**Technical Cooperation Document**

1. **Basic Information for TC**

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| * Country/Region: | COLOMBIA |
| * 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; Paez Rubio, Tania (INE/WSA) Alternate Team Leader; Ocampo Salgado Carolina (INE/WSA); Crausaz Sarzosa, Ernesto Patricio (VPC/FMP); Corzo Delgado Clara Maria (INE/WSA); Nicolas Moreno (ORP/GCM); Escudero, Carolina (VPC/FMP); Bonilla Merino Arturo Francisco (LEG/SGO); Barbosa Taves De Gouvea, Heleno (ORP/REM); Merchan Paladines, Vianca Tatiana (VPC/FMP); Romero Burgos Maria Fernanda (INE/WSA); Bohorquez Gongora Juan Fernando (INE/WSA); Garavito Estrada Carlos Eduardo (INE/WSA) |
| * Taxonomy: | Client Support |
| * Operation Supported by the TC: | N/A |
| * Date of TC Abstract authorization: | 13 Aug 2024. |
| * Beneficiary: | Colombia (Water and Sanitation Utilities) |
| * Executing Agency and contact name: | Inter-American Development Bank and Colombian Association of Sanitary and Environmental Engineering (ACODAL) as co-executing agency |
| * Donors providing funding: | Project Specific Contributions (PSC); Strategic Development Program Window 2 – Sustainable Infrastructure (W2B) |
| * IDB Funding Requested[[1]](#footnote-2) [[2]](#footnote-3): | Project Specific Contributions (PSC); US$2.508.000  Strategic Development Program Window 2 – Sustainable Infrastructure (W2B): US$600.000  Total: US$3.108.000 |
| * Local counterpart funding, if any: | US$100,000.00 (In-Kind) |
| * Disbursement period (which includes Execution period): | 39 months |
| * Required start date: | January 2025 |
| * Types of consultants: | Individual consultants and consulting 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 IDB Group’s Institutional Strategy: | Increasing Resource Mobilization, Promoting Gender Equality, Diversity and Inclusion, Climate Change and Environmental Sustainability, Institutional Capacity and the Rule of Law |

1. **Objectives and Justification of the TC**
   1. The Technical Cooperation’s overall goal is to contribute to the improvement of the quality and sustainability of the urban water and sanitation services through the consolidation of the corporate development results in the water and sanitation sector in Colombia fostered by the operation “[Comprehensive development Urban Water and Sewerage Companies in Colombia (CO-T1457) - phase I](https://convergence.iadb.org/Operation/CO-T1457)”.
   2. This is the second and last phase of CO-T1457[[3]](#footnote-4), a PSG financed by the Swiss State Secretariat for Economic Affairs (SECO) and executed by the IDB between 2017 and 2024 (USD 15.5 million), and will be based on the achievements obtained and lessons learned during the implementation of corporate development in urban water and sanitation utilities in Colombia through phase I.
   3. Colombia's admission to the Organization for Economic Co-operation and Development (OECD) in April 2020 represents a challenge, as corporate development improvements are expected, particularly in corporate governance, fiscal discipline, effective stakeholders’ management, and the adoption of rigorous public management norms. In the provision of water and sanitation services, issues regarding efficiency, service quality, innovation, and financial and environmental sustainability are of great importance.
   4. Phase I, in line with OECD principles, contributed to improve water and sanitation utilities performance, in order to strengthen their capacity for planning, executing and operating infrastructure in an efficient and sustainable way and in the end, provide a better service. Also, technical support was provided in phase I for the incorporation of international standards and good practices in 12 key areas[[4]](#footnote-5). The progress was significant, as when comparing the initial performance evaluation of 18 utilities with the final one (using AquaRating[[5]](#footnote-6)), after having implemented the corporate development actions, utilities improved their rating by 19% on average, with a significant impact in the quality of service and operating efficiency. The initial goal was to improve the corporate development of 10 water utilities. However, due to high interest and strong engagement, the cooperation expanded to include 35 utilities benefiting 32 million Colombians. A third-party evaluation in 2023 highlighted that phase I main achievement was shifting the focus from just building infrastructure to enhancing corporate development in Colombia's urban water and sanitation sector. In its first phase, the CO-T1457 helped utilities improve by addressing inefficiencies, bottlenecks, service quality, and has up-skilled more than a thousand professionals.
