

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	COLOMBIA/CAN - Andean Group
▪ TC Name:	Consolidation of best corporate development practices in the water and sanitation sector in Colombia
▪ TC Number:	CO-T1772
▪ Team Leader/Members:	NAVARRETE JIMENEZ, MANUEL JOSE (INE/WSA) Team Leader; BOHORQUEZ GONGORA JUAN FERNANDO (INE/WSA); CORZO DELGADO CLARA MARIA (INE/WSA); LOMBANA GOMEZ VALENTINA (INE/WSA); MERCHAN PALADINES, VIANCA TATIANA (VPC/FMP); CRAUSAZ SARZOSA, ERNESTO PATRICIO (VPC/FMP); ESCUDERO, CAROLINA (VPC/FMP); ROMERO BURGOS MARIA FERNANDA (INE/WSA); BONILLA MERINO ARTURO FRANCISCO (LEG/SGO); OCAMPO SALGADO CAROLINA (INE/WSA)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	13 Aug 2024
▪ Beneficiary:	Colombia (Water and Sanitation Sector Professional Organizations and Utilities).
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK (CO-ACODAL-ASOCIACION COLOMBIANA DE INGENIERIA SANITARIA Y AMBIENTAL)
▪ IDB funding requested:	US\$600,000.00
▪ Local counterpart funding:	US\$100,000.00 (In Kind)
▪ Disbursement period:	39 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/WSA - Water & Sanitation
▪ Unit of Disbursement Responsibility:	INE/WSA - Water & Sanitation
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ 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

II. Objective and Justification

- 2.1 The objective of this Technical Cooperation is to consolidate the sustainability of corporate development results in the water and sanitation sector in Colombia fostered by operation “Comprehensive development of water and sanitation utilities in Colombia (CO-T1457) - phase I”.
- 2.2 Phase II will be based on the achievements obtained and lessons learned during CO-T1457 - PSG financed by the Swiss State Secretariat for Economic Affairs (SECO) and executed by the IDB (2017-2024). It will benefit the entire sector through free access to public goods and the consolidation of the Sectoral Action for Governance and Business Efficiency (SA) initiative and the Water Operators Partnership platform Colombia (WOP), both created under phase I. The SA is a voluntary initiative with self-regulatory characteristics, established in 2019 by 12 of Colombian’s most representative utilities to adopt best practices based on eight core commitments. WOP is committed to enhancing water and sanitation (W&S) utilities by facilitating peer-to-

peer knowledge exchange. Phase II will be focused on strengthening the two main Colombian non-profit associations dedicated to the wellbeing of the W&S sector: the National Association of Utilities and Communications (ANDESCO), and the Colombian Association of Sanitary and Environmental Engineering (ACODAL), to strengthen and institutionalize within their mandate the SA and WOP, respectively.

- 2.3 Colombia's admission to the OECD in April 2020 represents a challenge in the provision of W&S services, as issues regarding governance, service quality, innovation, and financial and environmental sustainability are of great importance.
- 2.4 Phase I, in line with OECD principles, improved W&S utilities' performance by enhancing their capacity for planning, executing and operating infrastructure efficiently and sustainably to improve service quality. Technical support was provided for the incorporation of international standards and good practices in strategic planning, financial modeling, investment prioritisation, financial and cost management, non-revenue water management, asset management, energy efficiency, water security, processes optimization, human capital management, corporate governance, and financing. The progress was significant. When comparing the initial performance evaluation of 18 utilities with the final one (using AquaRating), after having implemented corporate development actions, utilities improved by 19% on average. However, challenges persist at a systemic level for W&S utilities: i) the sector lacks an actor that guarantees the continuity of achievements and lessons learned from Phase I, and foster corporate development principles, ii) Changes in national (every four years) and municipal authorities disrupt utilities strengthening processes and cause high turnover at the corporate level iii) the knowledge and lessons learned mostly benefited Phase I utilities and haven't fully become public goods, and iv) the quality and accessibility of W&S sectoral knowledge are lacking. Phase II aims to scale up and reach underserved markets (mainly smaller W&S utilities) and generate knowledge transfer with national and regional outreach, enabling more operators to integrate activities and processes into their core operations to enhance and sustain technical and organisational capacities, ultimately providing better service. This aligns with the increasing demand from W&S utilities for knowledge to implement better business practices.

