

UPDATE OF SECTOR STRATEGIC PLANS FOR THE ACHIEVEMENT OF THE SDGS

RG-T3244

CERTIFICATION

I hereby certify that this operation was approved for financing under the **Ordinary Capital Strategic Development Program for Infrastructure (INF)**, through a communication dated May 16, 2018 and signed by Felipe Caicedo. Also, I certify that resources from said fund are available for up to **US\$500,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, representing a risk that will not be absorbed by the Fund.

Certified by:

**(Original firmado)**

8/30/2018

\_\_\_\_\_  
Sonia M. Rivera  
Chief

\_\_\_\_\_  
Date

Grants and Co-Financing Management Unit  
ORP/GCM

Approved by:

**(Original firmado)**

8/31/2018

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Sergio I. Campos  
Division Chief

\_\_\_\_\_  
Date

Water and Sanitation Division  
INE/WSA

## TC Document

### I. Basic Information

▪ Country/Region:	Regional
▪ TC Name:	Update of Sector Strategic Plans for the Achievement of the SDGs
▪ TC Number:	RG-T3244
▪ Team Leader/Members:	Kleber Machado. (INE/WSA) Team Leader; Maria Julia Bocco (INE/WSA) Alternate Team Leader; Keisuke Sasaki (INE/WSA) Alternate Team Leader. Jorge Ducci, Corinne Cathala, Alejandra Perroni, Raul Munoz, German Sturzenegger, Celia Bedoya del Olmo, Lucio Garcia Merino, Henry Moreno, Edgar Orellana, Evan Cayetano, David Wilk e Irene Cartin (INE/WSA); Alfred Grunwaldt; (CSD/CCS); y Betina Hennig (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	May 16 <sup>th</sup> , 2018
▪ Beneficiary:	Countries of LAC (Jamaica, Paraguay, and other countries to be defined during the execution of the TC)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ Donors providing funding:	OC Strategic Development Program for Infrastructure (INF)
▪ IDB Funding Requested:	US\$500,000.00
▪ Local counterpart funding, if any:	0
▪ Disbursement period:	36 months of execution 42 months of disbursement
▪ Required start date:	September 1st, 2018
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by Unit:	Water and Sanitation Division (INE/WSA)
▪ Unit of Disbursement Responsibility:	Infrastructure & Energy
▪ Included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality, Environmental sustainability and climate change

### II. Objectives and Justification of the TC

2.1 The UN Sustainable Development Goals (SDGs), adopted in September 2015, pose a new challenge to the water and sanitation sector. The Goal 6 calls for a holistic effort to “Ensure access to water and sanitation for all.” Its targets embrace not only increasing access to services to achieve universal access, which requires the consideration of equity between rural and urban areas and among socioeconomic levels, but also improving the quality of services, promoting efficiency, and enhancing integrated water resource management. Advancement in water and sanitation is also critical to other goals of the SDGs, among others: (i) Goal 3 “Good health and well-being,” through the reduction of water-borne diseases; (ii) Goal 5 “Gender equality,”

through decreased burden on women and girls of household water collection and/or unpaid care; and (iii) Goal 12 “Responsible consumption and production,” through closing the huge deficiency in wastewater treatment in the region.

