TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	IDB-Israel Collaboration: Improving Water and Energy Capacities in LAC
▪ TC Number:	RG-T4196
▪ Team Leader/Members:	Basani, Marcello (INE/WSA) Team Leader; Irigoyen, Jose Luis (INE/ENE) Alternate Team Leader; Eric Daza (INE/ENE); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Lopez, Liliana M. (INE/WSA); Machado, Kleber B. (INE/WSA); Nicolas Moreno (ORP/GCM); Paredes, Juan Roberto (INE/ENE); Pedroza Pinzon, Paola Andrea (ORP/REM); Riquelme, Rodrigo (INE/WSA) Kleber Machado (INE/WSA); Eric Daza (INE/ENE); Jimenez De Arechaga, Maria Del Pilar (LEG/SGO); Leslie Crespin (INE/WSA); Lopez, Liliana M. (INE/WSA); Nicolas Moreno (ORP/GCM); Paredes, Juan Roberto (INE/ENE); Pedroza Pinzon, Paola Andrea (ORP/REM); Riquelme, Rodrigo (INE/WSA)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	09 Sep 2022.
▪ Beneficiary:	Latin America and the Caribbean borrowing countries
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Cofinancing Special Grants(COF); OC SDP Window 2 - Infrastructure(W2B)
▪ IDB Funding Requested[1]:	Cofinancing Special Grants (COF): US$1,700,000.00 OC SDP Window 2 - Infrastructure (W2B): US$429,375.00 Total: US$2,129,375.00
▪ Local counterpart funding, if any:	US$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	December 2022
▪ Types of consultants:	Individual Consultants, Consulting firms
▪ Prepared by Unit:	INE/WSA-Water & Sanitation
▪ Unit of Disbursement Responsibility:	INE/WSA-Water & Sanitation
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability; Gender equality; Diversity

II. Objectives and Justification

2.1 The main objective of this TC is to assist IDB's borrowing member countries in improving their knowledge and strengthening their capacity towards the development

[1] The total non-reimbursable Project Specific Grant (PSG) contribution from the Government of Israel will be US$2,000,000. From this amount, US$1,700,000 has been assigned to this operation (RG-T4196), while US$300.000 to the financing of an Externally Funded contractual (EFC) (see ¶4.2), to be processed in parallel through a separate document.

and adoption of innovative technologies and management systems in the water and energy sectors.

2.2 According to the monitoring statistics associated with the Sustainable Development Goals (SDGs) in water and sanitation (W&S), only 75% of the population of Latin America and the Caribbean (LAC) has access to safely managed water and only 34% to safely managed sanitation, which translates into 160 million and more than 430 million people, respectively, who lack access to safely managed water and sanitation services[2].

2.3 Estimations from the Inter-American Development Bank (IDB) indicate that at the current rate of investments, the sectoral SDGs will be met only in 2075. Likewise, universalizing access to W&S in 2030 would require about US$27 billion per year, which implies multiplying by five the investment of 2019. The need for resources increases by US$14 billion per year when considering solid waste goals. It will not be possible to achieve these goals only by leveraging economic-financial resources in conventional programs and adapting traditional management models. The sector must adopt and incorporate innovative solutions and models at the financial, institutional, technological, and digital levels that allow accelerating access to secure services throughout the region.[3]

2.4 Recent studies[4] elaborated by the Bank have shown that innovation is already playing a key role in increasing and improving access to more efficient quality water, sanitation, and solid waste services in LAC. The potential impact of adopting innovative solutions for service delivery is substantial. In general, for utilities, the technological digital transformation of systems and processes can reduce operating expenses by up to 25%. However, water, sanitation, and solid waste operators in the region still do not have the tools to analyze the level of progress/predisposition towards innovation and define clear strategic objectives in the matter, nor do they count on guidelines on how to foster a new culture of innovation. Among the main obstacles that hinder the development and promotion of innovation, an IDB study identified the following: (i) scarce and fragmented demand, (ii) few incentives for supply, (iii) poor coordination between demand and supply of innovative solutions; and (iv) poor culture of innovation throughout the ecosystem. These obstacles are aggravated by intrinsic gender and inclusion sectoral gaps.