   5. Nevertheless, significant challenges still remain in the sector. Coverage and water quality gaps are still prominent as well as challenges in reducing the risk of water insecurity. According to the Joint Monitoring Programme (UNICEF & WHO)[[6]](#footnote-7), in 2022, still 26% of Colombia’s population did not have access to safely managed water[[7]](#footnote-8) and 82% did not have access to safely managed sanitation[[8]](#footnote-9). As reported by the OECD in 2021, in Colombia still more than one third of the population lives under water stress due to disparities in its availability. The sector still suffers from serious challenges, such as high non-revenue-water rates, the low reliability and quality of the information provided by the utilities, the need for investments in science, infrastructure, technology and innovation activities, and the funding gap[[9]](#footnote-10).
   6. Also, for the sustainability of the support provided in Phase I, the following challenges persist: i) the sector lacks an actor that guarantees the continuity of achievements, and lessons learned obtained in phase I and foster corporate development principles, ii) there is a persistent disruption to the business strengthening processes due to changes in national and municipal authorities every four years, causing high turnover rates at the corporate level (i.e. managers and boards of directors), iii) the knowledge and lessons learned generated benefited mostly utilities that participated in phase I and have not yet fully become public goods because they have not been made widely available to the sector at large, and iv) quality and accessibility of water sectoral knowledge is lacking; all of the above affects the sustainability and corporate development in water utilities.
   7. Additionally, corporate development challenges persist at a systemic level, and it is imperative that more operators integrate in their DNA activities and processes to enhance and sustain technical and organisational capacities and provide a better service. Fortunately, there is an increasing demand across water utilities for knowledge to implement better business practices. The second phase proposed will increase scale and will reach underserved markets (mainly smaller water and sanitation utilities), as well as, to generate knowledge transfer with national and regional outreach.
   8. In this sense, this second phase, will benefit the entire sector through free access to public goods and the strengthening of two existing and successful initiatives from phase I that are well on-track in reaching sustainability, the Sectoral Action for Governance and Business Efficiency (Sectoral Action)[[10]](#footnote-11) and the Water Operators Partnership platform (WOP-Colombia)[[11]](#footnote-12) , and will concentrate efforts working with the two main Colombian associations (non-profit organisations), dedicated to the wellbeing of the water and sanitation sector, the National Association of Utilities and Communications - ANDESCO[[12]](#footnote-13) and the Colombian Association of Sanitary and Environmental Engineering - ACODAL[[13]](#footnote-14), to strengthen and institutionalize within their mandate the Sectoral Action and WOP- Colombia respectively (for which they currently play the role of technical secretariat but have not yet integrated the initiatives within their core business).
   9. According to ILO data, women's participation in electricity, gas, and water service companies in Colombia is 19.43%. Additionally, the Global Gender Gap Index (WEF, 2024) indicates that women's participation in the labor market is 52%, compared to 76% for men, resulting in a 24% gender gap. At the national level, the GGGI shows that women earn 67% of men's salaries, despite having better academic qualifications—64% of women hold tertiary education compared to 54% of men. For these reasons, it is essential that ANDESCO and ACODAL promote the development of gender policies for W&S utilities that underscores their commitment to gender equality, equity, and inclusion.
