

## TC ABSTRACT

### I. Basic Project Data

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|---|---|
| ▪ Country/Region:   | Regional  |
| ▪ TC Name:  | Support of the Start of Operations of the AquaRating Entity   |
| ▪ TC Number:  | RG-T2456  |
| ▪ Team Leader/Members:  | Team Leader: Matthias Krause (INE/WSA) Team Members: Jorge Ducci, Maria del Rosario Navia, Raimon Puigjaner, Iván Montalvo, Roxana Martínez (INE/WSA) |
| ▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.  | Research & Dissemination  |
| ▪ If Operational Support TC, give number and name of Operation Supported by the TC:   | N/A   |
| ▪ Reference to Request <sup>1</sup> : (IDB docs #)  | N/A   |
| ▪ Date of TC Abstract:  | February 10, 2014   |
| ▪ Beneficiary (countries or entities which are the recipient of the technical assistance):  | Regional  |
| ▪ Executing Agency and contact name (Organization or entity responsible for executing the TC Program) {If Bank: Contracting entity} {If the same as Beneficiary, please indicate} | IDB (INE/WSA) and The International Water Association   |
| ▪ IDB Funding Requested:  | US\$1,000,000   |
| ▪ Local counterpart funding, if any:  | US\$344,000   |
| ▪ Disbursement period (which includes execution period):  | 36 months   |
| ▪ Required start date:  | March 2014  |
| ▪ Types of consultants (firm or individual consultants):  | Firm and individual consultants   |
| ▪ Prepared by Unit:   | INE/WSA   |
| ▪ Unit of Disbursement Responsibility:  | INE/WSA   |
| ▪ Included in Country Strategy (y/n);   | N/A   |
| ▪ TC included in CPD (y/n):   | N/A   |
| ▪ GCI-9 Sector Priority:  | Infrastructure for competitiveness and social welfare   |

### II. Objective and Justification

- 2.1 The AquaRating is a voluntary and universal system that offers a comprehensive rating of water and sanitation services providers' performance, based on reliable information and granted by an independent entity. The objectives for this Technical Cooperation (TC) are i) to support the start of operations of the AquaRating Entity that will be in charge of

<sup>1</sup> A copy of the Letter of Request, Programming/Portfolio Review Mission Aide Memoire or Report requesting the TC should be submitted with the Abstract.

- overseeing and operating the system, ii) to apply the AquaRating in a selected number of water and sanitation utilities in Latin America and the Caribbean, and iii) to promote its use.
- 2.2 The AquaRating is an IDB flagship knowledge product developed by INE/WSA, and the Bank's main goal at this point is to continue supporting the AquaRating through IWA until it's a widely used tool, and transform it into a world-wide standard for performance assessment of water and sanitation providers. The AquaRating was designed through the technical cooperation operation RG-T1527, and in 2013 with RG-T2141 the pilot version of the tool was finalized and tested in 13 utilities in Latin America and Spain. During this process, the International Water Association (IWA) has been IDB's partner in the development of the tool and therefore was identified as an ideal organization to host the AquaRating Entity. The AquaRating Entity requires support during the start-up phase for completing certain aspects of the final version of the AquaRating and for developing its operational and functional capabilities, and achieving financial auto-sufficiency.
- 2.3 This TC is aligned with the Bank's GCI-9 sector priority, *infrastructure for competitiveness and social welfare*.

### III. Description of activities and outputs

- 3.1 **Completion of final version of the AquaRating.** This component will finance i) activities to complete certain technical aspects of the system, finalize the auditing guidelines, and make final adjustments to the software platform in Spanish, ii) the development of a manual describing the rules for using the AquaRating Label, considering all possible options, iii) update the translation of all final documents and software into English, as well as the translation into at least another language (the language will be decided upon demand).
- 3.2 **Development of operational and functional capabilities of the AquaRating Entity.** This component will finance the salaries for 3 new staff (positions and dedication to be determined) for two years, the office and administrative costs, and technical support consultants to assist the utilities in applying the AquaRating.
- 3.3 **Training for and accreditation of auditors and training of AquaRating professionals.** This component includes the development of materials and tests and the provision of classes, for auditors and AquaRating professionals. It will also finance the assessment of auditors for their accreditation. Materials and tests will be developed in Spanish and English.
- 3.4 **Application of AquaRating in Latin America and the Caribbean.** This component will finance the application of AquaRating by selected utilities in Latin America and the Caribbean.
- 3.5 **Promotion of the AquaRating.** This component finances the promotion of the AquaRating in different events, and special visits to interest groups. The component finances travel costs for the AquaRating Entity team and the IDB team to promote the AquaRating<sup>2</sup>, the participation in meetings including the consultative committee / "board", the production of marketing and commercial materials, stands preparation, etc.

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<sup>2</sup> This TC will finance travel costs for IDB staff in accordance with GN-2470-2. As this is a knowledge activity, resources from administrative budget, supervision plans or project preparation can't be used for this purpose.

#### IV. Budget

- 4.1 The total amount of funding needed, is US\$1,344,000. US\$1,000,000 will be financed by the IDB and US\$344,000 will be provided as counterpart financing. The distribution of resources is as follows:

| Components  | IDB                | Counterpart      |
|---|--------------------|------------------|
| Development of final version of the AquaRating.                                 | \$132,954          |                  |
| Development of operational and functional capabilities of the AquaRating Entity | \$395,834          | \$324,000        |
| Training for and accreditation of auditors and of AquaRating professionals      | \$31,500           |                  |
| Application of AquaRating in Latin America and the Caribbean                    | \$304,800          |                  |
| Promotion of the AquaRating.  | \$134,912          | \$20,000         |
| <b>Total</b>  | <b>\$1,000,000</b> | <b>\$344,000</b> |

#### V. Executing agency and execution structure

- 5.1 The TC will be executed by the IDB (INE/WSA), and the IWA through their Global Operations Office. The IWA is a global reference point for water and wastewater professionals and it's a self-governing non-profit organization. IWA is headquartered in London, with a Global Operations Office in The Netherlands and offices in Beijing, Bucharest, Nairobi, Singapore and Washington DC. The group's mission is to serve as a worldwide network for water professionals and to advancing standards and best practices in sustainable water management. Components 3.2, 3.3 and 3.4 will be executed by the IWA, and components 3.1 and 3.5 will be executed by both entities. Detailed budget will be included in the TC Document.

#### VI. Project Risks and issues

- 6.1 Under RG-T2141 a comprehensive Business Plan Study was produced to assess the risks for the AquaRating Entity. The present TC proposal builds on its results. The major risks in achieving the objectives of this TC are the potential low interest on the AquaRating from utilities and sponsors, putting at risk the financial and overall viability of the AquaRating Entity in the future. To mitigate that risk, already through TCs RG-T1527 and RG-T2141, AquaRating has been presented and promoted at top-level international conferences and events, as well as partnerships with strategic actors like the World Bank, Asian Development Bank and institutional contacts with potential buyers and supporters like leading utilities (including international holdings) and government institutions have been built. Moreover, IWA will leverage on its worldwide membership network of utilities to promote the system. In addition, a strategy for widely promoting and disseminating the benefits of the AquaRating will be designed by the AquaRating Entity.

#### VII. Environmental and Social Classification

- 7.1 Following ESG's project classification process requirements, it has been determined that this project falls under Category C. No environmental assessment studies or consultations are required for Category "C" operations ([See Filters](#))