2.5 The lack of access to water, sanitation, and hygiene affects women (who bear 64% of the responsibility for providing water for consumption and household chores), minorities, and/or diverse groups disproportionally, due to biological and cultural factors exacerbated by facets such as ethnicity, social status, sexual orientation, or disability status[5]. This impacts their access to education, participation in the labor market and involvement in political and community activities, and leisure time, which deepens inequalities. Limited access to water and sanitation affects people with

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2 Joint Monitoring Program, 2020.

3 Water and Sanitation Sectoral Framework, IDB 2021.

4 Innovations you didn't know were from Latin America and the Caribbean. Mastrangelo, IDB. 2018; Innovation in Water, Sanitation, and Solid Waste Assessment, perspectives, and opportunities for Latin America and the Caribbean Minatta & Basani. Technical note DB-TN-01974. 2020.

5 Understanding empowerment in water, sanitation, and hygiene (WASH): a scoping review. Dery, F. et al., (2020), Journal of Water, Sanitation and Hygiene for Development 10.1, 2020; A guidance note for leaving no one behind. UNICEF 2021; Including Persons with Disabilities in Water Sector Operations: A Guidance. World Bank. 2017

disabilities, especially women and children, as it contributes to their isolation and worsens their health and poverty situation. There are more than 100 million girls and boys with disabilities as well in the world. In areas where facilities are inaccessible, girls and women with disabilities find it difficult to take care of their menstrual hygiene, which harms their health and their participation in public spaces (such as school).[6]

2.6 In the energy sector, the challenge for the region is to continue in a trajectory towards an economy increasingly lower in carbon, with an energy system that ensures the security of supply, resilience, reliability, affordable energy prices, and a just transition. Despite the advances made in the region, there is still a gap to close in terms of access to basic energy services. In LAC, 18.5 million people still do not have access to electricity, most of whom are poor. Additionally, 81 million people do not have access to clean and efficient cooking technologies, and 389 million people (36% of the total) do not have proper heating and cooling in their homes. In LAC, 44% of the population does not have access to any type of clean energy for cooking, which affects the poorest communities to a greater extent, in particular women and children, who have the main responsibility for domestic work and for providing the source of energy to use in the home. It has been determined that the polluted air in the home is due to the use of polluting fuels and kitchens, to which women are more exposed due to their care work. This affects their health, as it increases their susceptibility to Covid 19 and respiratory diseases[7].

2.7 Concerning decarbonization, it is estimated that LAC must invest US$218 billion between 2016 and 2050 to implement the renewable energy targets of their National Determined Contributions (NDCs).[8] Technology will be an important catalyst for change within energy systems. Currently, available low-carbon technologies are renewable (mainly solar, wind, hydro, geothermal, solar, bioenergy and marine).[9] These can be complemented with substantial improvements that could occur in energy storage, including batteries or non-conventional solutions (such as the conversion of natural gas plants to hydrogen), carbon capture in industrial processes, or demand management technologies. One example is the new balance between demand and supply resulting from the transition from centralized to distributed generation.[10] In a broader sense, the energy transition could also imply a democratization of energy or a trend toward greater sustainability.

2.8 Israel has historically faced critical water challenges, which have resulted in the adoption of innovative policies and technologies to secure its limited surface and groundwater resources; massive desalination projects with high cost-effectiveness;

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6 Moulik, Soma (2018). Derribar las barreras para promover la inclusión en el sector del agua. Blogs del Banco Mundial. Disponible: https://blogs.worldbank.org/es/voices/derribar-las-barreras-para-promover-la-inclusion-en-el-sector-del-agua

7 Pangestu, Mari Elka (2020). Los beneficios de cocinar con energías limpias en tres áreas: el medio ambiente, las cuestiones de género y la buena salud. Blogs del Banco Mundial. Disponible: https://blogs.worldbank.org/es/voces/los-beneficios-de-cocinar-con-energias-limpias

8 Untapped Potential for Climate Action. Renewable Energy in Nationally Determined Contributions. IRENA (2019).

9 Regarding nuclear energy, the IDB will not intervene in activities related to this technology (as specified in documents DR-791, GN-2609-2 and GN-2830-8).

