**Draft TC ABSTRACT**

1. **Basic project data**

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| * Country/Region: | Regional |
| * TC Name: | Management, operation, improvements, support of the implementation and dissemination of the AquaRating Program |
| * TC Number: | RG-T3377 |
| * Team Leader/Members: | Team Leader: Corinne Cathala (INE/WSA); Alternate Team Leader: Keisuke Sasaki (INE/WSA); Team members: Federico Peñalosa and Irene Cartin (INE/WSA); Carolina Veríssimo da Silva (LEG/SGO) |
| * Indicate if: Operational Support, Client Support, or Research & Dissemination. | Research & Dissemination |
| * Date of TC Abstract: | September 4th, 2018 |
| * Beneficiary (countries or entities which are the recipient of the technical assistance): | Regional |
| * Executing Agency and contact name: | Inter-American Development Bank, through the Water and Sanitation Division of the Infrastructure and Energy Sector (INE/WSA) |
| * IDB Funding Requested: | US$500,000 |
| * Local counterpart funding, if any: | N/A |
| * Disbursement period (which includes execution period): | 40 months  (Execution: 36 months) |
| * Required start date: | February 28, 2019 |
| * 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 |
| * Institutional Strategy (document AB-3008) | Productivity and innovation  Institutional capacity and rule of law |

1. **Objective and Justification** 
   1. AquaRating is an IDB flagship knowledge product of the Inter-American Development Bank (IDB or Bank), consisting of a rating system that assesses the performance of water and sanitation utilities to foster process improvements. It was developed as an initiative of the IDB, in collaboration with the International Water Association (IWA) to apply AquaRating in water and wastewater utilities in Latin America and the Caribbean (LAC) through the IDB and in the rest of the world through IWA and promote its use. The Bank’s main goal at this point is, given the high demand for the tool in the LAC region, to continue supporting the implementation and improvement of the AquaRating Program until it becomes a reference for all utilities in LAC, and a world-wide standard. AquaRating is a voluntary and universal system that offers a comprehensive assessment of the performance of water and sanitation services providers, based on reliable information and validated by independent and accredited agents. The main objective of this technical cooperation (TC) operation is to manage, support the dissemination of and operate the implementation of the AquaRating program in a selected number of water and sanitation utilities in LAC, and to promote its use in LAC.
   2. A technical cooperation operation under execution has been supporting the launch to market of the AquaRating tool in Ecuador, Colombia, Argentina, Jamaica, El Salvador, and Mexico, among others (RG-T2883), as well as the update of the AquaRating tool. The main outputs obtained from that technical cooperation operation include: (i) a revamped version of the AquaRating tool; (ii) implementation of the Aquarating evaluation process in over 60 water utilities in LAC; (iii) workshops to train technical and management staff to use AquaRating in Colombia, Mexico, Argentina and El Salvador; (iv) Aquarating certification of 5 water utilities; (v) training and authorization of 4 audit firms to act as AquaRating auditors; (vi) preparation of the AquaRating Validation of Consistency guidelines Vol.1; (vii) updating and re-design of the AquaRating website (www.aquarating.org); (viii) the AquaRating Auditors Guidelines in English and Spanish; and (ix) promotional and marketing materials in English and Spanish (i.e. production of videos in collaboration with water operators to disseminate good practices associated with the application of AquaRating).
   3. The implementation of AquaRating among water and sanitation utilities in the LAC region and elsewhere since late 2014 has brought very valuable information to the IDB and IWA on how to optimally implement the tool. This new TC operation will make it possible to further disseminate the AquaRating evaluation tool through direct promotion in international events as well as the development of a Massive Open On-line Course (MOOC). This new TC operation will also help disseminate the AquaRating tool in other borrowing member countries of the Bank in LAC such as Brazil, Bolivia, Perú, Argentina, as well as in the Caribbean.
   4. As has been the case previously, the Bank will be the executing agency for this TC operation to ensure the optimal application of the AquaRating tool in the LAC region. IWA will be able to continue promoting the tool in other regions of the world (following the principles and procedures set by the IDB). The technical unit in INE/WSA, which has been overseeing the dissemination and technical aspects of the implementation of AquaRating will continue performing those tasks.
   5. A lot of interest in AquaRating has been generated through different events and promotional efforts. As a result, several water and sanitation utilities in LAC have expressed their intention to apply AquaRating to know better about the state of their infrastructure and improve their performance. In addition, some donors are willing to finance the application of AquaRating in selected utilities. The IDB needs the resources to respond to the current and future demand for the tool.
   6. This TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) and is aligned with the development challenges of: (i) productivity and innovation; and (ii) institutional capacity and rule of law. The TC is aligned with the cross-cutting areas of: (i) climate change; and (ii) environmental sustainability by improving the management of infrastructure and water as a natural resource.
   7. In addition, this TC is aligned with the five dimensions defined in the Document of Water and Sanitation Sector Framework (SFD document GN-2781-8) approved by the Bank in December 2017. In the SFD, the dimensions of success and lines of action for the sector were defined, including achieving universal access to water and sanitation, improving the quality of the service, incorporating good practices in the management of infrastructure and the use of appropriate technologies, as well as the inclusion of aspects of water security.
2. **Description of activities and outputs**
3. **Component 1. Management of AquaRating and implementation in LAC.** This component will finance the following activities: (i) provide the technical support that utilities require during the application of AquaRating; (ii) validate the consistency of the information provided by utilities to assess their performance prior to the auditing process; (iii) program management, monitoring, license management, process administration, communication management, budget management, contract management, strategic planning, AR implementation support, AR knowledge management, articulation / participation of events, identification and implementation of improvement opportunities. Accompaniment to operators in the implementation, work sessions, follow-up, training, requirements attention, validation, audits, etc. 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.
   1. **Component 2. Updating of the AquaRating Standard.** This component will finance: (i) the update and inclusion of new relevant components in the sector and replacement by elements defined as not relevant; and (ii) the update of the Aquarating tool. A team of individual consultants or specialized firms will be hired to analyze all areas of evaluation of the AquaRating. The expected result is a diagnosis of the current content of the AquaRating standard, the new elements to be included and the automation on the platform
   2. **Component 3. Development of the AquaRating business model.** This component will finance the design of a new business model, which contemplates sustainable growth of AquaRating with optimal and rational use of resources.