- 2.2 To achieve these goals, in the planning of water and sanitation sector, interdependencies become key considerations<sup>1</sup>. For example, for universal access to water it is fundamental: (i) to protect the water sources from contamination; (ii) to promote efficiency and effectiveness of the sector, which include, among other things, developing strategies on behavioral aspects and social communication to improve (industrial and domestic) consumers’ water use efficiency and/or for hygiene improvements; (iii) to enhance integrated water resource management that takes into account the impacts of climate change to water resources, in terms of volume, variability and seasonality; (iv) to integrate water reuse, where applicable, as part of alternative water sources; and (v) to promote gender focus<sup>2</sup>. On the other hand, sanitation, particularly wastewater treatment, is an opportunity not only for water reuse, but also for energy and materials recovery (fertilizer, construction materials, bioplastic, etc.). It is worth noting that technological advancement in the sector also facilitates this interdependency approach. In order to successfully deal with this interdependency, it is vital to develop institutional capacity and to design adequate public policies.
- 2.3 It is also important to note that there is a clear need to increase financing to meet the Goal 6: according to the UN-Water GLAAS report released in 2017<sup>3</sup>, in order to meet targets SDG 6.1 and 6.2, capital financing would need to triple, and operation and maintenance costs need to be considered in addition. The report also points out an issue regarding national planning: only one third of countries report that a financial plan has been defined, agreed and consistently followed. Therefore, additional efforts are warranted in national planning towards, among other things: (i) building consensus among stakeholders on priorities and targets, backed by a realistic implementation plan; (ii) strengthening linkages to financial planning, encompassing all available funding sources (tariffs, transfers and taxes, or the “3Ts”<sup>4</sup>) and repayable financing; and (iii) periodic monitoring of progress.
- 2.4 In previous instances, the Bank’s support (mainly through ATN/OC-13093-RG) in water and sanitation sector strategic plans (SPs) contributed to notable success by some countries<sup>5</sup> in terms of: (i) providing better sector information (analytical documents and data); (ii) strengthening institutions in charge of the sector planning; and (iii) prioritizing the water and sanitation sector in general, and more specifically, highlighting the immense necessity in rural water and sanitation, to which sufficient attention was often not given. In the Water and Sanitation Sectoral Framework

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<sup>1</sup> Water Utility Pathways in a Circular Economy, IWA, 2016.

<sup>2</sup> The Water and Sanitation Sectoral Framework Document contemplates gender equality and diversity as one of the crosscutting development issues and highlights the key role of women in the sector with regards to, among other things, effective infrastructure design, conservation of hygiene in the home, and the education of children in sanitation, as well as improving efficiency in community management organizations.

<sup>3</sup> UN-Water global analysis and assessment of sanitation and drinking-water (GLAAS) 2017 report: financing universal water, sanitation and hygiene under the sustainable development goals, WHO, 2017.

<sup>4</sup> Strategic Financial Planning for Water Supply and Sanitation, OECD, 2009.

<sup>5</sup> Among other examples, in the case of Paraguay, the Bank supported SP formed the basis of the creation in 2010 of the department in charge of water and sanitation (DAPSAN, for its acronym in Spanish) and of the department’s strategic directions thereafter (see <http://www.py.undp.org/content/dam/paraguay/docs/7-Compliado%20DAPSAN%20pdf.pdf?download>). In addition, in line with the said SP, Paraguay made highly regarded progress in rural water and sanitation ([https://www.theguardian.com/global-development-professionals-network/2017/may/26/rural-water-access-paraguay-success-lessons?CMP=share\\_btn\\_tw](https://www.theguardian.com/global-development-professionals-network/2017/may/26/rural-water-access-paraguay-success-lessons?CMP=share_btn_tw)).

Document, the Bank has identified continued work on SPs as an important analytical activity for the success dimension 1 "Countries achieve universal access to water and sanitation while improving the quality of services." In this TC, emphasis will be placed on incorporating the challenges and opportunities posed by the SDGs mentioned in the previous paragraphs (such as, considerations on interdependencies, the effects of climate change and gender considerations).