10 Distributed generation refers to small-scale electricity generation, managed by "prosumers" (consumer units that may be individuals or organizations, grouped or not), located within or close to load centers, which is not supplied in a centralized manner and with the option of buying or selling electricity on the interconnected system (on-grid) or working in isolation (off-grid).

extensive wastewater treatment and reuse; smart technologies to reduce water losses and reach maximum efficiencies in water supply systems and water consumption; and adoption of renewable energy (solar, wind and co-generation technologies, and energy efficiency as cornerstones of water utilities' operation).

2.9 Israel's achievements in water management include technical innovations in water reuse, treating almost 90% of its treated effluent,[11] one of the highest rates in the world. More than 75% of all domestic water consumption is derived from desalinated water. Aquifer recharge and irrigation technologies that allow for full cost recovery through tariffs. It has supported the development of water incubators, with numerous technological innovations with market success in Israel and abroad.

2.10 Israel was a pioneer in harnessing the energy of the sun, with approximately 90% of homes using solar receptors to heat water.[12] Today it supports an ecosystem of nearly 250 startups that are driving energy innovation, providing solutions for the energy supply chain as well as for electric vehicles and commercial and residential energy-usage control. Viable solutions are being devised for energy generation, utilizing fossil fuel alternatives to help meet the growing global demand for renewable energy, also thanks to 4 incubator programs and 6 local hubs and accelerators.

2.11 This Technical Cooperation (TC) operation is the continuation of the TC RG-T3298 (ATN/CF-17061-RG and ATN/OC-17060-RG). "IDB-Israel Collaboration: Improving Capacities in Water Resource Technologies" approved in 2018, has financed, among others, the implementation of 12 advisory services and technological pilots, the organization of 6 regional events, as well as an international open innovation contest. Some pilots, such as the one implemented with the water and sanitation utility of Buenos Aires (AySA) using satellite images to identify and control water losses, were successfully integrated, and escalated. All lessons learned from these experiences are currently being captured in knowledge products and will be applied in this TC. Considering the success of this first TC and building upon the successful model of cooperation with the Government of Israel, this operation will also extend to the energy sector, a sector in which Israel has developed best practices that could benefit the region. The execution mechanism of TC RG-T3298, which was improved during implementation, will be maintained for this operation, with the matching process starting from a problem analysis based on open calls and demand evaluation; the identification of possible solutions from Israel; and the creation of a space of dialogue between demand and supply, to make possible for the beneficiaries to select the technology better suited to address the issue previously identified.

2.12 The TC will directly benefit sectoral bodies related to water, sanitation, and energy, and service providers and innovators. Specifically, water and energy service operators will benefit from access to new technologies; government sectoral entities will benefit from advisory services and knowledge; innovators will benefit through access to new connections, expertise, and actors of the sectoral ecosystems. It is also expected that the households and users receiving services from the operators benefitting from this TC will indirectly benefit through better services.

2.13 This TC is consistent with the Second Update of the Institutional Strategy (AB-3190-2) and is aligned with the development challenges of: (i) *Productivity and*

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11 What The World Can Learn from Israel's Water Reuse Program, Northwestern University 2018.
12 The Past, Present and Future of Solar Power in Israel, Gil Kornberg, Stanford University 2016.

