

Situational Assessment of the Water, Sanitation and Hygiene sector in Latin America

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Introduction

The purpose of this document was to inform the elaboration of a strategy for the Millennium Water Alliance (MWA) giving direction to the operationalization of its global strategy in the Latin America and Caribbean (LAC) region.

The document builds on a sector analysis conducted as a part of a LAC scoping study for WaterAid America, implemented by IRC in 2015¹. The original analysis was updated, complemented with information on new developments using recent and additional sources of information. This document is the result of an extensive web-based desk review, the compilation of impressions and information collected during participation at a number of sector events during 2015 and 2016, as well as interviews with key resource persons with extensive knowledge about the Water, Sanitation and Hygiene sector in the LAC region.

The situational assessment focuses on the WASH sector, which is MWA's main area of focus. Though the document includes information on the entire LAC region, the assessment of sector capacities may be slightly biased to Central and South American countries, as information on sector capacities in countries in the Caribbean region is more limited.

In the first chapter, the document identifies and describes a number of important trends in the WASH sector globally as well as general and WASH-specific trends in the LAC region. In Chapter 2, the document takes stock of current WASH sector performance as expressed in WASH coverage and service levels in the different countries of the region. Chapter 3 includes an assessment of the WASH sector capacities. This chapter is organized around the main building blocks of an effective functioning sector, namely the Institutional framework, sector policies and strategies, sector financing and sector planning, monitoring and review.

Chapter 4 includes the results of a mapping study, identifying the main regional players, networks and platforms relevant for the WASH sector in Latin America.

The present version of this document was validated during the strategizing workshop with representatives of the MWA members in La Antigua, Guatemala (September 8 and 9, 2016).

¹ Report on Strategic Opportunities for WaterAid's Support to the WASH Sector in Latin America & the Caribbean. Uytewaal et al, 2015.

1. Relevant trends influencing WASH sector performance in the LAC region

1.1 Trends in the Global Water, Sanitation and Hygiene Sector²

This chapter identifies and briefly describes important trends in the global water, sanitation and hygiene (WASH) sector that (may) have an impact on the WASH sector in the Latin American and Caribbean (LAC) region.

1.1.1 Adoption of the Sustainable Development Goals – higher level of ambition for the sector

In 2015, the UN General Assembly adopted a post-2015 Development Agenda, thereby setting new goals and targets for the next 15 years. The new agenda establishes seventeen Sustainable Development Goals (SDGs), with 2030 as a deadline, that seek to build on the Millennium Development Goals (MDGs) and complete what these did not achieve. In this new development agenda, water and sanitation—a cross-sectoral theme among several key global challenges, and which influences many facets of human activity—plays a crucial role in all dimensions of sustainable development. SDG 6 has been dedicated purely to water and sanitation, and acknowledging that water and sanitation is fundamental for a holistic approach in tackling global challenges, aims to “ensure availability and sustainable management of water and sanitation for all”.

<p>Target 6.1. <i>By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</i></p>	<p>Target 6.2 <i>By 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</i></p>
<p>6.1.1: Population using safely managed drinking water services</p> <p>Definition: Population using an improved drinking water source which is:</p> <ul style="list-style-type: none"> • located on premises, • available when needed, and • free of faecal and priority chemical contamination 	<p>6.2.1: Population using safely managed sanitation services including a handwashing facility with soap and water.</p> <p>Definition: Population using an improved sanitation facility which is:</p> <ul style="list-style-type: none"> • not shared with other households, and where • excreta are safely disposed in situ or • transported and treated off-site

Additionally, SDG 6 includes two targets, which are crucial for the implementation of the SDGs relevant for water and sanitation.

- Target 6.a. - Expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programs.
- Target 6.b. - Support and strengthen the participation of local communities in improving water and sanitation management.

² Identified trends informed by “New Trends” in Water Sanitation and Hygiene. A presentation by Clarissa Brocklehurst at a One Drop Workshop (June, 2016) and by IRC’s Trends Analysis 2016-2015, by Idun Rognerud, Catarina Fonseca, Andrea van der Kerk, and Patrick Moriarty (July, 2016).

The means of implementation of SDG 6 go beyond economic means (i.e. adequate and targeted investments), and include other crucial enabling factors such as policies and capacity building, as these can be the drivers to achieving the SDGs.

For the first time in history, countries have shifted their view from a partial to a global vision, the latter encompassing all challenges of water and sanitation (not only universal drinking water and sanitation coverage, but also ecosystems protection and integrated resources management). This global approach thereby sets a framework for a holistic approach towards achieving universal access to WASH services, by addressing the needed interfaces between WASH and the broader water sector as well as to other adjacent sectors.

The SDG targets 6.1 and 6.2 mark a clear shift from the focus on access and infrastructure during the MDG era, towards a stronger emphasis on the service levels (quality, equity and sustainability) received. Many governments (and other sector players) are planning or adjusting their policies and strategies in response to the new, ambitious targets for the WASH sector.

1.1.2 Tackling in-equity

The UN Resolution on the Human Right to Water and Sanitation recognizes the universal right to water and sanitation, which was formally adopted in 2010. The Resolution strongly influenced the formulation of the post-2015 development agenda.

The SDGs have been designed to better integrate human rights principles and standards to the development agenda, and are therefore generally considered to be more inclusive than the MDGs. Evidence provided by the Joint Monitoring Programme (JMP, 2015) shows that the poor(est) and most vulnerable groups have least benefited from the increase in coverage levels between 1990 and 2015. The SDGs bring the challenges of inequalities in the WASH sector more to the forefront; the target for achieving universal access prompts an increased awareness that this is only be achieved if “no one is left behind”. Reaching universal access to WASH services requires explicit efforts to tackle situations of in-equity in the sector.

1.1.3 Building capacity and taking a systems approach

Sector partners are increasingly acknowledging that the SDG target of universal access to WASH will not be met by 2030 if business-as-usual continues—a fundamental change in the way the sector operates is needed. This growing awareness is underwritten by the discussions and outcomes of important sector events, including the Stockholm World Water Week conference (2015), and regional events such as LATINOSAN (March 2016) and Africa Water Week (July 2016). Main results of these events point to the need, and increased support, for a system strengthening approach able to tackle all dimensions of WASH, at different decision-making levels (global, national and municipal) to improve sector performance.

The recent Sanitation and Water for All (SWA)³ High Level Sector Ministers meeting (Addis Ababa, March 2016) gathered more than 30 Ministers, Vice Ministers and heads of sector government departments,

³ The SWA partnership has over 100 partners from six different constituencies: Countries, External Support Agencies (which includes UN agencies, the World Bank, bilateral donors, private foundations and regional development banks), Civil Society Organizations, Private Sector, Research and Learning Institutions and Community-Based Organizations.

along with 70 of their senior advisors from all over the world. At this event, sector Ministers agreed on the need for a strong national system, capable of delivering and sustaining services; partners agreed on the importance of government leadership and strong sector systems that are built on 5 key building blocks including: sector policy and strategy; institutional arrangements; sector financing; planning, monitoring, and review; and capacity development. Partners also reaffirmed their commitment to the Collaborative Behaviours⁴, and agreed to address barriers to development effectiveness by: 1) enhancing government leadership of sector planning processes; 2) strengthening and using country systems; 3) using one information and mutual accountability platform; and 4) building sustainable water and sanitation financing strategies (SWA, 2016).

