**TC ABSTRACT**

**I. Basic Project Data**

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| ▪ Country/Region: | REGIONAL |
| ▪ TC Name: | Support to the implementation of the LIS-WATER-IDB work Plan |
| ▪ TC Number: | RG-T3511 |
| ▪ Team Leader/Members: | CATHALA, CORINNE (INE/WSA) Team Leader; MACHADO, KLEBER B. (INE/WSA); GRECO, MARIA SOFIA (LEG/SGO); SASAKI, KEISUKE (INE/WSA); GARCIA MERINO, LUCIO JAVIER (INE/WSA); MANJARRES, JOSE FRANCISCO (INE/WSA); MACHADO, FABIANA VELASQUES DE PAULA (INE/WSA); SIQUEIRA MORAES, MARCOS (VPC/002); LOPEZ, LILIANA M. (INE/WSA); GUERRERO RIVERA, MARILYN IVETTE (INE/WSA) |
| ▪ Taxonomy: | Research and Dissemination |
| ▪ Number and name of operation supported by the TC: | N/A |
| ▪ Date of TC Abstract: | 03 Jun 2019 |
| ▪ Beneficiary: | Regional - países de Latinoamérica |
| ▪ Executing Agency: | INTER-AMERICAN DEVELOPMENT BANK |
| ▪ IDB funding requested: | US$450,000.00 |
| ▪ Local counterpart funding: | US$0.00 |
| ▪ Disbursement period: | 36 months |
| ▪ Types of consultants: | Individuals; Firms |
| ▪ Prepared by Unit: | Water & Sanitation |
| ▪ Unit of Disbursement Responsibility: | Infrastructure and Energy Sector |
| ▪ TC included in Country Strategy (y/n):  ▪ TC included in CPD (y/n): | No  No |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability |
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**II. Objective and Justification**

2.1 When the market is not competitive, both public and private utilities dedicated to delivering water and sanitation services need a regulation with respect to price and quality of service. A significant pillar of the reforms in the 90’s in LAC was to create entities of economic regulation of utilities that were both autonomous and independent of public control. In most cases, those entities present structural weaknesses and a large space for improvement, with a significant potential impact in the quality of service provision. An important factor for good performance of regulators is the strengthening of transparency frameworks, accountability and corporate governance of regulatory bodies as well as ensuring the coordination between the different entities responsible for the sector’s governance, supervision and audit, which promotes and guarantees communication processes and citizen participation as direct beneficiaries of the service. The focus of this collaboration will be regional and will include the following areas:   
(i) identification of what has worked and what has not worked in the area of regulation and proposals of regulatory reforms in LAC, benchmarking, improvement identification and best practices; (ii) Development of a toolkit with best practices and lessons learned; and (iii) training, capacity building and mobility.

2.2 The ProWAS (programme for Improvement of public policy and regulation for water and sanitation services) is aimed at strengthening the public policy and regulatory framework and practices in water and sanitation services in LAC performing benchmarking analysis, identifying and sharing processes and practices improvements, and promoting think tank, strategic advice, training and capacity building. The ProWAS intends to support Latin American and Caribbean countries to: (i) comply with international resolutions like the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015; (ii) leverage cooperation and build institutional capacity; (iii) benefit the well-being of citizens and the economic activity activities; and (iv) attract and better manage external and internal financing to the water and sanitation sector. The Lis-Water has approached the water and sanitation division of the IDB to collaborate on those activities and facilitate the operationalization of the ProWAS. Other partners are also involved in the implementation of the program such as the Association of Regulators of Water and Sanitation of the Americas (ADERASA), the Brazilian Association of the Regulatory Agencies (ABAR), the International Water Association (IWA) and Sanitation and Water for All (SWA). The focus of this collaboration will be regional and will include the following areas: (i) identification of what has worked and what has not worked in the area of regulation and proposals of regulatory reforms in LAC, benchmarking, improvement identification and best practices; (ii) Development of a toolkit with best practices and lessons learned; and (iii) training, capacity building and mobility.