Innovation by having a focus on aiding in the provision of infrastructure services and adequate, safe, reliable, and affordable public services through the integration of innovative solutions that will improve service efficiency and therefore, contribute to economic growth. The TC will support the strengthening of innovation ecosystems in the region and develop human capital and capacities for service providers and innovators; and (ii) Social Inclusion and Equality by supporting interventions that promote universal and sustainable access to quality and affordable WSS services. The TC is also aligned with the cross-cutting areas of: (i) Climate Change (CC) and Environmental Sustainability by financing innovation solutions that will result in more resilient services, better data management and new mechanisms to ensure the quality and availability of water and adaptation to climate change; (ii) Institutional Capacity and the Rule of Law, as the TC will finance activities to strengthen the enabling environment to foster innovation in the sector. In particular, the TC will leverage technology to improve sectoral actors' efficiency and the capacity to coordinate among entities within the ecosystem. This will be done in close coordination with parallel activities that promote open government and transparency while leveraging technology; and (iii) Gender Equality and Diversity, by promoting women and diverse groups' engagement and participation, ensuring a fair representation in all activities, using an inclusive and non-sexist language, and using egalitarian images in all knowledge products. The TC is also aligned with the Corporate Results Framework 2020-2023 (GN-2727-12) and will contribute towards the indicator "Agencies with strengthened digital technology and managerial capacity". This operation will be financed with resources from the Strategic Program for Development financed with Ordinary Capital (OC-SDP Window 2 – Infrastructure; W2B). The purpose of this TC is congruent with the objectives and activities pursued by this Program, being one of its objectives to improve the performance, quality, and sustainability of services infrastructure, generating new and innovative models and solutions, systematizing them, and disseminating this new knowledge to the region.

2.14 This TC complements the activities financed through Source of Innovation, an alliance co-led by the IDB Water and Sanitation Division (INE/WSA) and IDB Lab in coordination with the Government of Switzerland through its State Secretariat for Economic Affairs (SECO), FEMSA Foundation, and the Government of Israel. The main objective of this alliance is to enable the development and integration of innovative solutions in the water, sanitation, and solid waste sector that contribute to safely managed services for all. Source of innovation builds upon an in-depth assessment of sectoral innovation opportunities and challenges, on the work performed on the innovation ecosystem in the region, on methodologies and tools developed for the preparation of strategic innovation plans, and on the strong base of knowledge developed in the last years by INE/WSA.

2.15 This TC also complements the actions of the "Accelerate Digitalization in the Energy Sector" being led by the IDB Energy Division (INE/ENE). Its objective is to contribute to the region to increase the levels of digitization in the energy sector in LAC since a more digitalized energy sector will contribute to a faster decarbonization and energy transition. Its specific objectives include supporting governments and utilities to develop digitization strategies in order to be more efficient and provide better services; providing cybersecurity training to managers, regulators, technicians, and operators; supporting the region in the use of machine learning, artificial intelligence, and data science to accelerate energy efficiency and better manage the electricity demand; increase knowledge and use of blockchain in the region, and improve the use and collection of sector data on digitization issues.

III. Description of activities/components and budget

3.1 **Component I**: **Water and energy pilot projects (US$1,540,000).** The objective of this component is to facilitate access to advanced water and energy technologies, providing consulting support for the design and application of pilot projects in the water and energy sector (including pilot projects on the water and energy nexus) to service operators and government entities. An estimated 20 pilots (technological and advisory services) will be supported, in close coordination with the IDB's sectoral specialist in the region and duly considering and aligning with countries' strategies and countries' projects portfolio. This support will include conducting pre-pilot feasibility studies, small scale pilots, and advisory services[13] The pilots will demonstrate innovative technology solutions including, inter alia, integrated data management systems to address key challenges in water and energy planning and design (i.e., software applications, monitoring systems, etc.), policy reform advisory services, and management tools supporting the application of smart technologies. While all IDB's borrowing member countries are eligible to receive support, the selection of pre-pilots/pilots will be carried out jointly by the IDB and the Israeli Ministry of Energy and Water,[14] through open calls, demand analysis, and using as main selection criteria the potential integration of the solution post-pilot, as well as its possible scaling up. Other selection criteria will include an evaluation of the technical, economic, and environmental aspects of the challenge to be addressed; the motivation of the utility to incorporate technological and management improvements at the executive and operational levels; the utility's commitment to provide counterpart resources, and to form a team to manage and monitor the activities. While acknowledging all these criteria, a fair regional geographical and sectoral representation will be sought. Scalable pilots may receive additional funding from the Israeli government, in continuous coordination with the IDB.