To foster commitment to engage in more effective collaboration and transformational change, four leading international WASH organisations (IRC, WaterAid, Aguaconsult, and Water for People) are actively advocating for and collectively implementing the Agenda for Change. The Agenda for Change establishes a set of shared principles on how to act in order to contribute to achieving universal access to water and sanitation by 2030⁵, in support to national governments' leadership in building strong sector systems (Brocklehurst, 2016).

1.1.4 Use of evidence-need for in-country monitoring systems

The monitoring of information and data for effective decision-making is increasingly valued. There is a growing awareness among sector players that a strong evidence base allows for better-targeted investments, to ensure reaching the right people and places. Two major global monitoring instruments – the UN Water Global Assessment and the Analysis of Sanitation and Water (GLAAS), implemented by WHO, and the WHO/UNICEF JMP – provide key information at the global level. Monitoring initiatives have grown significantly in number over the last decade (SWA, 2015), particularly at the (sub-) regional level⁶. While global reports are important tools, the fact remains that the global monitoring landscape is far more complex. Altogether, this results in a complex system of global and regional monitoring systems, often implemented in parallel to each other and causing duplication of efforts. Furthermore, it may also put a high burden on countries' reporting capacities. The timing of national data collection is not coordinated with global monitoring reporting, and the emphasis on aggregated regional and global reports means that too little data are fed back into country-level planning (SWA, 2016).

The adoption of the SDGs prompted the need to adjust the indicators and tools for global data collection, and at the same time provides an opportunity for better alignment between the different global and regional monitoring efforts. At country level, the availability of monitoring information and data are

⁴ For further reading on the collaborative behaviors see: <http://sanitationandwaterforall.org/about/the-four-swa-collaborative-behaviours/>

⁵ For further reading on the Agenda for Change see: <http://www.ircwash.org/resources/agenda-change-achieving-universal-access-water-sanitation-and-hygiene-wash-2030-principles>

⁶ Examples are the Country Status Overviews (CSOs) in African countries and their equivalent in Asia; and MAPAS that is implemented in 5 countries in Central America. The Africa Ministerial Council for Water implements a comprehensive monitoring system to track progress in implementation of the high-level regional political commitments by the countries of the region. In addition, the commitments made during the regional sanitation conferences (the 'SANS' or AfricaSan, LatinoSan, EASAN, and SACOSAN) are also being monitored.

increasingly valued, but the challenge remains to provide a supportive framework to ensure information is consistent, reliable and leads to action. While many developing countries do not yet have robust sector monitoring and evaluation systems that are able to provide reliable and consistently accurate data, or information to support decision-making, there are an increasing number of tools and in-country experiences creating an interesting (global) knowledge base on national sector monitoring in different parts of the world to draw from (SWA, 2016).

1.1.5 New sources of finances

The World Bank estimates that the total capital costs of achieving SDG targets 6.1 and 6.2 is about US\$114 billion per year between 2016 and 2030; this is 0.39 percent of the GDP of the 140 countries included in the analysis and requires an additional 0.27 percent of global GDP which is three times the current investment levels. These values exclude the costs of financial and institutional strengthening - needed to ensure ongoing operation of these services. Despite growing awareness of the need for sustainability, most investments continue to focus on new infrastructure with little attention to operation and maintenance (IRC, 2016). Tariffs are too low to cover real operation and maintenance (O&M) costs, leading to premature failure of many systems. Higher-income countries are more likely to cover costs by tariffs, but low-income countries struggle with this mechanism and rely on external support or subsidies to cover shortfalls (IRC, 2016).

Official development aid (ODA) to the sector is increasing, both in absolute terms as well as in terms of total development aid commitments; yet, ODA cannot close the funding gap alone. From 2010 to 2012, ODA to WASH grew by 30 percent to US\$10.9 billion (IRC, 2016). Other official flows, concerning loans mainly provided by multilateral institutions (including the development banks) to the private and public sector in developing countries, have also substantially increased from US\$803 million in 2003 to US\$2.2 billion in 2013. Financial support for WASH from philanthropic foundations has grown rapidly but remains relatively small and the potential of mobilizing remittances for WASH investments remains to be further explored (IRC, 2016).

The report on the trends analysis 2017- 2025 by IRC states that government budgets for WASH are growing but remain insufficient to meet the SDGs. The report also highlights challenges in the availability and access to reliable data on in-country sector costing and financing. Additionally, the report identifies an emerging trend in stronger linkages with the private sector, in response to the growing market for WASH services, in both urban and rural areas.

In view of the previously described funding gaps and challenges, development partners and governments are increasingly looking for alternative funding mechanisms. Long-term sustainable financing is critical for overcoming the short-term project funding cycle (which according to the last GLAAS report (2014) is still the most common approach for sector financing) and the potential to leverage aid-money and public resources for enhanced domestic resource mobilization is therefore key.

Clarissa Brocklehurst (2016) also points to the significant amount of investments in the WASH sector made by non-WASH actors. In Ethiopia, for example, WASH-specific programs account for only 35 % of the investments in the WASH sector, while multi-sector programs finance 65% of the resources in the WASH sector.

1.1.6 Looking beyond the household

Achieving universal and equitable access for all raises the challenge of WASH in contexts beyond the household. Universal access implies ensuring access to WASH at work, in public places such as markets, and within institutional settings including schools and healthcare facilities. WASH beyond the household is essential, both to achieve the direct health outcomes derived from WASH, as well as to support the delivery of other key goals, particularly those associated with education and maternal health. Though the WASH sector is increasing its knowledge base on how to address the challenge of WASH in schools, challenges remain. Achieving universal and sustained WASH in other settings beyond the home has seen slower progress. Evidence of successful strategies is sparser and strategies are still emerging and evolving (International Water Center, 2016).

1.1.7 WASH new sector professionals and coordination platforms

Sustainable Development Goal 6 sets the objective to “ensure availability and sustainable management of water and sanitation for all”. New targets expand the WASH agenda to consider the whole water cycle, with the inclusion of issues such as ambient water quality, wastewater management, water use efficiency, integrated water resources management and water-related ecosystems.

This new global agenda emphasizes the need for WASH practitioners to take into account the interactions between WASH and water resources, particularly in the context of increasing climate variability and the growing risk of natural events and manmade disasters. A high level of cooperation between WASH and water resource actors is therefore critical. Understanding the connections between WASH and water resources is a first step, followed by identifying ways to work together, for example, through governance arrangements or frameworks that support coordination across catchments and shared or harmonized monitoring programs.

There is an increased need to build collective skills and expertise to ensure that future WASH professionals can plan and manage services in a way that strengthens wider water security, and that water resource professionals are able to engage proactively with WASH programming (IWA, 2015).