   10. The objectives and activities of this technical cooperation are aligned with the IDB Group Institutional Strategy: Transforming for Scale and Impact document number (CA-631) in its three basic objectives; i) Reduce poverty and inequality; ii) Address climate change; and iii) Bolster sustainable regional growth, reflected in interventions aimed at ensuring the sustainability and adoption of best corporate development practices in the water and sanitation sector, reaching the regional and local levels for better and more efficient services. This TC also aligns with the following areas of operational focus: (i) biodiversity, natural capital and climate action and (ii) gender equality as the AquaRating tool will be used to evaluate the current status of water utilities in managing gender and climate change issues, in order to develop action plans and improve performance; (iii) institutional capacity, rule of law, and citizen security; and (iv) social protection and human capital development as the TC will generate a number of public goods that will be available to all sector actors, strengthening their capacity and knowledge for applying best practices in water and sanitation utilities’ management. Additionally, the TC aligned with the objective of Colombia Country Strategy 2018 – 2022 (GN-2972)[[14]](#footnote-15) “raise the quality of infrastructure and urban development, reduce transaction costs in the economy, and improve the international positioning of goods produced in Colombia”.
   11. The TC is aligned with the Success Dimensions and Lines of Action of the Water and Sanitation Sectoral Framework (GN-2781-13) with the premise that "projects and programs are environmentally and socially sustainable and incorporate climate change and environmental and cultural sustainability considerations"; and with strategy of "Sustainable Infrastructure for Competitiveness and Inclusive Growth" (GN-2710-5) in the priority areas for action of "Promoting access to infrastructure services", "Promoting continuous improvements in infrastructure governance" and "Supporting the construction and maintenance of environmentally and socially sustainable infrastructure". The objective of this TC is also consistent with the goals and standards of the Strategic Program for the Development of Countries Financed with Ordinary Capital (OC SDP), whose objectives include: “(i) create opportunities for Public-Private partnerships (PPP) in infrastructure in LAC; (ii) improve the quality of infrastructure projects in LAC; (iii) promote greater investment in the region’s infrastructure sector and enhance the performance, quality, and sustainability of infrastructure services; (iv) enhance the quality of design and efficiency in the execution of infrastructure projects; (v) improve the design and monitoring of public policies and the transmission of lessons learned in the infrastructure sector; and (vi) generate and deepen sector knowledge on good infrastructure practices.’’ (GN-2819-14, Section V Window 2: Priority Areas, B. Priority Area 2: Sustainable and Resilient Infrastructure).
   12. The TC is consistent with the current National Development Plan 2022 - 2026 called Colombia - World Power of Life, particularly in the axes of: 1) territorial planning around water and 2) human and social rights. Territorial planning around water and environmental justice are high priority on the national agenda, proposing a planning model that should promote environmental sustainability, productivity, better public services and quality of life.
   13. Also, the TC is aligned with the objectives of SECO/WE[[15]](#footnote-16) under the current (2021-2024) and forthcoming (2025-2028) international cooperation strategy and with the foreign economic policy strategy, more specifically with its overall goal to strengthen Colombia´s institutions, communities, and civil society. The proposal is framed within objective 3 - sustainable cities and territories, stronger institutions, and better public services - and will contribute to the accomplishment of one of the main measures of the objective related to enhancing water governance and scaling-up of corporate water stewardship.
2. **Description of activities/components and budget**
   1. **Component 1: Institutionalisation of the Sectoral Action within ANDESCO.** The first component seeks to foster the sustainability of the Sectoral Action and will achieve this through the following: i) Organisational adjustments and funding strategy for the Sectoral Action. The TC will provide technical and legal support for required legal amendments in ANDESCO’s organisational structure, its operational manual and/or processes. Also, in order to ensure sustainability of the Sectoral Action, the TC will support ANDESCO in the development and implementation of a log-term funding strategy; ii) Capacity building to strengthen the Sectoral Action towards a wider range of development topics. Based on the demand of the utilities subscribed to the Sectoral Action, it will complement its current focus on corporate governance with other strategic corporate development topics such as, for example: non-revenue water, energy efficiency, circular economy, water security, gender equality, and decarbonisation. This will lead to the elaboration of improvement plans related to new corporate development topics and a dashboard with related indicators for monitoring their reporting and compliance for the Sectoral Action utilities. Based on these, knowledge products will be developed and made available to all water utilities in the sector; iii) Development of public goods and knowledge management. Knowledge development tools will be created based on Phase I results in order to be disseminated to the sector. These tools will include online courses to complement the set of courses already released[[16]](#footnote-17) in phase I, which will be hosted openly and freely on a public website. Collaboration with universities and water-related academic education programmes will be expanded and the TC will finance a module hosted under Sectoral Action’s website to facilitate knowledge and lessons learned sharing; iv) Additionally, the developments will be shared with sector entities so that they can be used as inputs for public policy dialogue and targeted programmes, and will be disseminated to stakeholders at national, regional and international levels. A dissemination plan will be designed and implemented in order to guarantee that the tools, courses, the web module and all knowledge generated are known by all relevant stakeholders. Also, knowledge will be presented in high level international events such as the World Water Forum, the World Water Week, OECD biannual meetings or the IWA World Water Congress.