3.2 **Component II: Knowledge generation and capacity building (US$199,000).** The objective of this component is to facilitate access to advanced water and energy technologies by appropriately documenting and disseminating knowledge. Knowledge material will be developed in collaboration with the Israeli Government to assist countries in the adoption of adequate policy and regulatory instruments for the adoption of innovative water technologies. Activities to be financed will include the elaboration of analytical and best practice documents. These documents will include a review of the state of the art of technological and management solutions, covering the wide range of technical, socioeconomic, environmental/climate, behavioral, policy, and financial dimensions of technology design and implementation. These analytical products will include a review of opportunities and constraints in the application of water and energy innovations in LAC, as well as recommendations for successful implementation. The review of the state of the art will include projects that show: (i) the relationship between gender and energy; and (ii) the relationship between gender and water, especially when they make visible how limited access to these services deepens gender inequalities and the solutions proposed to overcome it. Training on

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[13] TC resources will mainly be used to finance studies and/or pilots of new technologies. For the energy sector, pilots may include the purchase of a limited number of off-the-shelf solar panels. If these cases, the Bank will follow the corresponding due diligence per the "IDB Group Measures to Address Risk of Forced Labor in the Supply Chain of Silicon-based Solar Modules".

[14] The Israeli Ministry of Energy and Water will be the bank's main counterpart and will assist with the scouting and evaluation process of innovative technological solutions, in collaboration with other relavant government entetise.

innovative trends in water and the energy sectors, with the participation of Israeli experts, policymakers and/or academic/professional counterparts in LAC. This could include workshops on innovation in the region with the contribution of Israeli knowledge.

3.3 **Component III: Exchanges on water policy and technology innovations (US$305,375).** The objective of this component is to promote knowledge exchanges with focus on technical innovations in the water and energy sectors. Based on opportunities and needs identified in the region, the program will organize and finance small and targeted visits to Israel for top-level officials. The officials will have full exposure to Israel's water and energy technologies and policies.

3.4 **Expected results of the TC**. The project will contribute to strengthening the technical capacities of water and energy policymakers and professionals, including national and local government officials, water and energy utilities, consultants, and professionals in various fields (water and sanitation, energy, development, urban and environmental planning, climate change, etc.). As a general result, it is expected that the TC will result in the inclusion of innovation in the beneficiaries' programming and strategic documents. More specifically, the TC will lead to: population/households benefitting from better services; and efficiency gains from innovative technologies (Component I); Top policy and technical leaders in LAC countries trained in innovations, with access to Israeli innovators and technologies (experts and companies) (Component II); Improved decision-making process and capacity for countries in the region; Expanded dissemination of knowledge on water and energy innovations, and access to information on technologies, their implementation, effectiveness and potential scale up (Component III).

3.5 The TC will focus on the following themes that the Bank and the LAC region would benefit the most from Israel's know-how and practical solutions, namely:

- Smart Water Infrastructure Technology (SWIT), to improve efficiency in water distribution networks and water use, reduce non-revenue water, and improve water and wastewater planning and monitoring systems; viable technology to increase water supply (desalination and water reuse) for various uses in agricultural, industrial, residential, and service sectors, including irrigation, thus improving water security.
- Advanced Energy Technologies, specifically smart grids and new technologies in transmission and distribution, energy storage, cyber security related support, electronic vehicle charging infrastructure, energy efficiency and distributed energy in public buildings.
- Energy-Water Nexus, including energy efficiency in water utilities, and renewable energy applications in water management facilities.