1.1.8 Increased importance of ICT for the WASH sector

Information and communications technology (ICT) is expanding quickly in all regions, albeit low-income countries still having remarkably low rates of access to the Internet (IRC, 2016). ICT is increasingly important for governance and the provision of WASH services. Examples of the use of mobile ICT in the WASH sector include the use of text messages and automated calls to report malfunctions and improve water and sanitation service levels. Similarly, smart-pumps and smart-toilets can automate support for O&M and for mobile banking to enable simple, transparent and reliable payments of water credits, WASH services and maintenance. Further innovation and exploration are likely to occur as computer hardware and software become cheaper and more available (IRC, 2016).

1.2 General trends in the Latin America region

Next to the above described trends in the global WASH sector, this chapter identifies and elaborates on a number of general trends in the Latin America region that are likely to affect the WASH service provision in the different LAC sub-regions and countries in the years to come.

1.2.1 Slowdown in economic growth

During the last 'golden decade', the LAC region experienced a deep economic and social transformation, which lifted millions out of poverty and enlarged the middle class. Strong economic growth – driven by both domestic reforms and a favourable global economic environment – was responsible for this progress (WB, 2016). Complementary social programs, made possible by growing fiscal space, helped support the poor and disadvantaged (WB, 2016). Because of sustained economic growth, all countries of the region, with exception of Haiti, have attained middle-income status, with 9 countries in the lower middle-income group and 14 countries in the upper middle-income group. (Table A 1. 1 in the annex).

However, during the last couple of years, the LAC region is facing a continuing decline in growth because of an external environment particularly adverse to commodity exporters. As a result, the LAC economy did not grow in 2015 and is expected to contract by 1 percent in 2016 (Diagram A 1. 1 in the annex). The region's growth average is weighed down by the slowdown in important economies such as Venezuela and Brazil. Bright spots include economies in the north such as Mexico, Central America and the Caribbean; these economies linked to the US (WB, 2016).

1.2.2 Continued high levels of inequity and poverty

Though the region achieved considerable success in reducing extreme poverty over the last decade, its still-high levels of income and wealth inequality have obstructed sustainable growth and social inclusion. Inequality is growing at an alarming pace in Latin America, posing a serious risk to the fight against poverty (Bárcena, 2016).

Until recently, Latin America was well on its way in becoming a middle class region. However, the reality of today is that this middle-class segment is only the largest slice of the population in a select group of LAC countries, including Brazil, Argentina, Chile and Uruguay; had the trend of the golden decade continued, the middle class would have become the largest group of Latin Americans by 2017. In addition, other social gains have also slowed down. For example, the economic downturn resulted in a lower income growth for the bottom 40 percent of the population (WB, 2016).

According to the World Bank (2015), the percentage of the regional population living in extreme poverty (less than US\$ 2.50 /day) decreased from 12.2 percent in 2012 to 11.5 percent in 2013. However, despite unprecedented inroads against poverty in LAC since the turn of the century, about 130 million people have never known anything but poverty, subsisting on less than US\$4 a day throughout their lives (WB, 2016), 80 million of those still living in extreme poverty: half of them in Brazil and Mexico (The Economist, 2014). Refer to table A.1.1 for the LAC countries with highest percentage of people in poverty around the year 2013.

The World Bank finds that all countries in Latin America are more unequal than Turkey, the most unequal OECD country from outside the region.

1.2.3 Ongoing urbanisation

Latin America has a total population of 530.8 million (World Bank, 2016), of which after 60 years of rapid urban development, 80 percent reside in urban areas. By 2050, an estimated 90 percent of the population will live in towns and cities (UN Habitat 2014). Presently, 260 million people live in the region's 198 large cities (populations of more than 200,000 people). Estimates expect this number to grow to 315 million people by 2025. Brazil and Mexico, the region's urban leaders, are home to 81 of the region's large cities. The ongoing urbanization means an increasing pressure on the existing infrastructure such as for transportation, housing and social services. At the same time, Latin America is making strong progress in the communications infrastructure and citizen connectivity areas. The region has the world's fastest growing Internet population, with 147 million unique visitors online (Atlantic Council, 2014).

1.2.4 Governance Trends: Centralization & Decentralization

In Latin America, decentralization is strongly linked to the democratization processes initiated in the 1980s. Reforms were used as an instrument to increase state legitimacy and democratic governance. The scope, rhythm, depth and impact of decentralization have understandably varied significantly throughout the region. Some public policies have been decentralized while others remain firmly in the hands of central governments. Some countries remain highly centralized, while others have made real moves towards genuine decentralization (Bossuyt, 2013).

The levels of political autonomy enjoyed by local governments tend to vary significantly. Countries such as Bolivia and Ecuador linked decentralization to rather radical political and institutional transformation reforms, aimed at empowering local actors and reducing structural territorial inequalities. Other countries proceeded more smoothly to strengthen local governments (Paraguay), regional bodies (Peru) and existing federal systems (Brazil and Argentina); Chile opted for retaining strong central control (Bossuyt, 2013).

Bossuyt states that decentralization is not necessarily an irreversible process. Recently, trends toward some forms of "recentralization" have emerged in different parts of the region. For instance, in Argentina, Dominican Republic, Peru and Venezuela, municipal governments face a cut in their competencies and resources. Another related obstacle to advancing the decentralization agenda stems from the worldwide financial crisis that started in 2008. This has led to a significant drop in incomes for most municipalities and deficits in the automatic transfers of resources from the central level. The regular transfer of funds allocated to municipalities has been significantly reduced (with 22%) in the last five years (Bossuyt, 2013).

Another trend over the last couple of years is an increased political interference from central government in municipal government affairs in some countries of the region (Nicaragua, Bolivia and Venezuela). On the other hand, the "social accountability" function of civil society towards local governments has recently emerged and is quite rapidly gaining momentum across the region (Bossuyt, 2013).

There has been important progress in many countries, yet major bottlenecks still make it difficult to realize the full potential of decentralization and local governance as tools for enhanced development outcomes. Beyond the formal institutions, a culture of clientelism, "caciquismo" and "caudillismo" is still structurally present, fuelled by pervasive forms of corruption (Bossuyt, 2013). In addition, most research does not yet show an automatic correlation between decentralization and improvement of the quality, access and equity of public services. At the same time, limited capacities in local governments inhibit accomplishment

with the full range of responsibilities tasked to them. In parallel, new challenges have risen for local governments as a result of deepening globalization such as the intrusion of multinational companies at local level.

Despite the many challenges to consolidate the achievements of decentralization, Latin America is in many ways a “laboratory” for new approaches to managing public affairs at local level. The region has spearheaded innovations in participatory budgeting (Porto Alegre, Brazil) that have gradually spread throughout the continent and to other parts of the world (Bossuyt, 2013). Other reforms have attracted interest from all corners of the world such as ranking systems of local performance in Brazil/Colombia; per client-based transfers for health and education in Chile, or fighting poverty with direct transfers to families administered by municipalities (Bossuyt, 2013).

1.2.5 Changes in aid landscape

Globally, the traditional aid landscape has changed drastically due to new donor entrants (China, India, Brazil and South Africa), geopolitical changes, and economic growth trends, which have contributed to an eclipse of the relative importance of aid in comparison to other sources of finance for development. In Latin America this has translated into a relative decline of ODA as a percentage of national income, since 2005 (Diagram A 1. 3 in the annex). The relative share of aid - as a share of the net national income - is below 1 percent in most countries with the exception of Belize, Bolivia, Guyana, Honduras and Nicaragua (Table A 1. 2 in the annex). Overall, there has been a shift away from the use of grants to increased use of loans. The shifting panorama of the aid architecture in Latin America is further underscored by Brazil, Venezuela and Chile playing a significant role in South-South cooperation and with Brazil taking up a donor role even beyond the Latin America region.