- 2.5 The objective of the TC is to enable the Bank, through its Water and Sanitation Division (INE/WSA), to assist the beneficiary countries in the preparation of SPs, which propose solutions to the sector's challenges mentioned above. As a result of this process, a long-term road map (10 to 15 years horizon) will be defined that unify both the country and the Bank's vision for the sector, combining institutional actions with financial resources, as appropriate.
- 2.6 The TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and aligns (i) with the challenges of social inclusion and equality, by assisting beneficiary countries to reinforce their strategic planning required for ensuring universal and equitable access to water and sanitation; and (ii) with the cross-cutting area of climate change and environmental sustainability, by promoting integrated water resource management that takes into account the impacts of climate change to water resources. In addition, the CT is aligned with the strategy "Sustainable Infrastructure for Competitiveness and Inclusive Growth" in the priority areas for action of "Promote access to infrastructure services," "Promote continuous improvements in infrastructure governance," and "Support the construction and maintenance of infrastructure environmentally and socially sustainable." The TC will contribute to OC Strategic Development Program for Infrastructure (INF) Fund's outcome Frameworks for infrastructure service management decision making enhanced, through the update of SPs. Finally, the TC is consistent with the WSSFD in the success dimension 1.

### **III. Description of Activities/Components and Budget**

- 3.1 The only component of this TC is the preparation of sector strategic plans (SP). It is anticipated that the SP will be developed in two phases. Phase I comprises a sector diagnosis which defines the sector, identifies its challenges, and proposes alternative solutions to the challenges. As a general methodology the sector diagnosis and proposed development alternatives would be presented in workshops and open consultations with key stakeholders to arrive at the mentioned set of alternatives. It is expected that a series of short, medium and long-term interventions could be defined, such as projects and products for which, if no financing has been sourced, could be financed or supported by the Bank. Phase II comprises the preparation and agreement on the SP.
- 3.2 The activities involved will be carried out or coordinated by INE/WSA staff and are mainly the following:
  - a. Hiring (primarily) individual consultants to carry out specific studies and assessments;
  - b. Prepare a thorough diagnosis of each subsector of interest, considering interdependencies that include the effects of climate change and gender considerations;
  - c. Prepare options for addressing the sector's challenges and constraints, including innovative water and sanitation technical and management solutions that have proved effective in the region or have a high potential for success;

- d. Carry out workshops with main stakeholders to agree upon the diagnosis and select the desired options for actions;
  - e. Define the main action plans agreed with the country to be developed, including: specific objectives, activities, budgets, responsible institutions, role of the Bank, etc. for a medium term (5 years) and a longer term (10 to 15 years);
  - f. Produce a final report consolidating all the work carried out, and a summary to be published.
- 3.3 For the fulfillment of the objectives described in the above-mentioned component, it is necessary to finance Bank staff travel for the purposes of enhancing engagements with the countries' authorities and policymakers, mainly through workshops. These travel expenses are not considered regular expenses and will not serve as a supplement to the division's administrative budget. It is worth noting that these expenses are eligible under OC funds, which are regulated by the Bank's technical cooperation policies (GN-2470-2) and explicitly consider the funding of activities that are focused externally and are designed to directly benefit the borrowing member countries.
- 3.4 The total cost of this TC is US\$500,000 and will be financed by the INF Fund. The indicative budget is shown below (for more details, see [detailed budget](#)).

**Indicative Budget (US\$)**

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
<b>Component: Update of strategic sector plans</b>	Carry out the studies in approx. five countries.			
- Studies and assessments	Hiring of (primarily) individual consultants	400,000	0	400,000
- Stakeholder engagement and communication	Workshop organization, travel expenses, editing and other expenses	100,000	0	100,000
<b>TOTAL</b>		<b>500,000</b>	<b>0</b>	<b>500,000</b>