   2. **Component 2. Institutionalisation of the WOP-Colombia platform within ACODAL.** The second component seeks the scaling-up and the sustainability of WOP-Colombia’s peer-to-peer learning approach, knowledge transfer and technical support under a collaborative environment. The activities will be: i) Organisational adjustments and funding strategy for the WOP-Colombia platform. The TC will provide technical and legal support for required legal amendments in ACODAL´s organisational structure, its operational manual and/or processes. Also, the TC will provide support in the development and implementation of a funding strategy to secure the sustainability of the platform; ii) Expanding technical support between utilities based on the partnership model (peer-to-peer). The TC will support ACODAL in organising and managing partnerships between water operators, securing them at a larger scale, and reaching smaller urban water service providers. Utilities will register as WOP-Colombia members in order to participate. In the registration process they will indicate their strengths and needs so a match can be made between mentors and beneficiaries. All partnerships are developed on a demand-based approach; iii) Public goods development and knowledge management. The TC will document lessons learned and business cases derived from experiences in peer-to-peer partnerships. The Programme will seek to implement a module hosted under ACODAL’s website where knowledge and lessons learned are shared. Also, an innovative functionality will be developed to facilitate the promotion, signing and development of partnerships autonomously from the TC financing. iv) Dissemination to stakeholders at the national, regional and international level. Achievements and lessons learned developed by WOP-Colombia will be showcased in annual workshops during the ACODAL congress at national level, and by presenting in high level international events such as the Global WOP congress, the World Water Forum, the World Water Week or the IWA World Water Congress.
   3. **Expected Outcomes**: (i) the Sectorial Action initiative and the WOP-Colombia platform are institutionalized in the two associations; (ii) the two sector associations ANDESCO and ACODAL mobilised additional resources for sustainably financing their corporate development activities in the water sector; (iii) peer-to-peer learning and technical support expanded among water utilities; and (iv) institutional and professional capacity/skills of the water sector improved.
   4. **Key Outputs**: (i) ANDESCO’s and ACODAL’s capacity building and organisational adjustments plans are developed and implemented; (ii) Sectoral Action’s and WOP-Colombia’s funding strategy are developed and implemented; (iii) monitoring and evaluation systems for new corporate development topics are designed and implemented within the Sectoral Action; (iv) Sectoral Action improvement plans related to new strategic corporate development indicators are developed; (v) knowledge products are developed; (vi) courses are developed and delivered; (vii) web modules for networking and knowledge exchange are developed; (viii) dissemination plan of products and knowledge to stakeholders are designed and implemented; (ix) International presentations are delivered to position the Sectoral Action and WOP-Colombia and their achievements; (x) partnerships between water utilities are implemented; (xi) business cases are documented; and (xii) workshops are organised to disseminate WOP-Colombia products and knowledge.
   5. The cost of this TC is approximately US$3.208.000, which will be financed with resources from:
3. A Project Specific Grant (PSG) from the State Secretariat for Economic Affairs SECO – Economic Cooperation and Development. SECO will contribute CHF $2.400.000, equivalent to US $2.640.000 based on the exchange rate of 1.1, defined at credit proposal stage. US $132.000 will be set aside from this contribution as a 5% administration fee. The remaining contribution of US $2.508.000 corresponds to the project amount as indicated in the Budget Table. Final resources in US dollars will be dependent on the exchange rate of the date when the resources are received by the Bank and converted into US Dollars. If a significant adverse fluctuation in the exchange rate reduces the amount of US dollars in this budget and such amount cannot be covered by the contingency line, the project activities will be decreased appropriately, and the budget will be adjusted accordingly by the project team.