1.2.6 Increased impact of climate change and increased environmental vulnerability

The impact of climate change will be increasingly felt in Latin America. Climate change poses an increasingly severe threat to the availability of water for both productive and potable use. It is estimated that by the 2020s, the net increase in the number of people experiencing water stress due to climate change in the region is likely to be between 7 and 77 million. The relative importance of the impact attributed to this projection varies among the geographical sub-regions and countries. This is compounded by other environmental impacts because of changes in land and water usage.

The World Bank states that without climate-informed development in LAC, an additional 2.6 million people could fall into extreme poverty by 2030, as the poorest population segment are at higher risks of losing wealth when exposed to climate-related shocks such as floods, droughts, and heat waves (World Bank in Jamaica Observer, 2015).

1.3 Specific WASH Sector Trends in Latin America & the Caribbean – challenges and opportunities

The previously described global trends in the WASH sector and the general trends in Latin America and the Caribbean provide a changing context for the WASH sector in the region, playing out differently per

geographical sub-region, country and within specific segments of the population. However, we see the following scenarios emerging for the WASH sector in Latin America and the Caribbean as a whole:

1.3.1 The SDG's provides a new momentum for political commitment to the WASH sector

The adoption of the Sustainable Development Goals provides an unprecedented opportunity to tackle the major water issues facing LAC today and in the near future. During the recent LATINOSAN (2016), governments of the LAC countries re-affirmed their commitment to universal access to WASH services. The outcomes of the LATINOSAN in Lima, reflected in the Lima Declaration, were that LAC government's committed to prioritising investments in marginalized and vulnerable groups, in rural and indigenous areas, and to progressively reduce inequity as needed to achieve universal access to WASH services.

To seize this opportunity, it will be necessary to harness new synergies and coordination of all intervention efforts, by focusing on the fundamental role WASH and the broader water sector will play in achieving national development priorities, the SDGs, and efforts to adapt to Climate Change.

Coordination between ministries with dedicated strategies and action plans at national and sub-national levels is increasingly needed. To make progress, WASH needs to connect with the broader water sector and to other major sectors and interests that drive the LAC economies. The signatories of the Lima Declaration expressed their agreement to address gaps in water and sanitation not only through financial resources, but also through review of policies and institutional planning, technological adaptation and improvement of prevailing models and approaches for service delivery.

1.3.2 Increased environmental pollution and stress on the water sources

Economic and population growth are accompanied by accelerating rates of urbanization and industrialization, with an increased demand on water sources for generation of electricity and irrigation, as well as for potable water. As economies and populations grow and water resources are increasingly exploited, discharge and environmental pollution become more widespread. Water scarcity and water quality are becoming important factors affecting the sustainability of services in many countries in Latin America and the Caribbean. The effects of climate change are causing droughts throughout the region, prompting authorities to worry more about their dwindling resources. Rivers in the region are among the most polluted in the world; in the coming decades, many of the largest cities in the region – Lima, Santiago, Caracas, and Quito – may face water shortages. Mexico City has had a long history of water scarcity. There is an increased need to reduce pollution levels in rivers, lakes, and along the coast, which affects the ultimate quality and sustainability of the WASH services. Civil society mobilisation and a stronger role of national government in regulating water use and conservation of the source will contribute to increased long-term sustainability (examples are in Guatemala and Mexico).

1.3.3 Demand for higher levels of WASH services

Albeit at a slower pace, disposable incomes are increasing causing people to demanding higher levels of WASH services. However, as uneven economic growth results in huge disparities between geographical regions and between urban/rural areas, the demand for water and sanitation services in terms of levels of services will also be uneven.

1.3.4 Greater role for public finance

Because of reduced grant aid to lower-middle and middle income countries, domestic investments or transitions to the form of loans need to increase proportionally. Given that private sector investment in water supply remains limited, more realism about the limited role of the private sector as an investor in water supply and sanitation is becoming increasingly apparent and needs to be acknowledged. The need for a greater role for public finance in WASH services is apparent, particularly in covering a significant element of replacement costs, as well as a larger share of the costs of direct and indirect support to service providers. Within the new global policy environment, universal access to equitable and sustainable WASH services, appropriate service delivery strategies, and systems to achieve these global goals will need to be developed. To make this happen the national development agenda of the Latin America and Caribbean governments will need to place a greater priority on public funding for WASH.

According to GLAAS (2014), only two countries (Brazil and Cuba) have a government defined financing plan or budget published and agreed upon for the WASH sector (including all subsectors). Only seven countries were able to inform on the national spending on the WASH sector (2011 or 2012). This information confirms expert insights that finance tracking for the WASH sector in Latin America and Caribbean countries is a major challenge, similarly to other developing countries.

1.3.5 Renewed interest for the potential of increased private sector Involvement in the WASH Sector

Private sector involvement in the WASH sector is limited (globally as well as in Latin America), and mainly concerns private sector engagement in the provision of piped drinking water to households in urban areas. During the 1980s and 1990s, privatization of drinking water service delivery was strongly promoted by the development banks, particularly the World Bank. Yet still about 90% of urban water and sanitation services in Latin America are provided by public entities and many private concession contracts that were signed during the 1990s have been either renegotiated or cancelled (such as after fires or resistance like in Cochabamba and La Paz, Bolivia). Private companies, however, continue to provide services in many cities of Colombia, most of Chile, some Brazilian cities, and in Guayaquil, Ecuador. Other modalities include joint ventures (such as in Aguascalientes in Mexico - a joint venture between Veolia Environment from France and the Spanish construction firm FCC) and cooperatives (in Bolivia). Small private service providers of non-piped drinking water include the “aguateros” in Paraguay.

Similarly, private sector engagement in the sanitation sector concerns mainly the operations of wastewater treatment plants, sometimes in public-private partnership (PPP) as is the case of the wastewater treatment plant in Managua, Nicaragua. Small private vendors or sludge management companies are the primary service providers for sanitation services such as latrine pit or septic tank emptying and transport of waste to treatments sites. Other than studies on private sector involvement in piped and mostly urban drinking water services, there is very limited documented and aggregated information available on the private sector’s involvement in other segments of the WASH market in Latin America.

David Sparkman and Germán Sturzenegger state (in a yet unpublished IDB paper on market opportunities), that within approximately the last ten years, the water and sanitation sector has become increasingly interested in the implementation of “market-based” approaches to facilitate greater coverage and access to water and sanitation services, particularly in sanitation. In their paper, they

explore the extent to which water and sanitation market development and the private sector can play a role in bridging the gap in coverage among low-income populations in LAC.

Sparkman and Sturzenegger conclude that there are differences between water and sanitation markets, but in both cases, there is large room for the private sector to participate more and respond to consumers in lower income market segments that currently do not have access to water and sanitation services. The particular areas with scope for private sector involvement include: provision of technical services to water committees (including post-construction support on operation, maintenance, repair); provision of financial services especially with innovative and mutually beneficial financial alternatives for funding water system improvement, repair, expansion, etc.; and creative financial models (e.g. bonds, etc.) to support the growth of larger-scale water utilities serving larger markets.

