

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	AquaRating: Management, Operation, Improvements, Support to the implementation, and Dissemination of the Program
▪ TC Number:	RG-T4051
▪ Team Leader/Members:	CATHALA, CORINNE (INE/WSA) Team Leader; BASANI, MARCELLO (INE/WSA) Alternate Team Leader; SASAKI, KEISUKE (INE/WSA); LOPEZ, LILIANA M. (INE/WSA); VILA SAINT-ETIENNE, SARA (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	07 Feb 2022
▪ Beneficiary:	Regional
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$500,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 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):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law; Environmental sustainability; Gender equality; Diversity

II. Objective and Justification

- 2.1 The main objective of this operation is to manage, support the dissemination of and operate the implementation of the AquaRating program in a selected number of water and sanitation utility companies, in addition to promote its use in Latin-American and the Caribbean (LAC). This TC operation would include financing to support the implementation of additional focused analyses throughout the LAC region, as the demand for them is growing. The increasing number of water utilities that have implemented the AquaRating tool and focused analyses has generated a critical mass of utilities, which allows for benchmarking exercises among water utilities from the same country, region, or sub-region. This new TC operation will make it possible to further disseminate the AquaRating evaluation tool as well as its focused analyses in the LAC region and generate business intelligence. Other multilateral and bilateral agencies have expressed interest in implementing the tool in the geographic area they cover, which has been very successful. As a result, the team has been collaborating with the World Bank, the Asian Development Bank, the Dutch and Swiss cooperation agencies and the Millennium Challenge Corporation to implement the tool outside of the LAC region.
- 2.2 AquaRating is an IDB flagship knowledge product of the 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. Given the high demand for the tool in the LAC region, the Bank's main goal is 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. Two previous technical cooperation operations have been supporting the launch to market of the AquaRating tool in LAC region (RG-T2883 and RG-T3377), as well as the update of the AquaRating tool. The main outputs obtained from those TCs include: (i) a revamped version of the AquaRating tool; (ii) implementation of the AquaRating evaluation process in over 100 water utilities in LAC and other regions of the world through IWA; (iii) workshops to train technical and management staff to use AquaRating in Colombia, Mexico, Argentina and El Salvador; (iv) AquaRating certification of 10 water utilities; (v) training and authorization of 4 audit firms to act as AquaRating auditors; among other outputs. The AquaRating focused analyses constituted a key development for AquaRating in 2020 since they allow water utilities to do a self-assessment of a specific area of interest (Innovation, climate change, water losses, integrity, and business continuity) and, in the case of innovation, elaborate an innovation strategic plan. Over 17 focuses analyses were implemented in water utilities over the past year in Peru, Argentina, Ecuador, Panama, and Costa Rica, among others. This TC operation would include financing to support the implementation of additional focused analyses throughout the LAC region, as the demand for them is growing. The increasing number of water utilities that have implemented the AquaRating tool and focused analyses has generated a critical mass of utilities, which allows for benchmarking exercises among water utilities from the same country, region or sub-region. This new TC operation will make it possible to further disseminate the AquaRating evaluation tool as well as its focused analyses in the LAC region and generate business intelligence. Other multilateral and bilateral agencies have expressed interest in implementing the tool in the geographic area they cover, which has been very successful. As a result, the team has been collaborating with the World Bank, the Asian Development Bank, the Dutch and Swiss cooperation agencies, and the Millennium Challenge Corporation to implement the tool outside of the LAC region.

III. Description of Activities and Outputs

- 3.1 **Component I: Component 1: Management of AquaRating and Implementation in LAC .** Management of the AquaRating tool and its focused analyses, processes, and operation.
- 3.2 **Component II: Component 2: Development of New and Updating of the Existing AquaRating Focused Analyses.** Management of the AquaRating tool and its focused analyses, processes and operation development of new focused analyses and tools on specific topics and updating of existing focused analyses to be translated into Spanish, English, and Portuguese.
- 3.3 **Component III: Component 3: Implementation of the AquaRating Marketing Strategy.** Design and implementation of the AquaRating marketing strategy to scale up the use of the tool in the LAC Region.
- 3.4 **Component IV: Component 4: Promotion and Dissemination of AquaRating Knowledge Products.** Promotion and dissemination of AquaRating in events in LAC and preparation and publication of technical notes/policy papers on AquaRating and its focused analyses.

IV. Budget

Indicative Budget (in US\$)

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Management of AquaRating and Implementation in LAC	\$220,000.00	\$0.00	\$220,000.00
Component 2: Development of New and Updating of the Existing AquaRating Focused Analyses	\$150,000.00	\$0.00	\$150,000.00
Component 3: Implementation of the AquaRating Marketing Strategy	\$90,000.00	\$0.00	\$90,000.00
Component 4: Promotion and Dissemination of AquaRating Knowledge Products	\$40,000.00	\$0.00	\$40,000.00
Total	\$500,000.00	\$0.00	\$500,000.00

V. Executing Agency and Execution Structure

- 5.1 As has been the case previously, the Bank, through its Water and Sanitation Division (INE/WSA), 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 through the AquaRating license (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.
- 5.2 All contracting activities will be carried out in accordance with Bank policies and procedures. The execution will be done and supervised from the HQ by the AquaRating's focal point and this TC's team leader in INE/WSA in coordination with the WSA specialist in each country where AquaRating is implemented.

VI. Project Risks and Issues

- 6.1 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.

VII. Environmental and Social Classification

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