4. IDB resources from Ordinary Capital, Strategic Development Program Window 2 – Sustainable Infrastructure (W2B):US$ 600.000,
5. and in-kind local[[17]](#footnote-18) counterpart of US$100.000.
   1. The funds will be used to finance the hiring of firms and/or individual consultants against the presentation of verifiable products, as well as the costs of mobilisation expenses related to the performance of their functions and other non-consulting services. The detail of the costs is presented below, the detailed budget is presented in Annex VI.

**Indicative Budget\***

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| --- | --- | --- | --- | --- | --- |
| **Activity/Component** | **SECO**  **(PSC)** | | **IDB (W2B)** | **Counterpart\*\*** | **Total** |
| **Executed by**  **IDB** | **Executed by ACODAL** |
| Component 1: Institutionalisation of the Sectoral Action within ANDESCO | 1.061.000 |  | 600.000 | 50.000 | 1.711.000 |
| Component 2: Institutionalisation of the WOP-Colombia platform within ACODAL |  | 448.000 |  | 50.000 | 498.000 |
| Project Coordinating Unit[[18]](#footnote-19) | 875.000 |  |  |  | 875.000 |
| ACODAL Audit[[19]](#footnote-20) |  | 13.600 |  |  | 13.600 |
| Contingencies[[20]](#footnote-21) | 110.400 |  |  |  | 110.400 |
| **Subtotal** | **2.046.400** | **461.600** |  |  |  |
| **TC total cost** | **2.508.000** | | **600.000** | **100.000** | **3.208.000** |

\*Component 2 and audit will be executed by ACODAL. Other resources by the IDB.

\*\*In-kind contribution from ANDESCO and ACODAL

* 1. **SECO Contribution Resources.** Resources of this project to be received from SECO through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment by SECO will be established through a separate Administration Agreement. Under such agreement, the resources for this project will be administered by the Bank and the Bank will charge a non-refundable administration fee of 5% of the contribution. The 5% administration fee will be charged upon the Bank’s receipt of the contribution. The administration fee will be distributed to the Bank’s departments as applicable, in relation to the workload due to preparation, execution, and monitoring of the operation as well as administration of the PSG Agreement.
  2. **Monitoring and Evaluation**. IDB will have overall responsibility for project implementation, the fiduciary responsibility and will be responsible for progress and financial reporting to SECO. SECO Bogota, together with SECO headquarters will validate these reports. The project team will be responsible for the preparation and submission to the donor of the project reporting, in compliance with the stipulations of the Administration Agreement. IDB will provide SECO with semi-annual operational and financial reports and a final report at the end of the Program. Monitoring, evaluation and reporting of results will be a collaborative effort between IDB, ANDESCO and ACODAL.
  3. No transaction costs related to the Bank's supervision are anticipated. The monitoring of the TC execution will be carried out through: (i) technical working meetings with the executor; (ii) result and activity reports; and (iii) other progress and completion reports required according to SECO and IDB policies.
  4. Costs include travel expenses for both the PCU members and IDB staff. All program documents and records, particularly those supporting financial management, will be under the custody of the PCU. These documents and records must be adequate to: (i) support the activities, decisions, and transactions related to the program, including all incurred expenses; and (ii) demonstrate the correlation of expenses incurred against program resources. Costs associated with Bank staff travel during program implementation are limited to activities essential to achieving the program's objectives and allow the Bank to continue developing the implementation know-how, which can be replicated in other countries.

1. **Executing agency and execution structure**
   1. INE/WSA will be responsible for the administration, planning, control, and supervision of the assigned financial resources, as well as all activities related to the proper preparation and scheduling of the operation. The focal point at the IDB office in Colombia responsible for the execution of the TC will be the Water and Sanitation Specialist based in Colombia and a Water and Sanitation Specialist based in Headquarters will act as the alternate contact in his unavailability.