3.6 A cross-cutting policy dimension will be incorporated into the TC Components, supporting policy, regulatory and capacity building activities that are critical for the design and implementation of technological innovations supported under the program.[15] Focalized advisory services will be provided to improve in-country policy and regulatory instruments.

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[15] It will also include emergency response and preparedness training and capacity building the water sector to ensure water security to our client countries.

3.7 Participation of women and diverse groups (people with disabilities, Afro-descendants, Indigenous people, and LGBTQ+) will be encouraged. The knowledge products that are generated as well as the campaigns that are designed for dissemination and invitations to participate in the activities of Components I, II, and III will include the perspective of gender equality and inclusion of diversity, that is: (A) the texts will be written using inclusive and non-sexist language; and (B) egalitarian images of women and men, as well as of people belonging to diverse groups, will be shown, eliminating the sexist and stereotyped use of the image of women and presenting a realistic image of the skills and potential of women and people from diverse groups in the use of technology. The data of the participants will be disaggregated by gender.

3.8 **Budget.** The total cost of this operation is US$2,129,375, of which US$1,700,000 will be financed by the Government of Israel, while US$429,375 will be financed by the Strategic Program for Development financed with Ordinary Capital (OC-SDP Window 2 – Infrastructure; W2B). There will be no local counterpart financing. The distribution of resources is described in Table I.

3.9 The resources from the Government of Israel will be provided to the Bank through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, the commitment from Israel will be established through a separate Administration Agreement. Under such agreement, the PSG resources of this project will be administered by the Bank and the Bank will charge an administration fee of 5% of the total contribution (US$1,700,000), which is duly identified in the budget of this project. The 5% administration fee will be charged upon the Bank's receipt of the contribution (see detailed budget).

Table I - Indicative Budget (US$)[16]

Components	BID-W2B	BID-PSG	TOTAL
Component 1: Water and energy pilot projects	**290,000**	**1,250,000**	**1,540,000**
1.1 Energy and Water pilots financed	290,000	1,250,000	1,540,000
Component 2: Knowledge generation and capacity building	**114,000**	**85,000**	**199,000**
2.1 Analytical and best practices documents	94,000	40,000	134,000
2.2 Courses and webinars for water and sanitation authorities and utilities	20,000	45,000	65,000
Component 3: Exchanges on water policy and technology innovations	**25,375**	**280,000**	**305,375**
3.1 Exchange on policy and technical innovations	25,375	210,000	235,375
3.2 Travel Staff	0	70,000	70,000
Administration & Management	**0**	**85,000**	**85,000**
Administration fee (5%)	0	85,000	85,000
TOTAL	**429,375**	**1,700,000**	**2,129,375**

3.10 INE/WSA and INE/ENE are currently contributing to the objective of this TC through parallel, independent but complementary TCs, such as the ATN/OC-19290-RG (US$500.000), the ATN/FG-18850-RG/ATN/OC-18849-RG (US$900.000), and the ATN/OC-19374-RG (US$770,000). These TCs, currently in execution, also aim to

[16] See Annex A for a detailed Budget.

foment the adoption and escalation of innovative solutions in the water and energy sector and include activities to strengthen the demand for innovation, facilitate intelligence and coordination between demand and supply, and produce and disseminate knowledge products stemming also from this TC. In doing so, synergies among these operations will be identified and exploited, cross-feeding ideas and creating opportunities to identify, analyze and finance pilots and, eventually, capture and publish the knowledge accumulated. INE/WSA and INE/ENE will keep on working to ensure coordination among operations and complement the current IDB contribution to this TC in the future.