For sanitation, the paper concludes that the largest market potential (arguably) exists for on-site sanitation infrastructure such as improved pit latrines, septic tanks, etc., primarily in rural areas given the higher lack of coverage currently. However, there is also a significant market for household bathroom improvements once a sewer network is constructed. In many urban areas, the private sector is already providing faecal sludge management (FSM) services, but there are still gaps; opportunities exist in smaller cities and towns, as well as less dispersed rural areas where transport costs can be overcome. There are some promising initiatives on selling fertilizer of composed faecal waste, though it seems too early to draw any conclusions on the potential market for the private sector engagement. Similar to water, there is much room for the financial services sector to offer credit to households for sanitation improvements, including for on-site sanitation, as well as for investment in materials for connection to an existing sewer network. In addition to households, space exists for creative financial models (e.g. bonds, etc.) to support the growth of larger-scale sanitation utilities serving larger markets.

Sparkman and Sturzenegger's overall conclusion is that private sector involvement is important for reaching universal access to WASH services across the region in LAC. They identify a large scope for private sector involvement in the different segments of the WASH market. However, the private sector finds few incentives for engagement in the subsidy-dominant WASH sector, hence their recommendation for governments to support private sector engagement by creating an encouraging enabling environment.

While the IDB's paper focused on the options for a market-based approach for the base of the pyramid, it is only one of few attempts to document and assess the current private sector involvement in the different segments of the WASH market across the LAC region, beyond (urban) drinking water provision. More research and assessment is needed on private sector involvement for the development of optimized business models in LAC as well as for national governments (among others) to facilitate enhanced private sector involvement by creating the adequate enabling conditions for each of the different market segments.

2. WASH sector performance in Latin America and the Caribbean

2.1 Relatively high coverage levels for drinking water and sanitation services

LAC as a region has done very well in meeting the MDGs for water supply and sanitation. Coverage for drinking water has reached 95%, placing Latin America and the Caribbean close to the coverage level in developed countries (Diagram A 2. 1). However, sanitation presents a more significant challenge. While substantial progress (16 %) has been made over the last 20 years, the total coverage for sanitation is only 83 % (JMP, 2015).

There is very limited information available on the coverage for wastewater treatment at the regional level. Experts' views and anecdotal information on very low coverage levels for wastewater treatment in the region is seconded by the UN statistics that estimates that 20% of domestic wastewater in the Latin America region is treated (United National University, 2016).

2.2 Differences between countries

Disparities in coverage levels between the different countries are significant. In general, it can be concluded that there is lower coverage in countries with lower human development index (HDI) scores, including Haiti, Bolivia, El Salvador, Paraguay, Guatemala and Nicaragua (Table A 2. 1) . Haiti shows the lowest coverage figure in the region, followed by the Dominican Republic. Haiti, Bolivia, Nicaragua and Guatemala show relatively low coverage in sanitation, particularly in the rural areas. Countries with close to universal coverage include Argentina, Chile, Costa Rica and Uruguay.

2.3 Disparities within countries by sub sector

Inequity in WASH service provision is also seen between the different sub-sectors: drinking water and sanitation. These disparities are accentuated between urban and rural areas: coverage figures for drinking water in urban areas for Latin America as a whole reaches 97 % while in rural areas the average is only 82%. Similarly, for sanitation in urban areas coverage reaches 87 %, but in rural areas the average doesn't exceed 62 %⁷.

The rural sanitation sector is clearly the sub-sector showing highest levels of inequity. In many countries (Bolivia, Brazil, Guatemala, Haiti, Nicaragua, and Peru) 50% or less of its rural population does not have access to an improved sanitation solution. This is remarkable for countries like Brazil and Peru, which according to their GDP do not have a real justification for such low service levels.

Tables A 2. 2 and A 2. 3 (a and b) present JMP data (WHO/UNICEF, 2016) on access to water and sanitation services, using the MDG definition of improved and unimproved water and sanitation. The tables show the percent coverage in urban and rural areas by country, as well as the raw number of people without coverage in urban and rural areas, by country. In many cases, the real numbers of those without access have gone up even though percentages have gone down due to population growth meaning that the size of the task has barely reduced.

⁷ <https://knoema.com/WHOWSS2014/who-unicef-water-supply-statistics-2015?location=1000730-latin-america-and-the-caribbean>

2.4 Unserved population

Despite good progress and relatively high coverage levels for the region overall, still over 30 million people in the region do not have access to safe water, and more than 100 million do not have access to sanitation services (JMP). In both cases, the rural poor are the group most seriously affected. From the information in diagrams A 2. 2 and A 2. 3 in the annex, it can be concluded that the majority of unserved people are living in Brazil, Colombia, Mexico, Peru and in Haiti. With the exception of Haiti, each of these countries have relatively high overall levels of coverage, yet in absolute terms, a large group of people is left unserved. Overall, little information is available on the specific causes of low access and the specific features of the unserved. Seven out of the sixteen countries included in the UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water report indicated tracking progress in service delivery to the poor (GLAAS 2014). This is a dubious score, as some of the countries concerned do not yet have a sector performance or service delivery monitoring system in place.

2.5 Sustainability of services

In Latin America, sector actors are aware that coverage is but one aspect of WASH service delivery and that there is a need to have additional information on service levels and the broader performance of services. Several countries are applying service delivery monitoring using different types of systems, but those do not generate comparable data.

In Peru and Honduras, only 30 to 40% of the rural water supply systems deliver an optimum service (WSP, 2011 IRC, 2014). The main features characterising poor quality of services include intermittent water supply in urban areas; untreated water supply in rural areas - a relatively large portion of rural systems are in disrepair⁸; weak capacity of service providers; and unsafe use of sanitary facilities, including unsafe discharge of urban wastewaters and faecal sludge.

Studies carried out internationally on the sustainability of services, concluded that the main contributing factors to low service levels are related to an over-reliance on community management (or the small-scale private sector). Results of SIASAR in Honduras point to the limited capacities of the service providers in rural areas as one of the main challenges for sustained service delivery⁹.

2.6 Wastewater management and environmental impact

Coverage of wastewater infrastructure (treatment plants) is a poor indicator for the quality of actual wastewater services (WSP 2012). A study by the World Bank's Water and Sanitation Program (WSP) of three large cities in Latin America (Santa Cruz in Bolivia, Lima in Peru, and Managua in Nicaragua) shows that the quality of faecal sludge management is independent of the sanitary solution (off or on site). It concludes that access to a sewage system is not a sufficient condition for successfully managing the environmental impact of such waste. The study revealed how poor faecal sludge management negatively

⁸ Information available on sustainability in rural water supply indicate for Peru and Honduras - only 30-40 % of the water systems deliver an optimum service, 40% of the systems needing repair and technical assistance and around 20% needing urgent and large interventions or already being in disrepair (WSP, IRC).