   2. 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 audit, and the IDB will execute the rest[[21]](#footnote-22), as requested by the Ministry of Housing, City and Territory (see Annex I) due to the experience of the two entities in the processes of strengthening utilities and the water and sanitation sector in Colombia. This will ensure that the commitment to the donor to execute the program efficiently is fulfilled, while strengthening the associations.
   3. The Bank gained important experience and knowledge while executing CO-T1457 (Phase I) and will bring continuity to CO-T1772 (Phase II). A Project Coordinating Unit (PCU) will be created, exclusively for the execution of the TC, with external consultants, and preferably with the professionals who executed Phase I[[22]](#footnote-23), ensuring a smooth transition and capitalizing on the knowledge acquired and lessons learned; it will also receive support from the Office of Financial Management and Procurement Services for Operations.
   4. The PCU will be hired directly by the IDB and will be coordinated by the IDB WSA Specialist in Colombia. The PCU will be composed by: 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) a cluster of itinerant technical specialists based on technical topics as needed. The PCU will provide strategic guidance, oversight the implementation of component 2 activities, and ensure that ACODAL complies with the execution requirements.
   5. 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 legal, accounting, communications and the administration of the association. ACODAL is a non-profit professional association with 67 years of existence, bringing together all stakeholders in the water, sanitation, and environment sector. Since 1980, it has been the Colombian chapter of the Inter-American Association of Sanitary and Environmental Engineering (AIDIS). Thus, ACODAL is an important actor with significant influence in the water and sanitation sector, maintaining a close relationship with the IDB, and having the capacity to mobilize and coordinate the execution of this TC. ACODAL will be responsible for the proper execution of activities and the management of resources for Component 2 and the audit of this component. It will also handle accounting and financial management and present the project's audited financial statements within ninety days of the final disbursement, which will be reviewed by an independent auditing firm acceptable to the Bank[[23]](#footnote-24).
   6. The execution period will be 39 months. The activities to be carried out under this operation have been included in the Procurement Plan (Annex IV) and will be executed according to the procurement methods established by the Bank. Individual consultants and consulting firms, hired by the Bank will follow procurement policies: (i) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (ii) Contracting of services provided by consulting firms in accordance with the Corporate Procurement Policy (GN-2303-33) and its Guidelines. The contracting of consultancies services executed by ACODAL shall be carried out in accordance with the policies for the selection and hiring of consultants financed by the Inter-American Development Bank (GN-2350-15, Appendix 4). ACODAL must consider in its processes the eligibility requirements (origin and nationality), as well as those of integrity (prohibited practices) established in section I of the IDB policy documents. ACODAL will carry out the financial management of the components that it is executing, in accordance with the Bank’s Financial Management Guidelines OP-273-12 or subsequent updates. The Bank will notify ACODAL of any updates to policies and procedures. The terms of reference for ACODAL's contracts will require the Bank's no-objection.
   7. According to the current IDB regulation, Disbursements to ACODAL will be made through advances of funds, based on actual liquidity needs. Additionally, to request a new disbursement, ACODAL must present a justification of expenses for at least 80% of the non-justified advance of funds balance. ACODAL will present financial and progress semi-annual reports, in line with reporting obligations of the IDB to the donor. Additionally, they will present the non-audited special purpose project’s financial statements every year.
   8. The governance structure will include a Steering Committee composed of SECO, IDB, ANDESCO and ACODAL. The Steering Committee will be in charge of the strategic steering of the project and will discuss and approve annual operation plans, major challenges and government relations. SECO will have a veto right for important milestones and decisions regarding the strategic steering of the project.
   9. SECO Bogota will represent SECO in the Steering Committee and be in charge for day-to-day coordination with the IDB. The IDB will be represented by the Water and Sanitation Sector Specialist in Colombia, and ANDESCO and ACODAL will be represented by their presidents.