**III. Description of Activities and Outputs**

3.1 Component 1. Benchmarking, improvements identification and best practices. This component will finance the following activities: (i) Collection and processing of data and information about water and sanitation regulation in LAC countries;   
(ii) Development of a water and sanitation regulation assessment system for benchmarking and improvement identification of processes and practices, including initial design, discussion, test and validation and the development of supporting materials (tutorial, etc.); (iii) assessment and comparison of regulatory models within LAC and with other regions of the world; and (iv) promotion of brainstorming sessions with LIS-Water and other international organizations to analyze how they can foster regulatory process improvement. A consultant or consulting firm will be hired to perform the required management in the component. The expected results in this component are monthly monitoring reports, monitoring of the operation of the platform, communication materials, quality control of the process, budget monitoring, workshops, training, etc. 3.1 Component 2. Development of a tool kit with best practices and lessons learned. This component will finance: (i) the development of advocacy short best practice guides and videos as part of a set of knowledge products to support policy and decision makers in the water and sanitation services including central, regional and local governments; (ii) the development of best practices guides/handbooks to support the enhancement of regulatory authorities in the water and sanitation sector; and (iii) the development of a publication and video series with case studies (“what we can learn from…”) as part of a tool kit to support regulatory agencies in the sector. 3.2 Component 3. Training and capacity building and mobility. This component will finance: (i) executive training and capacity building to regulatory authorities from LAC, based on face-to-face training courses and distance learning; (ii) professional training and capacity building to regulatory agencies from the LAC region based on face-to-face and distance learning; and (iii) provide mobility and exchange of experiences to regulatory agencies from the LAC region based on technical visits.

3.2 **Component I: Component 1: Benchmarking, improvement identification and best practices.** Collection of data, development of a regulation assessment system.

3.3 **Component II: Component 2: Development of a tool kit with best practices and lessons learned.** Development of best practices guide/handbook.

3.4 **Component III: Component 3: training and capacity building and mobility.** Executive and professional training and capacity building to regulatory authorities.

**IV. Budget**

**Indicative Budget**

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| **Activity/Component** | **IDB/Fund Funding** | **Counterpart Funding** | **Total Funding** |
| Component 1: Benchmarking, improvement identification and best practices | US$165,000.00 | US$0.00 | US$165,000.00 |
| Component 2: Development of a tool kit with best practices and lessons learned | US$105,000.00 | US$0.00 | US$105,000.00 |
| Component 3: training and capacity building and mobility. | US$180,000.00 | US$0.00 | US$180,000.00 |
| **Total** | **US$450,000.00** | **US$0.00** | **US$450,000.00** |

**V. Executing Agency and Execution Structure**

5.1 The IDB will be the Executing Agency for the TC through the Water and Sanitation division. All contracting activities will be carried out in accordance with Bank policies and procedures. The execution will be done and supervised from the HQ, the focal point is Corinne Cathala, WSA Specialist; in coordination with the WSA specialist in each country where the work plan activities will be implemented.

5.2 The IDB will be the Executing Agency for the TC through the Water and Sanitation division. All contracting activities will be carried out in accordance with Bank policies and procedures. The execution will be done and supervised from the HQ, the focal point is Corinne Cathala, WSA Specialist; in coordination with the WSA specialist in each country where the work plan activities will be implemented.

**VI. Project Risks and Issues**

6.1 One of the risks in achieving the objectives of this TC is the potential lack of interest from regulatory agencies and/or national governments in proposed products or training. To mitigate that risk, Bank staff as well as staff from ADERASA and Lis-Water will be coordinating closely the implementation of the proposed activities and will be in close contact with the regulatory agencies sector ministries to ensure full appropriation of the activities.

**VII. Environmental and Social Classification**

7.1 The ESG classification for this operation is "undefined".