



CID/CBL/642/2012

August 20, 2012

H.E. Yvonne Hyde
Chief Executive Officer
Ministry of Finance and Economic Development
Sir Edney Cain Building
Belmopan, Belize

Ref.: Integrated Water and Sanitation Program for the Placencia Peninsula. Operations 2486/OC-BL (BL-L1015), ATN/OC-12456-BL and GRT/FM-12724-RG (RG-X1011)

Dear Mrs. Hyde,

I am writing to follow up on the Portfolio review meeting held on July 10-12, 2012. As discussed, a decision on the transfer of assets of the Water Boards of Seine Bight and Placencia to Belize Water Services Limited (BWSL) is a very urgent matter in order for the three linked operations in reference to succeed:

- 2486/OC-BL (BL-L1015). Loan for US\$5,000,000 with BWSL as executing agency;
- ATN/OC-12456-BL (BL-T1048). Non-reimbursable technical cooperation for US\$500,000 with BWSL as executing agency;
- GRT/FM-12724-RG (RG-X1011) (CReW). Non-reimbursable investment grant for US\$5,512,500 with the Ministry of Finance and Economic Development as executing agency, and BWSL as the beneficiary of the first generation project;

I would like to highlight that the three operations were conceived, extensively discussed with Government of Belize (GoB) representatives, and approved under the premise that while Placencia and Seine Bight have their own interconnected rudimentary water systems, the need for a planned sewage treatment and disposal system calls for a consolidated management of the water and wastewater services. During the design of these operations it was determined that the best solution to ensure effective and efficient services in both water and wastewater would be to transfer the responsibilities for water from the Village Water Boards to BWSL. This decision was based on the acknowledgement that the Village Water Boards are not licensed by the Public Utilities Commission (PUC), and rely on BWSL and the government for capital investments, maintenance, and major repairs. Furthermore, the IDB approved the operations under the understanding that in August 2010, the Ministry of Finance, along with the Ministry of Natural Resources and the Environment, the Ministry of Public Utilities, Information and Broadcasting and the

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Ministry of Labor, Local Government and Rural Development jointly submitted a Cabinet Paper requesting Cabinet approval to (i) delegate the management of water and wastewater services in Placencia to BWSL; and (ii) mandate universal sewer connections, and that the Cabinet approved the said paper in late August, thereby formalizing the institutional arrangement for the water and wastewater service provision in Placencia. As such, we have been waiting for two years for the delegation of the water services to materialize.

The three operations are interconnected, as ATN/OC-12456-BL finances the final design of the wastewater management system that will be constructed with resources from the other two operations. Based on this interconnectivity, we would kindly urge you to have the issue of the assets transfer solved **before September 24th, 2012** through a Memorandum of Understanding between the Ministry of Finance and Economic Development (MFED) and BWSL. This date is calculated based on the timeline for the procurement of the final design, which is part of the critical path of the project in general. At this point it does not make sense for BWSL to procure the design of the wastewater management system without the institutional arrangement for the provision of the water and wastewater services formalized.

-500,000
Gmt

Please note that the CReW (GRT/FM-12724-RG) has a fixed end date of June 2015 by which each pilot needs to report the expected results. A delay in the procurement of the designs will cause a delay to the project that will be very difficult to overcome and which could put into question the continued availability of the CReW resources.

I kindly ask for your expedited response on this long-pending issue.

Yours sincerely,



María del Rosario Navia
Water & Sanitation Specialist

cc: Yvette Alvarez, Sr. Financial Advisor, MFED
Joseph Waight, Financial Secretary, MFED
Maria Cooper, Project Coordinator, MFED
Denise Forrest, Regional Project Coordinator, CReW
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