2. **Major issues** 
   1. The overall risk of the project is estimated medium - low, as it builds upon well-established partnerships and upon “low-hanging fruits” with regards to fostering sustainability of the results achieved in phase I. The main risks identified include: (i) the institutional restructuring and rotation of management level staff in the utilities and to a far lesser extent in the associations; (ii) a lack of political will and commitment from the new local authorities elected in 2023 and the boards of directors from the utilities; (iii) a lack of willingness to pay a subscription fee from the members and a lack of alternative funding sources to sustainably finance the Sectoral Action and the WOP platform; (iv) the loss of key members of the programme implementation team; (v) the non-compliance of ACODAL with the IDB’s standards for procurement and financial management (execution of component 2); and (vi) an increasing security risk in certain cities in Colombia.
   2. These risks are mitigated through: (i) continuing working with second and third level employees who remain in the utilities despite the changes at the management level; (ii) on-boarding events with the new mandate holders to discuss the program's scope and benefits and to sign memorandums of commitment; (iii) further adjust the budget needs of the Sectoral Action and the WOP platform to the willingness to pay of its members and explore alternative sources of financing (fundraising events, etc.); (iv) continuous feedback with the project team, discussion and solution of problems, fostering a culture of appreciation; (v) close supervision of ACODAL and – if needed – provision of fiduciary training; and (vi) monitoring security alerts in collaboration with the IDB’s security office and adapt Programme activities accordingly.
   3. The knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and may be made available to the public under a creative commons license. However, at the request of the beneficiaries, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department.
3. **Exceptions to Bank policy**
   1. There are no exceptions to Bank policy.
4. **Environmental and Social Aspects**
   1. This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it is excluded from the scope of the Bank's Environmental and Social Policy Framework (ESPF).

**Required Annexes:**

* Annex I. Letter of request.
* Annex II. Results Matrix.
* Annex III. Terms of Reference for activities/components to be procured.
* Annex IV. Procurement Plan.
* Annex V. Checklist gender and diversity.
* Annex VI. Detailed budget.

1. The donor is the State Secretariat for Economic Affairs SECO. [↑](#footnote-ref-2)
2. The IDB will administer these funds through a Project-Specific Grant (PSG). State Secretariat for Economic Affairs SECO will contribute CHF $2.400.000, equivalent to US$2.640.000 based on the exchange rate of 1.1, defined at credit proposal stage. US$132.000 will be set aside from this contribution as a 5% administration fee. The remaining contribution of US$2.508.0000 corresponds to the project amount as indicated in the Basic Information table. The administration fee will be distributed to the Bank’s departments as applicable, in relation to the workload due to preparation, execution, and monitoring of the operation as well as administration of the PSG Agreement. [↑](#footnote-ref-3)
3. CO-T1457 was approved in 2017 for USD15.5 mill. To the end of September USD15.056.508,80 have been executed and USD342.504,25 is committed, and USD100.986,95 is planned to commit in the next months. [↑](#footnote-ref-4)
4. (i) strategic planning, (ii) financial modelling, (iii) investment prioritisation, (iv) financial and cost management, (v) non-revenue water management, (vi) asset management, (vii) energy efficiency, (viii) water security, (ix) processes optimisation, (x) human capital management, (xi) corporate governance, and (xii) financing. [↑](#footnote-ref-5)
5. AquaRating offers a comprehensive and impartial evaluation of water utilities’ performance, based on indicators, best practices and reliable information. Developed by the IDB, in close collaboration with the International Water Association (IWA). [↑](#footnote-ref-6)
6. The Joint Monitoring Program (JMP), is the entity responsible for measuring progress on access to water and sanitation for the Sustainable Development Goals (SDGs), has established metrics with clear definitions that countries should use when collecting data. [↑](#footnote-ref-7)
7. Drinking water from an improved source that is accessible on premises, available when needed and free from faecal and priority chemical contamination. [↑](#footnote-ref-8)
