsor or NADBank will enter into the contract for performance of the work being funded by the TAP award;
  - determine how NADBank will disburse funds: to the project sponsor or directly to the contractor performing the work, and reserve NADBank's right to withhold payments in the event a payment request is improperly documented or unsupported by work performed in accordance with the contract;
  - require that cash contributions from the project sponsor be used first for payments due to the contractor, followed by the approved TAP funds;
  - underscore that there is no obligation on the part of NADBank to fund cost overruns in the performance of the work;
  - delineate the deadlines applicable to the use of the TAP award; and
  - obligate the project sponsor to provide progress reports to NADBank during the course of the work and ensure that copies of any work product produced by the consultant contracted to carry out the work are provided to NADBank, including interim and final reports.
2. If the project sponsor enters into the contract to be funded with the TAP award, the following process must be followed:
  - a. The project sponsor must designate a project manager who will be responsible to the project sponsor for the implementation of the work, and for coordinating with NADBank for such purpose.

- b. The project sponsor will select and contract the consultant in accordance with NADBank procurement policies and procedures. NADBank must give its “no objection” to the terms of reference developed for the work, the process used for the selection of the consultant, and the contract between the project sponsor and the consultant. NADBank may provide a “no objection” to an existing contract and/or consultant provided such contract and/or consultant selection was carried out in accordance with NADBank procurement policies and procedures.
  - c. In accordance with the relevant technical assistance agreement, NADBank will either pay the consultant directly or reimburse the project sponsor for payments made to the consultant for work performed in accordance with the contract, up to the amount of the TA award. NADBank reserves the right to withhold payment to the project sponsor or the contractor if NADBank determines in its sole discretion that such payment is improperly documented or unsupported by work performed in accordance with the contract. In such cases, the project sponsor will be solely responsible for payment to the contractor.
3. NADBank PMs, with support from the procurement area and contract officers, are responsible for working with project sponsors to ensure execution of the technical assistance agreement, appropriate procurement of services in accordance with the terms of reference and NADBank’s procurement policies, compliance with contractual terms, including disbursement conditions, and the timeliness and quality of all contract deliverables.
4. PMs are responsible for reviewing and, as appropriate, approving all invoices and disbursement requests relating to a TAP award prior to their submission to the Finance Department for processing.
5. The time period from the approval of a TAP award to the initiation of the work may not exceed nine (9) months. Within this period, the following deadlines must be observed:
  - date of execution of the technical assistance agreement to date of NADBank “no objection” to procurement process, 75 days
  - date of NADBank “no objection” to procurement process to date of bidding, 15 days; and
  - date of bidding to initiation of work, 6 months.

TAP awards that do not comply with these deadlines may be cancelled by the Bank.

6. Upon completion of a technical assistance contract, the project sponsor and the relevant PM will devise an implementation plan addressing the results and recommendations of the work and will evaluate the consultant’s performance and the effectiveness of the work.