⁹ http://www.ircwash.org/sites/default/files/irc_wp_aid_effectiveness_in_wash_sector_of_honduras.pdf

impacts the natural environment and public health, and underscores the insight that in order to avoid a negative impact on the environment the whole wastewater and faecal sludge management cycle, including safe collection, disposal, transport, treatment and re-use needs to be addressed, including appropriate governance and management arrangements (WSP, 2014).

3. WASH Sector capacities in Latin America and the Caribbean

This chapter reviews the sector capacities in the Latin American and Caribbean (LAC) countries. It describes and assesses four of the five main sector building blocks: the institutional framework; sector policies and strategies; sector financing and sector planning; monitoring and review. Each of them are considered important elements for a well-functioning WASH sector system.

3.1. WASH Governance and institutional framework

3.1.1 Policy setting

At the level of national governments, responsibility for policies in water and sanitation is typically spread over various ministries, making the development of coherent policies and sector budgets a challenge (CAF, 2014). This fragmentation is especially an issue in Nicaragua, Guatemala, Panama, Paraguay and Peru, among other countries

3.1.2 Regulation

Economic regulation of service providers is entrusted either to ministries or to autonomous regulatory agencies. These agencies may only cover water and sanitation or may cover multiple infrastructure sectors; they can be either at the national level (as in Chile, Colombia and Peru) or at the state level (as in Argentina and in some states of Mexico). Their functions vary and may include tariff approvals, monitoring of service quality and handling of complaints. Environmental regulation is entrusted to environmental agencies and the regulation of drinking water quality to Ministries of Health. Monitoring water quality is well institutionalized but better practiced in urban areas than in rural areas. However, feedback and follow-up actions to service providers in case of no compliance to national standards, is weakly organized and often not implemented (CAF, 2014)

3.1.3 Service provision

Responsibility for urban water supply and sewerage service provision in Latin American and Caribbean countries is vested either in municipalities (Brazil, Colombia, Ecuador, Guatemala, Mexico and Peru), or in regional or national utilities (still existing in Costa Rica, the Dominican Republic, El Salvador, Haiti, Panama, Nicaragua, Paraguay and Uruguay). Especially the larger municipalities have often created specialized municipal (and sometimes inter-municipal) public utilities, whose finances are autonomously managed. While in most cases the companies are public, in a few notable cases they are private companies or mixed modalities operating under concession, lease or management contracts. Chile and Venezuela are examples of countries that have created regional water companies (CAF, 2014).

In rural areas, the provision of water services is usually the responsibility of community-based organizations, while the infrastructure is funded primarily by transfers from national governments or with support from (I)NGO's, community labor and sometimes cash contributions. Only a few, mostly Caribbean

countries (including Bahamas, Barbados, Suriname, and Trinidad and Tobago) do not have community managed service providers in the rural areas. Next to community-based service providers, service delivery by (semi-) governmental companies is the most common form of service delivery in rural areas. Those companies include in some countries the sole nationally-owned service provider (Bahamas, Barbados, Suriname, Trinidad y Tobago and Uruguay) or may be state owned companies responsible for service provision in urban areas (and/or some rural communities (as is the case in Belize, Costa Rica, El Salvador, Guyana, Jamaica, Nicaragua, Panamá and Venezuela). In some countries, municipal service providers also extend their services to the rural communities around the urban areas (IDB, 2016).

3.1.4 Support to community based service provision

The amount of time and work it takes to support numerous community organizations is often underestimated. Responsibility for this function is usually assigned to a government Ministry and its regional branches, a Social Fund, or municipalities. Often national ministries implement technical assistance and post-construction support through decentralised offices (examples are Honduras and Paraguay) or through a specialised agency such as SENASBA in Bolivia. In Chile, post-construction support is provided by regional utilities, contracted by the national government. NGOs also carry out this function, either on their own initiative and with their own resources, or under contract by the government. In Honduras, Colombia, Ecuador and Bolivia, associations of community-based service providers also provide technical assistance to its members.

3.1.5 Decentralization of WASH services and municipal strengthening

Many countries, particularly the countries in South America, have decentralised the responsibility for the delivery of social services, including water supply, to local government. Progress in the decentralisation process over the last decade has been slow. Most of the Central America and the Caribbean countries, with exception of Honduras, still have a very centrally managed service delivery system. Moreover, with exception of the large municipalities with strong economic and political advantage, the vast majority of the municipalities in Latin America and the Caribbean are economically and politically weak institutions. Therefore, they suffer a low operational capacity to fulfil their WASH responsibilities (CAF, 2014).

Municipalities in almost all countries are 90% dependent on national transfers with the exception of the larger and economically more powerful municipalities that are able to directly generate funding. Some countries assign block funding for investments in general (Bolivia), others establish a norm for local government spending on social infrastructure investment (Honduras, Nicaragua). Despite progress in capacity building of local governments, particularly the smaller municipalities face enormous capacity challenges in fulfilling their tasks in general and for WASH in particular.

3.2 Policy framework for WASH

The international policy environment for the water and sanitation sector is framed around the Sustainable Development Goals (SDGs) and the Human Right to Water and Sanitation. The majority of the countries in the region (with exception of Chile, El Salvador, Panamá and Peru) (adopted the human right for water and sanitation) in their respective constituencies. Paraguay adopted it only for the drinking water sub-

sector (GLAAS, 2014). The government of Bolivia championed the adoption of a human right to water and sanitation in the run up for the UN Resolution in 2013.

According to the GLAAS report, only Cuba and Mexico have a national WASH sector policy in place for all sub-sectors (urban and rural, drinking water, sanitation and hygiene). However, progress is being made and most countries do have a national policy for most of the sub-sectors, though they are usually not yet fully funded, implemented and monitored.

All countries with the exception of Costa Rica, Haiti, Honduras, Paraguay and Peru have a universal access policy in place that is supported by an explicit policy for reaching the poor. However, explicit targets for reaching the poorest seldom support those policies and thus its implementation is difficult to monitor and assess.

In the Lima declaration, participating governments in the recent LATINOSAN reaffirmed their commitment to reaching universal access to WASH services by 2030. During the Conference, the participating ministers also agreed to meet again in March 2017 in Mexico to establish regional targets for consecutive years to successively reach universal access to WASH services by 2030. It is the expectation that in the coming years national governments will consecutively adapt their national policies, strategies and programmes according to the SDG's targets relevant for WASH.

3.3 Sector financing and sector budgets

Latin America invested around 33 billion dollars in WASH, of which around 76 % consists of household contributions, 12% by the government, and 12 % through external transfers (GLAAS, 2014). 37% of sector investments in WASH infrastructure come from the development banks (CAF, 2014). Some countries that have reached higher levels of cost recovery, such as Chile, and some utilities in Brazil and Mexico rely on commercial credit financing. However, the vast majority of service providers rely on transfers from national governments. The level of transfers from national governments is often insufficient to increase coverage and improve service quality. Most investments in urban areas are made through a combination of resources coming from tariffs and transfers from national government (tax sharing). Only in Chile and Uruguay are all investments covered by collected tariffs. Furthermore, Argentina, Bolivia, Brazil, Colombia, Cuba, El Salvador, Nicaragua Mexico, Peru and Uruguay implement specific financial schemes with the intention to make WASH more affordable for disadvantaged groups.

