



NORTH AMERICAN DEVELOPMENT BANK

TECHNICAL ASSISTANCE PROGRAM (TAP)

OPERATING GUIDELINES

I. BACKGROUND

The North American Development Bank (NADB) may use a portion of its retained earnings to provide technical assistance to project Sponsors for the purpose of strengthening their financial performance and ensuring the long-term sustainability of their infrastructure.

Many communities in the U.S.-Mexico border region lack the human and financial resources necessary for the adequate development of infrastructure projects that can be certified and financed by NADB. Lack of funds for project development assistance in all sectors in which NADB operates inhibits the development of projects that could be eligible for funding by NADB.

The Technical Assistance Program (TAP) was created to provide support for studies and other capacity-building measures aimed at achieving effective and efficient operation of utilities, state and local governments and their agencies, as well as other project Sponsors involved in water, wastewater, solid waste management, water conservation, and all other sectors in which NADB operates.

In addition, TAP assists communities with infrastructure development by providing funding for design and related studies needed to develop projects for construction, and thereby promotes the use of NADB's loan program.

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

II. ELIGIBILITY CRITERIA

1. Recipients:

- a. TAP grant assistance supports utilities, state and local governments and their agencies, as well as other Sponsors of projects that have been certified or Sponsors who are actively developing specific projects for certification and financing by NADB. NADB will ensure that strong candidates for certification have priority for TAP funding. NADB also uses TAP funding to contract studies that will support implementation of its mandate.
- b. In the case of public sector sponsors, TAP assistance may be subject to reimbursement, partially or fully, as part of a NADB lending package.
- c. All private-sector project Sponsors, without exception, must agree to reimburse the funds within a timeframe established by NADB at the time of funding.

2. **Funding Limit:** Grants may be awarded 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:** The project Sponsor or other project partner must contribute to the study's cost. NADB will require the project Sponsor to provide a cash contribution of at least 10% of the cost of the work being funded by the TAP award.
4. **Types of Studies:** Assistance may be provided for project development or for activities that strengthen institutional capacity and create a solid financial foundation for the development of infrastructure projects to be certified and financed by NADB. These activities include:
 - a. *Project design and related development and implementation studies.* This area includes, but is not limited to, needs assessments, feasibility studies, facility plans, financial analyses, environmental assessments, preliminary design, final design, preparation of bid documents and preparation of certification and financing proposals. TAP funds may be used for implementation of related services, such as construction management, specific field studies, redesign and other necessary activities for the proper implementation of a project. Public participation activities necessary for certification may also be eligible for funding.
 - b. *Financial studies.* This area includes user fees and rate structures, as well as development of user registries, credit ratings, socioeconomic studies and financial analyses. This area also covers studies to help NADB design and develop innovative financing mechanisms and structures for new sectors or specific projects.
 - c. *Analyses of administrative operations.* This area includes business systems and delinquent account recovery studies; management studies; billing and collection studies; development and review of 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.
 - d. *Analyses of technical operations.* This area includes regional planning studies, water loss audits, water system sectorization and modeling, 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 transportation planning, urban public transportation demand studies and evaluations of electromechanical equipment.
 - e. *Legal and regulatory analyses.* This area includes the review of legal and regulatory frameworks, land use policy studies, and analyses of the privatization process.
 - f. *Information and management system studies.* Ordinarily, TAP funds will not be used to purchase software and equipment related to a TAP study. However, the

Funding 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 information systems management staff prior to presentation to the Funding Committee to determine its technical adequacy and appropriateness.

- g. *Pilot environmental infrastructure projects and research studies.* This area includes studies and services 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, especially in the sectors of renewable energy, energy efficiency, recycling and pollution prevention. These services may include, but are not limited to, design, project management, works supervision, the purchase and installation of specialized equipment and training in its use. This area also covers impact assessments of infrastructure projects financed by NADB.

III. AUTHORIZATION PROCESS

1. The Director of Technical Assistance will develop an annual TAP program with the input of all departments consistent with the budget approved by the Board.
2. The Funding Committee is responsible for approving the proposed annual TAP program, and any amendment to such program as needed throughout the year, in compliance with the operating guidelines of the program and of the committee itself.
3. The NADB's Chief Environmental Officer (CEVO) will review the final scope of work for each TA proposal to verify technical adequacy.
4. A TA request will be prepared by the Project Manager and must include a detailed scope of work ready for procurement, as approved by the CEVO.
5. The TA request must be approved by the Director of Administration, CEVO and the Managing Director or Deputy Managing Director.
6. NADB project managers will be responsible for working with Sponsors to ensure appropriate procurement of services, contract administration and quality of all deliverables.

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; and
- date of bidding to initiation of study, 6 months.

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

IV. CONTRACT ADMINISTRATION AND PROJECT MANAGEMENT

1. NADB will sign an Agreement with the Sponsor. The Agreement will specify the commitment obligations of both parties and how NADB will disburse funds to the Sponsor in accordance with NADB disbursement policies and procedures.
2. The Sponsor or NADB will manage the contracts in accordance with the approved terms of reference.
3. NADB shall determine if a proposed study should be procured directly by NADB or the Sponsor based on the type of study and the capacity of the Sponsor to undertake the procurement. In all cases, NADB procurement policies and procedures shall apply.
4. In the event that the Sponsor contracts the services directly with the consultant, the following process shall be used:
 - a. The Sponsor shall designate a project manager who shall be responsible to the Sponsor and NADB for the implementation of the study.
 - b. The Sponsor will select and contract the consultant, in accordance with NADB 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 the Sponsor and the consultant.
 - c. The Sponsor will be responsible for payments to the consultant under the contract. NADB will reimburse the Sponsor for payments made to the consultant in accordance with the contract. NADB may suspend disbursements to the Sponsor in the event that the terms of reference for the study are not being fulfilled, including the work schedules and quality, until the problem is resolved.
 - d. The Sponsor will provide progress reports to NADB during the course of the study. Moreover, copies of any work product produced by the consultant will be provided to NADB, including interim and final reports.
5. Committed cash contributions from the Sponsor will be used first for payment of consultant costs followed by NADB’s approved TAP grant.
6. There is no obligation on the part of NADB to fund cost overruns.
7. Upon completion of each study, Sponsor 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.