III. Description of Activities and Outputs

- 3.1 **Component I: Component 1: Integrating the “Sectoral Action” platform within ANDESCO’s core business to mainstream corporate development.** This component will entail capacity building and organizational adjustments for the integration of the Sectoral Action within ANDESCO’s core business; development and implementation of a fundraising strategy for the Sectoral Action that quantifies contributions from different stakeholders; capacity building to strengthen the Sectoral Action towards a wider range of corporate development topics, public goods development and knowledge management, and dissemination of products and knowledge.
- 3.2 **Component II: Component 2: Integrating “WOP-Colombia” platform within ACODAL’s core business and expanding the critical mass of users through innovative peer-to-peer learning and support on corporate development areas.** Capacity building and organizational adjustments for the integration of the WOP-Colombia within ACODAL’s core business, the implementation of a fundraising strategy for WOP-Colombia with contributions from different stakeholders, the expansion of technical support between utilities based on the partnership model (peer-to-peer), the development of public goods and knowledge management, and the dissemination to stakeholders at the national, regional and international level.
- 3.3 **Component III: Project Coordinating Unit.** The IDB will create a PCU composed of professionals and a cluster of itinerant technical specialists based on technical topics.

The PCU will be coordinated by the IDB WSA Specialist in Colombia; PCU members potentially are: i) a full-time Project Planning and Management Specialist, ii) a full-time Corporate Development Specialist, a iii) a full-time Procurement and Administrative Support professional, iv) a part-time Sector Specialist, and v) Technical Specialists with dedication as needed.

3.4 **Component IV: Audit.** The overall Program will include an audit for Executing Agency Asociación Colombiana de Ingeniería Sanitaria y Ambiental (ACODAL).

3.5 **Component V: Contingencies.** Financial reserve designated to cover potential unexpected expenses necessary for the project's successful development.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Integrating the "Sectoral Action" platform within ANDESCO's core business to mainstream corporate development	US\$600,000.00	US\$50,000.00	US\$650,000.00
Component 2: Integrating "WOP-Colombia" platform within ACODAL's core business and expanding the critical mass of users through innovative peer-to-peer learning and support on corporate development areas	US\$0.00	US\$50,000.00	US\$50,000.00
Project Coordinating Unit	US\$0.00	US\$0.00	US\$0.00
Audit	US\$0.00	US\$0.00	US\$0.00
Contingencies	US\$0.00	US\$0.00	US\$0.00
Total	US\$600,000.00	US\$100,000.00	US\$700,000.00

V. Executing Agency and Execution Structure

5.1 The Inter-American Development Bank, through its Water and Sanitation Division and ACODAL will execute the TC. ACODAL will execute activities in component 2, and the IDB will execute the rest.

5.2 The Bank gained an important experience and knowledge while executing CO-T1457, and will bring continuity to the work done in phase I. A Coordinating Unit will be created, preferably with the professionals who executed Phase I, ensuring a smooth transition and capitalizing on the knowledge acquired and lessons learned. The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures (AM-650 for individual consultants and GN-2303-33 for consulting firms and non-consulting services). ACODAL demonstrated their capacity while successfully executing "Work Plan of the Water Operator's Partnership Colombia Platform (WOP-Colombia)" - CO-T1555, they will have a coordinator, and support from other offices. Each executing agency will develop their procurement plan in accordance with IDB rules. The execution period will be 36 months with 3 additional months for disbursements.

VI. Project Risks and Issues

- 6.1 Institutional restructuring and rotation of corporate level staff in ANDESCO and ACODAL or utilities is the main risk that will be minimized by working with second and third level employees who remain in the organisations despite the changes in the authorities. Furthermore, it will be critical to continuously disseminate the results of Sectoral Action and WOP-Colombia so that corporate development efforts are sustained at a systemic level.

VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).