

JAPAN SPECIAL FUND (JSF) / JAPANESE TRUST FUND FOR CONSULTANCY SERVICES (JCF)**PROJECT PROFILE****FEBRUARY 4, 2008****I. GENERAL INFORMATION**

Country	Bolivia	
Project Name/Number	Support for preparation of water and sewerage investment program for periurban areas (BO-T1085)	
Team Leader/Members	Ruben Avendaño (INE/WSA); Marcelo Barros (INE/WSA); Coral Fernandez Illescas (INE/WSA); Javier Jimenez (LEG); Maria Liliana Mor (INE/WSA); Cynthia Nuques (INE/WSA); and Christopher Jennings (INE/WSA), team leader.	
Executing Agency:	Ministry of Water, through the Deputy Ministry of Basic Services (VSB)	
Financing plan:	IDB:	US\$ 240,000
	Cofinancing:	US\$ 0
	Local:	US\$ 60,000
	Total:	US\$ 300,000
Tentative dates:	Consultants contracted.	May 31 st , 2008
	Consultants' fieldwork concluded.	August 31 st , 2008
	Consultants' final reports circulated.	September 30 th , 2008
Execution and Disbursement Deadlines	Completion of Technical Cooperation:	September 30 th , 2008
	Final disbursement:	November 15 th , 2008

II. BACKGROUND AND PROBLEM STATEMENT

- 2.1 The Deputy Ministry of Basic Services (VSB¹) and the IDB have identified the lack of water and sewage services in the periurban areas of El Alto, La Paz, Cochabamba and Santa Cruz as the most important problem facing the sector. The VSB, the IDB and other international agencies, have defined the Potable Water and Sewerage Investment Program for Periurban Areas (the Program) to address this problem. The Program purpose is: "to have increased access to sustainable potable water and sewerage services in periurban populations", with a target of new water and sewage connections for 1 million inhabitants. The Program cost will be US\$150 million to finance the construction of relevant works incorporated in the five-year investment plans of the metropolitan operators.
- 2.2 The Program will be prepared as set out in the 100 Cities component of the IDB Water Initiative (document GN-2446-1), by which credit and grant financing from the IDB and other sources, will be structured for poor cities with water service access problems. Consequently the IDB will support the VSB in structuring the financing for the Program, and in preparing the Program so that it meets the criteria for such financing from the relevant lenders and donors. The IDB foresees contributing a US\$20 million loan to be approved in 2008 (project number BO-L1034), the

¹ *Viceministerio de Servicios Básicos.*

Government will contribute US\$2 million in counterpart financing, and the IDB will assist the VSB in obtaining US\$128 million in parallel financing for the balance.

- 2.3 During the identification mission for the Program, the Government of Bolivia requested a non-reimbursable technical cooperation to be used to support the VSB in the preparation of the Program. The request was noted in the Aide Memoir of that mission and signed by the Deputy Minister of VSB, and the Deputy Minister of the Deputy Ministry of Public Investment and External Financing (VIPFE). The Aide Memoir is attached as Appendix II. The Government of Japan has agreed to finance the TC using the Japanese Special Fund (JSF).

III. OBJECTIVES AND DESCRIPTION

A. Objectives

- 3.1 The purpose of the TC is to prepare the Program in sufficient detail for the IDB and other potential credit and donor agencies to approve financing. To meet the purpose the TC would (i) develop specific aspects of the institutional framework for Program execution, (ii) evaluate the Program, and (iii) demonstrate the Program's feasibility.

B. Description

- 3.2 The TC will finance five consultancies:
- i. Consultancy 1, Financial. Consultancy to: (i) design the financial mechanisms and procedures to channel Program funds to the operators, based on the Sector Finance Policy that has been developed by the VSB with support from international agencies working in water and sanitation projects; (ii) develop the counterpart and co-financing scheme based on the Sector Finance Policy; (iii) evaluate the financial capacity of the operators, municipalities and regional governments; define an plan to improve the financial capacity of the operators, municipalities and regional governments associated to the Program; and (iv) evaluate tariffs currently charged, and degree of cost recovery and design a tariff and subsidies scheme to guarantee the Program financial feasibility;
 - ii. Consultancy 2, Technical. Consultancy to confirm the results of preliminary studies undertaken prior to the identification mission to define the Program scope, and to justify the amount of the Program;
 - iii. Consultancy 3, Institutional. Consultancy to: (i) evaluate the institutional capacity of the financial intermediary scheme to channel Program funds to the operators; (ii) evaluate the implementation capacity of the operators; and (iii) undertake formal Systematic Evaluation of the Institutional Capacity (SECI) of implementation actors; (iv) define an institutional strengthening plan for the operators; (v) hold a series of training workshops for the operators; (vi) present the findings of the institutional consultancy at a workshop for a wider audience of stakeholders;