In the GLAAS report, 11 countries in the LAC region indicated that they manage a specific WASH budget but only 7 countries provided the corresponding figures for WASH in their national budgets. It is unknown how many countries in the LAC region have a financial sector strategy for WASH in place that seeks the longer-term sustainability of the services beyond project implementation.

3.3.1 Overseas Development Assistance (ODA)

Overseas Development Assistance (ODA) to WASH for most of the Central America countries including Guatemala, Nicaragua and El Salvador and Honduras declined in the period from 1995 to 2014. The reduction can be in large part explained by a relative decrease in traditional bi-lateral grant aid. On the other hand, Bolivia, Brazil, Colombia, the Dominican Republic, Mexico and Peru received a significant increase in ODA, mainly in the forms of loans. This seems to be directly related to the economic growth in

those countries and their increased capacity to utilise loans from the international or regional development banks. The above shows a relatively more important role of public financing in the WASH sector, along with economic growth and stability in the various countries of the region.

International NGO's presence in the WASH sector in the LAC region reduced along with the refocus of official bi-lateral support towards (Sub) Saharan Africa countries. Next to the 13 MWA members active in the WASH sector, a number of large INGO's such as Plan International, Save the Children, OXFAM, PSI, and Project Concern International (PCI), mainly funded by USA based foundations, remained active in the region, but not all in the WASH sector. SNV, ACCRA, ADRAS and ECODES have a strong presence in Central America and are mainly funded through multilateral channels such as the European Union and bilateral funding from the Italian (ACCRA) and Spanish government (ADRAS and ECODES). Because of the multisector nature of their programmes, it is difficult to get insights in their contribution to the WASH sector in the region.

Over the last 20 years, private foundations are increasingly finding their way in the international development world. Also in the WASH sector in Latin America foundations are playing an increasingly prominent role both in the scale of their giving and in their ability to influence the agenda in international development. For non-governmental organizations, social enterprises and aid organizations seeking alternatives to multilateral and bilateral donors, private foundation grants are becoming more and more important (The Global journal, 2015). Aggregated information on the collective private foundations' contribution to the WASH sector at regional level is not available and finding out on how much foundations give to the WASH sector in LAC is not easy; most foundations do not publish a specific "global development" sum and many programs are multi-sectoral and cross-cutting. Based on the results of a desk study for the purpose of the elaboration of the MWA study we found that out of the 47 main USA based foundations, 37 support WASH projects in LAC with a mayor concentration in the Central America countries of Haiti, Bolivia and Brazil. FEMSA and the AVINA foundation are probably the most influential ones in terms of agenda setting in the WASH sector in the region.

3.4. Sector planning, performance monitoring and review

National sector planning processes in Latin America countries are seldom informed by a regular sector performance review. Annual joint sector performance assessments are not yet common practice in Latin America countries. According to the GLAAS report (2014), the majority of countries did at least one assessment in the last 5 years. While most countries report having sector information available, only 6 countries state that they systematically access and use available information for decision making on resource allocation.

In the Central America region, the Monitoring Country Progress in Water and Sanitation (MAPAS) was officially adopted by the Central American Governments (FOCARD) and has been implemented during 2012 in Panama, Honduras and in El Salvador. Currently a new round of MAPAS is being implemented, including additional countries and an update of the 2012 results in Panama, Honduras and El Salvador. MAPAS collects and assesses information on sector performance providing insights in sector progress

towards sustainable and equitable service delivery. The challenge now is to convert MAPAS into a continuous and regular (annual or bi-annual) sector performance monitoring system.

3.4.1 Service delivery monitoring

Many of the countries in the LAC region have made significant progress in establishing information systems on service provision in urban areas - often through regulators. However, few of these information systems include data on service provision in rural areas. Some countries made progress in establishing monitoring systems exclusively focused at service provision in rural areas, the main being the Information Systems for Rural Water and Sanitation (SIASAR for its abbreviation in Spanish).

SIASAR is the most comprehensive government lead monitoring system being used for monitoring WASH service delivery in the rural areas in the region. Each participating country in SIASAR monitors the performance of its water and sanitation services using a broad set of indicators including water quality, reliability of the service, and availability of technical assistance to service providers, users' satisfaction and performance of the service provider. FOCARD adopted SIASAR as the main instrument for monitoring rural service delivery by the national governments and SIASAR is now operational in several countries in the region, also beyond the FOCARD countries (Colombia, Costa Rica, Haiti, Honduras, Nicaragua, Panama, Dominican Republic, Peru and with Bolivia and Paraguay on track for also joining SIASAR).

The results of SIASAR are used for planning post-construction support activities. Implementation of SIASAR is at different levels of progress in terms of institutionalisation and scale in the different participating countries. Reaching national coverage with SIASAR and institutionalisation of SIASAR as a regular and continuous monitoring process are the main challenges for its consolidation.

4. Regional Platforms and Sector Players

Chapter 4 provides a summary and assessment of the key features and roles of these regional platforms and sector players. Annex 5 provides an overview of all main organisations, networks and sector players that play a role in the WASH sector in the region.

4.1 Regional platforms and networks

Latin America and the Caribbean as a continent remains relatively weakly integrated. The number of networks and platforms spanning the entire region is limited. The WASH sector reflects this weak integration with a limited number of platforms and mechanisms for coordination, dialogue and exchange of experiences in the different sub-regions of the Latin America continent. An exception is the Central America sub-region where FOCARD-APS (Central American Forum for Water and Sanitation) is active. FOCARD-APS is a platform for coordination between the responsible ministers for Water and Sanitation for Central America countries and the Dominican Republic, particularly through the adoption of a number of regional instruments such as for monitoring sector performance (MAPAS) and for monitoring service delivery (SIASAR).

ARCA and FANCA are networks for information and knowledge exchange and policy influencing on water management and water resources, bringing together civil society organizations in the Central America countries. Similarly, the Water Alliance (la Alianza de Agua) is a network including more than 300 Spanish and Central American organizations from different sectors related to water. However, these often donor-driven civil society initiatives have come under pressure due to reduced bilateral aid for WASH in the region.

One of the few networks encompassing members from all LAC countries across the region is the AIDIS network. AIDIS is an independent network of professionals and students dedicated to environmental preservation, health, and sanitation. National chapters of AIDIS organize annual sector conferences or events, often implemented around the celebrations of the national water day. Every other year AIDIS organizes a LAC Regional conference or sub-regional conferences. In April 2016, AIDIS held a LAC conference exclusively dedicated to WASH in rural areas. The conferences provide a platform for information exchange and sharing of experiences; the conferences are of varied quality and do not have a clear agenda or explicit influencing purpose.

The Confederación Latinoamericana de Organizaciones Comunitarias de Servicios de Agua y Saneamiento (CLOCSAS) is another important network encompassing members over across the region. Latinosan, another platform bringing together sector stakeholders from the entire region, convenes every three years and seeks enhanced political support for the sanitation sector. One of the agreements that came out of the last Latinosan in Lima, Peru in March 2016 is to enhance the conference's frequency to every two years.