8. Use of improved facilities that are not shared with other households and where excreta are safely disposed of in situ or removed and treated off-site. [↑](#footnote-ref-9)
9. The water sector's perceived risk makes it challenging to access the financial market, despite the strong needs for infrastructure finance. [↑](#footnote-ref-10)
10. The Sectoral Action is a voluntary initiative with self-regulatory characteristics that was signed in 2019 by 12 of the most representative utilities in Colombia (providing drinking water to 22 million Colombians who wanted to lead the corporate development agenda. They started by signing a voluntary and self-regulatory agreement, in which eight commitments were established. The Sectoral Action promotes dialogue, experiences and good practices sharing, benchmarking and support among themselves to improve performance. For more information: [www.accionsectorialdelagua.com](http://www.accionsectorialdelagua.com) [↑](#footnote-ref-11)
11. The WOP-Colombia platform was created in 2020 and it’s dedicated to strengthening water and sanitation utilities through the promotion of peer-to-peer knowledge exchange between an experienced water utility (senior partner) and a less experienced one (junior partner). The platform fosters knowledge transfer, exchange on lessons learned and experiences. It’s derived from the Global Water Operator’s Partnership Alliance (by UN-Habitat), and the Water Operators Partnerships platform for Latin America and the Caribbean ([WOP–LAC](https://aloas.org/institucional/Pages/Que-es-WOPLAC.aspx)). For more information: [WOP-Colombia - ACODAL](https://www.acodal.org.co/wop-colombia/). [↑](#footnote-ref-12)
12. ANDESCO is a non-profit organisation created in 1995, that gathers 160 of the most significant public service utilities in Colombia (water and sanitation, solid waste, energy, gas, information technology and communication). [↑](#footnote-ref-13)
13. ACODAL is a non-profit organisation created in 1956 that has more than 1,500 members including consulting and commercial firms, water and sanitation utilities, universities, professionals and students. [↑](#footnote-ref-14)
14. Extended to October 2024. The IDB Group's Country Strategy with Colombia for 2024-2027 is currently in the preparation phase and is expected to be approved by the Bank's Board of Executive Directors in October. It’s anticipated that TC will be aligned with the strategic objective of increasing access to services at the urban level, with an emphasis on water and sanitation. [↑](#footnote-ref-15)
15. Directorate of Economic Cooperation and Development (WE) in SECO [↑](#footnote-ref-16)
16. i) Governance in water and sanitation utilities, ii) Efficient boards of directors for water utilities, iii) Investment prioritisation for water and sanitation utilities, iv) Structuring and presenting water and sanitation projects. [↑](#footnote-ref-17)
17. Local counterpart in kind (US$50.000 from ANDESCO and US$50.000 from ACODAL) equivalent to staff hours, administrative costs (offices, classrooms, travel expenses, communications, logistics and computer equipment). [↑](#footnote-ref-18)
18. 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. [↑](#footnote-ref-19)
19. The overall Program will include an audit for Executing Agency Colombian Association of Sanitary and Environmental Engineering (ACODAL). [↑](#footnote-ref-20)
20. Financial reserve designated to cover potential unexpected expenses necessary for the project's successful development. [↑](#footnote-ref-21)
21. ANDESCO will participate along with the IDB in revision of products and deliverables for Component 1, and will be in charge of their appropriation, use and dissemination. [↑](#footnote-ref-22)
22. The donor has included in the credit proposal: “The IDB will operate through the existing Project Coordination Unit (PCU) based in Colombia. Continuity in the professional excellence will be ensured by its four existing permanent professionals and a cluster of itinerant technical specialists based on technical topics. The PCU will be coordinated by the IDB Water and Sanitation Specialist in Colombia and is composed by four full-time PCU members and a part-time Sector Specialist. Also, the Programme will leverage the expertise of the IDB Group in different areas, including legal, finance, procurement, and project reporting”. [↑](#footnote-ref-23)
23. ACODAL was audited regarding the implementation of CO-T1555 with the result that they complied in all substantial aspects with the contractual clauses of an accounting and financial nature of the Non-Refundable Technical Cooperation Agreement ATN/MA-17957-CO signed with the IDB and the laws and regulations applicable. [↑](#footnote-ref-24)