- iv. Consultancy 4, Socio-economic evaluation. Consultancy to: (i) undertake a socioeconomic survey to determine the demand for potable water and sewerage services in the periurban areas; (ii) develop a demand supply curve; and (iii) undertake a cost-benefit analysis.
- v. Consultancy 5, Operating Regulations. Consultancy to write Operating Regulations once Program design is complete.

IV. COST AND FINANCING

- 4.1 This TC total cost of is estimated at US\$300,000. The JSF will finance up to US\$ 240,000 (80%) and the VSB will finance US\$ 60,000 (20%) in kind. The budget is summarized below and detailed in Appendix 1.

Item	JSF total (US\$)	Counterpart (US\$)	Total (US\$)
<u>Consultancy 1</u>	56,100	7,650	63,750
<u>Consultancy 2</u>	20,500	1,700	22,200
<u>Consultancy 3</u>	56,900	7,650	64,550
<u>Consultancy 4</u>	91,100	7,650	98,750
<u>Consultancy 5</u>	14,300	1,700	16,000
VSB staff and expenses	0	25,000	21,000
Hire of meeting hall for training	0	2,000	2,000
Hire of venue for workshops	0	6,000	6,000
Contingency	600	650	1,250
TOTAL	240,000	60,000	300,000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 **Executing Agency.** The executing agency for the Technical Cooperation will be the VSB. The IDB, through the INE/WSA division, will be responsible for the procurement and contracting of the consulting firms to carry out the work.
- 5.2 The IDB will contract consulting firms or individual consultants as set out in the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank.
- 5.3 **Monitoring and Evaluation.** Employees of the VSB will accompany the consultancy teams full time, monitor their activities and evaluate the final reports. The IDB project team will evaluate interim and draft final reports from each consultancy prior to, and during missions to Bolivia. The terms of reference for each consultancy, and all reports will be circulated to members of the international community involved in the project to make sure that the scope complies with their requirements, and the standard is sufficient.

VI. MAJOR ISSUES

- 6.1 There are no major issues that will have an impact on the implementation of the Technical Cooperation. The IDB contracted a similar set of consultancies for the preparation of a loan for the Small Community Water Program (BO-L1013) that was approved in 2007. No difficulties were encountered.

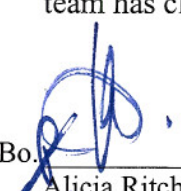
VII. ACTION PLAN

- 7.1 The consultancies are designed to be implemented in parallel with the preparation of the Program. Each of the consultancies, with the exception of that for the Operating Regulations, will run coincidentally. The consultant for writing the Operating Regulations will be contracted in August, so that he or she will be able to participate in the Program analysis mission.

Activities	Latest date
Plan of Operations completed and sent to ESR and QRR	March 25 th , 2008
Terms of reference for consultancies completed and agreed with VSB and participating international agencies.	March 31 st , 2008
Plan of Operations submitted to VPC/GCM for certification of funds	April 1 st , 2008
Plan of Operations submitted to VPC and VPS for approval	April 4 th , 2008
Request for consultancy proposals published.	April 15 th , 2008
Offers received from consultants.	May 15 th , 2008
Consultants selected.	May 20 th , 2008
Consultancy contracts finalized.	May 31 st , 2008
Consultant teams mobilized and Program orientation mission concluded.	June 15 th , 2008
Consultants' fieldwork concluded and draft final reports circulated to VSB and participating international agencies.	August 31 st , 2008
Program analysis mission concluded.	September 15 th , 2008
Consultants' final reports circulated to VSB and participating international agencies.	September 30 th , 2008

VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 **Environmental and Social Impacts.** The TC comprises studies and evaluations and will not generate direct negative environmental or social impacts. The project team has classified the TC as a C project.

Vo. Bo. 
Alicia Ritchie, Manager, CAN/CAN


Vo. Bo. Roberto Vellutini, Manager, INE/INE

ANNEX

Appendix I: [Estimated Budget](#)

Appendix II: [Aide Memoir](#)

Annex 1: [Safeguard Policy Filter Report](#)

Annex 2: [Safeguard Screening Form](#)