An individual consultant or consulting firm will be contracted to design and implement the AquaRating operation model. The result of this component is to define the business and operation model for the sustainability of AquaRating and the plan to implement the model defined

* 1. **Component 4. Promotion and dissemination of AquaRating**. This component will finance: (i) the promotion of AquaRating in different events, and special visits to interest groups and financial institutions as well as development agencies[[1]](#footnote-1). This component will finance travel costs for the AquaRating team as well as the IDB team to promote AquaRating[[2]](#footnote-2); (ii) the participation in meetings in the LAC region and outside of the region, as the case may be; (iii) the production of marketing and commercial materials, stands preparation; and (iv) the publication of the AquaRating Standard for its distribution in the LAC region; and (v) the development of an innovation initiative for the application of the operators. This component will also finance the development of a MOOC on AquaRating in collaboration with the Knowledge, Innovation and Communication Sector (KIC) of the IDB.

1. **Budget** 
   1. The total amount of funding requested is US$500,000. The distribution of resources is as follows:

**Indicative Budget (US$)**

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| --- | --- | --- | --- |
| **Activity/Component** | **Description** | **IDB/Fund Funding** | **Total Funding** |
| Component 1: Management of AquaRating and implementation in LAC | Management of the AquaRating tool and processes and operation. | 150,000 | **150,000** |
| Component 2: Updating of the AquaRating Standard | Updating and inclusion of new elements and replacement of others in the AquaRating Standard and processes. | 150,000 | **150,000** |
| Component 3: Development of the AquaRating business model | Design of a sustainable business model for Aquarating. | 120,000 | **12,000** |
| Component 4: Promotion and dissemination of AquaRating | Promotion and dissemination of Aquarating in events in LAC and development of MOOC | 80,000 | **80,000** |
| **TOTAL** |  | 500,000 | **500,000** |

1. **Executing agency and execution structure** 
   1. As the Aquarating technical and management teams are based at IDB headquarters and have been executing the previous technical cooperation operations, 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 AquaRating is implemented
2. **Project Risks and issues** 
   1. One of the risks in achieving the objectives of this TC is the potentially high and low demand picks. AquaRating could generate a lot of interest from too many utilities and sponsors at the same time, which could impact negatively the AquaRating Technical Unit. To mitigate that risk, local consultants will be contracted to attend the utilities on a day-to-day basis in each of the countries where demand is high, as has been successfully implemented in Colombia and Mexico, or through consultants to support regionally as well as firms to support complementary services such as validations, audit, support, etc. In addition, to avoid any low pick in demand, promotional activities will continue throughout the implementation of this TC.
3. **Exceptions to Bank policies**

This TC operation does not include any exception to Bank policies.

1. **Environmental and Social Classification** 
   1. Following ESG’s project classification process requirements, it has been determined that this TC operation falls under Category C. No environmental assessment studies or consultations are required for Category "C" operations.

1. There exist on-going activities in partnership with the Asian Development Bank, the Millennium Challenge Corporation and the Economic Cooperation and Development of Switzerland. [↑](#footnote-ref-1)
2. 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. [↑](#footnote-ref-2)