

SUMMARY OF THE PROJECT IN DESIGN * (*)

AquaConnect: Catalyzing Collaborative Innovation in Water Solutions through LAC-Korea Startup Alliances

PITCH ELIGIBILITY DATE		COUNTRY(IES)
10/21/2024		Bolivia; Chile; Colombia; Ecuador; Peru; Uruguay
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
IDB Lab		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
C (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 295,000	US 263,000	US 32,000
DESCRIPTION		

The problem The Water and Sanitation sector in LAC faces a range of critical challenges that affect the quality of life of millions of people. Different studies estimate that, to advance an equitable and sustainable transition in the water sector, achieving universal coverage of safely managed water and sanitation would need a combined public and private investment equivalent to 1.3% of the regional GDP over a span of 10 years. At the current investment pace, the fulfillment of sector-specific Sustainable Development Goals (SDGs) would only be expected by the year 2075. To this end, achieving universal access to water and sanitation by 2030 would require an annual investment of approximately US\$27 trillion. Key elements such as strengthened policies, improved governance, increased financial support, upgraded infrastructure, and improved data for informed decision-making are essential to advance SDG 6. Additionally, Science, Technology, and Innovation (STI) play a particularly impactful role through knowledge study and application, and the introduction of new ways to develop and adopt goods and services based on new approaches.

In LAC, progress toward all the objectives is slow, with specific areas of concern. Among the main issues are: (i) unequal access: despite many efforts, several communities in the region lack access to safe drinking water and quality sanitation services, contributing to health and poverty problems.

Around 161 million people, equivalent to approximately 1 out of 4 individuals, lack access to safely managed drinking water. The situation becomes worse in the sanitation area, affecting approximately 345 million people, only 49% to safely managed sanitation; (ii) obsolete infrastructure: there are major challenges regarding solid waste management. Lack of modernization of wastewater treatment facilities and systems and deficiencies in solid waste management infrastructure contribute to environmental and public health problems. In some urban areas, sewage systems and wastewater treatment plants have become obsolete, resulting in the contamination of rivers and water bodies, as has been the case in urban rivers in Brazil. According to the World Bank, rural areas in LAC experience a waste collection coverage of only 30%. Approximately 69% of the waste finds its way to various landfills but regarding recycling efforts, the region only accounts for 4.5% of the total waste; (iii) inefficient management: Inefficient management of water resources and sanitation systems contributes to water loss, increases operating costs, and exacerbates resource scarcity.

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

The solution The objective of this NRTC is to generate knowledge about how to foster collaborative initiatives among startup enterprises in the water sector from Latin America and the Caribbean (LAC) and Korea. The project aims to facilitate knowledge exchange, technology transfer, and innovation in water management and sanitation, encouraging sustainable solutions through transcontinental partnerships between the two regions.

Component I: kickstarting collaborative partnerships. This component aims to initiate collaborative partnerships between innovative solutions from Korea and LAC. Component I activities can be divided in three: (i) startup identification and outreach: it involves the development and dissemination of a regional open challenge through social media, innovation platforms, and networks. This can be conducted through a multifaceted approach, encompassing calls for participation, existing programs, and strategic connections; (ii) selection mechanisms: an analysis, diagnosis, and evaluation of the startups identified in terms of technology used, size, traction, value proposition (innovation), product, technology maturity, and team, among other aspects that allow considering the viability of their proposal will be conducted. Solutions can address different issues in the water and sanitation sector outlined in the previous section. The process and selection criteria will bring together Korea's experience and knowledge in the sector to find future technologies that can be commercialized and serve as new growth engines for the water industry, as well as IDB Lab's specific selection criteria and experience in carrying out water and sanitation pilots and projects to ensure that all solutions could be adopted by a water utility in LAC; (iii) facilitation of exchanges and encounters: the project will coordinate exchanges and meetings between selected startups (as virtual pitches, meetups or webinars). These encounters will serve as platforms for collaboration, knowledge transfer, and the exploration of potential partnerships.

Component II: Catalyze partnerships - build connections between LAC and Korea water innovation ecosystems. The main objective of this component is to facilitate strategic matching between startups from both regions, to ensure synergies and collaborative partnerships. The project expects to have collaboration with key players in the innovation ecosystem in LAC and foster collaboration between service providers and selected solutions.

Component III: Knowledge dissemination, evaluation, and sustainable growth. The project will (i) assess the impact of pilot projects in terms of innovation and solving sector-specific challenges; (ii) extract key lessons to enhance future initiatives; and (iii) identify opportunities for expanding and scaling successful business models. Also, a comprehensive knowledge product will be conducted. This product aims to show the study case of each collaboration highlighting innovations in the water sector, and to explore the successful collaboration between LAC and Korea. The insights from these assessments and case studies will be disseminated, contributing to the broader discourse on adopting cutting-edge technologies and best practices in the water sector across LAC.

The beneficiaries The beneficiaries will correspond to Entrepreneurs; Urban/periurban population; SME.

Expected results. The NRTC expected results are the following: (i) matching 8 startups (4 startups partnerships); (ii) implementing 2 prototypes that test experimental solutions or collaborations with high-impact potential.; (iii) report with methodology for connecting startups.

The partner Since this is a research and dissemination NRTC, in accordance with the policies and guidelines applicable to technical cooperation operations (documents GN-2470-2 and GN-2629-1), the executing agency will be the Inter-American Development Bank through IDB Lab. Execution by the Bank will also ensure coordination among the different actors involved in implementation. IDB Lab will have the technical support of INE/WSA. Sector specialists in each of the countries will be part of the operation's monitoring and supervision team.

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The IDB Lab's contribution will be a mobilizing an Non Reimbursable Technical Cooperation of 263,000 are core resources from the Source of Innovation alliance.

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