IV. Executing agency and execution structure

4.1 The IDB, through its Division of Water and Sanitation (INE/WSA), in coordination with the Division of Energy (INE/ENE) will be the executing agency for this TC. INE/WSA and INE/ENE will establish a TC management team, to integrate a range of capacities across technical areas (including Divisions in INE, CSD, IFD, IDB Invest, and IDB LAB). It is important to highlight that the Bank has experience in successfully executing regional TCs of this type, such as the RG-T3298, which has contributed to spreading innovative tools in the sector; and the Bank execution ensures that the lessons learned from the activities carried out in the different countries are adequately disseminated within the region.

4.2 An Israeli Externally Funded Consultant (EFC) with proven knowledge and experience in the areas of study and Israeli technology will be funded in parallel to assist in project coordination.[17] This EFC will be responsible for the management of the day-to-day activities of this project under the supervision of the INE/WSA and the INE/ENE Lead Specialists.[18] The main activities to be undertaken by this EFC include activities for planning and implementation, coordination with the IDB sector specialists and the different actors involved, contract supervision, portfolio development, project communications and periodic reporting. The IDB will administer the funds received from the Government of Israel under the PSG, with the corresponding IDB counterpart funding.

4.3 An Advisory Committee with representatives from the IDB, the Ministry of Energy and Water and the Ministry of Finance will set up to review and approve various aspects of the training (i.e., agenda, list of participants in the workshops, technical exchange sessions, instructors, etc.). The Committee will also provide inputs and feedback on various products funded under the TC.

4.4 The TC has an execution and disbursement period of 36 months. All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature; and (c) GN-2303-28 for logistics and other related services. Due to the unique specialized expertise required to support knowledge development and technological applications and innovations in the water and energy sectors supported under this TC funding, the Bank may execute single-source direct contracts, in accordance with the Bank's policies and procedures.

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17 See Terms of Reference

18 The Israeli EFC will be fully covered by the PSG and will be based in IDB HQ during a period of 36 months, starting January 30, 2023.

4.5 The project team will be responsible for the preparation and submission to the donor of the project reporting in compliance with the stipulation of the Administration Agreement. If at the end of execution, the project was closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the unspent balance from the Government of Israel as agreed to by the donor and the Bank pursuant to the terms of the Administration Agreement.

4.6 This TC aims to improve knowledge on innovation issues and disseminate that knowledge throughout the region. Before the start of the activities to be carried out by the firms or individual consultants in beneficiary countries, letters of no objection will be obtained from the Bank's liaison bodies in the respective countries. Specific countries will receive support only when the activity to be financed is demonstrative in its concept and serves to promote knowledge and learning at the regional level.

V. Main risks

5.1 This TC poses low risk, as it supports activities where the IDB-Israel collaboration and innovations will bring significant improvements to the energy and water sector solutions. The previous TC confirmed the existence of a qualified demand. Also, the selection criteria of the beneficiaries will include an evaluation of the utility's commitment to incorporate technological and management improvements, during preparation and throughout implementation, several analytical tools, planning and management instruments, as well as technological innovations will be selected, executed and/or tested, supported by necessary technical documentation. The close involvement of the technical expert (EFC from Israel) and collaboration within INE/WSA (in HQ and COFs) and across Divisions will guarantee effectiveness in the planning and execution of the activities. LAC stakeholders' involvement from governments, public utilities and the professional and academic communities during TC implementation will help maximize the benefits of the TC, allowing for broader use of innovative technologies and management systems. Additionally, special emphasis will be placed on ensuring scaling-up and sustainability, giving preference to utilities highly motivated to incorporate technological and management improvements and committed to providing counterpart financial and human resources.

VI. Exceptions to Bank policy

6.1 This TC operation does not include any exception to Bank policies.

VII. Environmental and Social Strategy

7.1 This operation will not finance pre-feasibility studies or feasibility of specific investment projects or environmental and social studies associated with these; therefore, this TC does not have applicable requirements within the Bank's Environmental and Social Policy Framework.

Required Annexes:

Request from the Client - RG-T4196

Results Matrix - RG-T4196

Terms of Reference - RG-T4196

Procurement Plan - RG-T4196