**IV. Executing Agency and Execution Structure**

- 4.1 The TC will be executed by the Bank, through INE/WSA, given that it is a regional TC that requires prioritization of and coordination with five countries as well as regional sector knowledge. The Bank has extensive experience in executing studies for sector strategic plans through, among other things, the execution of ATN/OC-13093-RG and ATN/MA-15200-RG.
- 4.2 The Bank will contract individual consultants, consulting firms and other services in accordance with current Bank procurement policies and procedures. Specifically, Section AM-650 of the Administrative Manual "Complementary Workforce" will be applied in the case of individual consultants, the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1) and its Operational Guidelines (OP-1155-4) for hiring consulting services of intellectual nature and the Corporate Procurement Policy (GN-2303-20) for other services."
- 4.3 Although it is beneficial to update the SPs of all the countries, under this TC the Bank will be able to work only on approximately five countries. The following countries have already requested the Bank's support on the SPs, and will be included as the beneficiaries: Jamaica, and Paraguay. Other countries' participation will be defined

during the execution of the TC. In this regard, prior to the initiation of project activities in each specific country, a non-objection letter from such country will be obtained. An update of a SP would be particularly pertinent: (i) when significant sector institutional changes are perceived; (ii) when there are new unforeseen circumstances (for example natural disasters occurrence); or (iii) when there are changes of the political authorities. Following these criteria, the Bank will continue dialogues with interested authorities<sup>6</sup>.

- 4.4 Monitoring of this TC will be carried out by the Bank's technical team with the support of the Country Offices, through the review of the progress of reports prepared by the consultants and the participation in workshops. When in a certain country the scope of the SP entails topics of multi-sector nature, the team will involve members from relevant divisions in the Bank, such as climate change, agriculture, and energy. The progress will be reported at least annually in the Bank's system (Convergence), including the following information: (i) status of physical and financial progress of the TC; (ii) outcomes and results achieved; (iii) lessons learned and best practices identified; and (iv) any other information deemed relevant.

## **V. Major Issues**

- 5.1 In general, the experience to date has shown that reaching agreement on the general strategy of the sector is much more difficult than sector diagnostics to be implemented and the specific actions to follow. This has been due to factors like: inability of the authorities to reach internal consensus; unresolved conflicts between stakeholders; the need of major interventions for which the government does not have the necessary political support; weak interest in dealing with sector issues; lack of governance required for proper decision making. A main lesson learned is the importance of assuring agreement among key sector authorities<sup>7</sup>, and of duly informing key decision makers, including those outside the sector, primarily based on such agreement among key sector authorities, so that they are empowered for the decisions that need to be made. Additionally, the SPs will propose a mechanism for periodic review of SPs' progress by key sector authorities.
- 5.2 A secondary risk has been the difficulty of selecting proper consultants to do this kind of work, which requires not only technical knowledge, but also a good sense of the politics involved, and the ability to reach and attract the attention of key stakeholders. By now the Bank has an adequate number of consultants that have provided good results in earlier studies. Thanks to the learning process over the years, the Bank has terms of reference from previous studies which will serve as the basis for clear definition of objectives and the scope of work.

## **VI. Exceptions to Bank policy**

- 6.1 No exception to the Bank policies is applicable.

## **VII. Environmental and Social Classification**

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<sup>6</sup> The following countries are preliminarily identified as potential candidates for the preparation of the SP: Bahamas, Colombia, Costa Rica, Dominican Republic, Ecuador, Guyana, Honduras, Peru, and Surinam. However, the TC is open to other country's participation (as beneficiary), when a non-objection letter is received.

<sup>7</sup> Key sector authorities include, but not limited to, in Jamaica, the Ministry of Ministry of Economic Growth and Job Creation (MEGJC), National Water Commission (NWC), Water Resources Authority (WRA) and Office of Utilities Regulation (OUR); and in Paraguay, the Ministry of Public Works and Communication (MOPC), Paraguay Sanitary Services Company (ESSAP), Environmental Sanitation Service (SENASA), and Regulatory Entity of Sanitary Services (ERSSAN).

7.1 Given the nature of the activities to be financed by this TC, no potential negative environmental and social impacts have been identified. In accordance with the guidelines of the Environment and Safeguards Compliance Policy (OP-703), this TC has been classified as C category ([see filters](#)).

**Required Annexes:**

- [Letters of request](#)
- [Results Matrix](#)
- [Terms of Reference](#)
- [Procurement Plan](#)