A relatively new initiative with yet limited regional traction is the Latin America Water Week (la semana de agua), an annual event organized with support from the international community (SIWI- FAO-BID, AIDIS and AVINA, and the corporate sector) addressing the broader water agenda. The Latin America Water Week is composed of an interesting variety of stakeholders, including the private sector.

4.2 NGO's and civil society organizations

The presence and role of International NGOs (INGOs) and civil society organizations vary over the different sub-regions and countries. International NGO's are shifting their focus from direct support for service delivery to strengthening capacities of local governments and local service providers, but their presence is mainly concentrated in aid-dependent countries, like the Central America region, Bolivia and Peru. MWA members are among the most important INGOs with a concentration of their operations in a limited number of Central America countries. Beyond Central America, MWA members' main water programs are in Bolivia, Colombia, Peru and Brazil, although their presence extends to other countries in the region via additional programs. Local NGOs still play an important role in direct service delivery. Most of the Andean countries have a vibrant civil society and participatory culture and in the Southern-Cone countries (Argentina, Chile, Uruguay) civil society organizations and local NGOs are often linked to the academically educated middle-class. In the Southern Cone countries, activities are mainly focused on advocacy, accountability and lobby, related to the broader environmental agenda.

4.3 Academia

Important academic institutions in the region are the Economic Commission for Latin America (ECLAC)¹⁰ and FLACSO. ECLAC has headquarters in Chile and is one of the five regional commissions of the United Nations. ECLAC undertakes research and provides advisory services to national governments. It covers both WASH and broader Water issues; its work is broadly renowned but limited resources and staff limit ECLAC's effectiveness in the sector. FLACSO, The Latin American Social Sciences Institute, is an inter-governmental autonomous organization for Latin America and the Caribbean dedicated to research, teaching and spreading of social sciences. FLACSO has a (semi) permanent presence in almost all Latin America and Caribbean countries. FUNASA, based in Brazil, and CINARA, based in Colombia, act as resource centers. FUNASA mainly plays a role related to environmental health and CINARA on WASH and local IWRM. Both have a limited regional reach. The Centro del Agua para América Latina y el Caribe (CAALA), based at the Technological Institute at the Monterrey University in Mexico, is a recently opened new institute, and focuses at providing training, research, and dissemination of information for sustainable use and conservation of water. It has thus a broader water agenda than WASH only.

4.4 Partnerships

The Millennium Water Alliance, an alliance of mainly USA-based INGOs working in the water sector, embraces the most important INGOs active in the WASH sector in Latin America. MWA operations are mainly, but not exclusively, concentrated in the Central America sub-region. MWA members also have a strong presence in Haiti, Bolivia and Peru.

The global Sanitation and Water for All (SWA) partnership has had, until recently, limited traction in the LAC region. This global partnership of governments, donors, civil society organizations and other development partners works together to coordinate high-level action, improve accountability and use scarce resources more effectively. SWA embraces more than 90 partners – including more than 50 developing countries- committed to achieving universal access to clean water and adequate sanitation. SWA is an increasingly important platform for promotion, implementation and accountability on progress towards the MDG's and the envisioned Water goal of the SDG's- universal access to equitable and sustainable WASH services. In Latin America, Paraguay is the only country member to the SWA partnership.

5. Assessment of the WASH sector in LAC: prospects and challenges in reaching the SDG's

5.1 Prospects for achieving the SDG's

Based on the results of an extensive analysis of global and sector trends, and current capacities in the sector for improvement of WASH service delivery in the region, this chapter identifies the main challenges to reaching universal access to adequate (equitable and sustainable) WASH services in LAC.

The LAC region has advanced steadily with regards to improvements in the WASH sector, especially as compared with other regions in the world. The LAC region achieved the MDG targets for water in all countries and the targets for sanitation in most. Though significant progress has been made with access

¹⁰ In Spanish it's CEPAL

to WASH services over the past 25 years, particularly in bridging the gap between urban and rural areas, there are still 30 million people without access to a drinking water system, and more than 100 million people without access to an improved sanitation facility. There are still around 19 million people in LAC defecating in the open.

The key questions posed in the situational assessment, produced to provoke the development of the MWA strategy, sought to determine whether the relatively good coverage figures position the region as likely to achieve the SDG's for water and sanitation. The following paragraphs summarize the results of the analysis.

5.2 Challenges in reaching universal coverage of water and sanitation

The WASH Map¹¹ predicts that the LAC region will achieve universal coverage to water services by 2030 if it keeps up the current trend of sector investments. While advances to a high level of sanitation coverage are likely, it is unexpected that the region will attain universal access to improved sanitation by 2030. Key challenges are presented with the 15% of the population living in rural disperse areas, including indigenous communities; current approaches and service delivery models are very cost intensive for reaching those last segments of the unserved population. Hence, reaching universal access to WASH services implies the need for innovative and less cost intensive models of service delivery to the rural disperse population. In order to attain full coverage in sanitation, increased political priority with enhanced financing, and alternative cost-effective intervention models are needed that contribute to protection of the natural environment and sustainability of the water source.

Attaining universal access also encompasses achieving access to an improved water or sanitation facility in 100% of schools and health centers. Currently, there is a lack of reliable baseline data on the present status of schools and clinics, but it is estimated that the coverage for WASH in schools is approximately 80% with access to drinking water and 70% with access to sanitation.

5.3 Challenges in ensuring sustainable service delivery

Lack of baseline data on actual service levels in LAC inhibits extrapolation and reliable projections for achievement of the SDG's in the region by 2030. However, the tendency in LAC has been and will continue to be towards building water systems with household connections, though challenges around water quality, continuity, and long-term functionality will continue to exist as long as current capacities and finance models of the rural service providers remain insufficient to cover the costs of system replacement over the long term. The institutional and regulatory mechanisms around community based service provision and tariff collection in rural areas are sometimes non-existent, often not adequate or not sufficiently enforced for service provision in rural areas.

5.4 Challenges in water resource management

Though there is little absolute water scarcity in LAC, economic scarcity due to conflicting demands and weak governance is an increasing area of concern in the region and particularly felt at mini-basin level. The sustainability of the water source is at stake, jeopardizing WASH service provision, and challenged by continued fecal contamination of water sources and water losses due to damages in the water networks, as well as the impact of climate change.

¹¹ <http://www.wateraid.org/what-we-do/the-crisis/statistics/world-wash-map>

5.5 Addressing the challenges in reaching the SDG's in LAC

The above identified challenges to achieving the SDG's are common for all LAC countries, however the level of magnitude of each challenge differs significantly from country to country.

Addressing the identified challenges requires interventions engaging various sector actors and mechanisms across the different sector levels (national and decentralized). Such an approach seeks to strengthen the sector "system," with a prominent role for government in leading sector processes framed around a long-term vision of reaching universal access by 2030 and sustaining adequate services over time.

Elements of such a sector system strengthening approach include support to the establishment of: an appropriate policy and institutional framework that recognizes the community-based service providers, an appropriate regulatory framework that includes guidelines for tariff setting, a sector planning system and a longer term financial plan giving direction to medium and long-term sector investments, and the establishment of a sector monitoring system linked with learning and use of evidence by the sector stakeholders. It also entails the establishment of links between the WASH sector and other adjacent sectors, such as income generation, agriculture, education and health, as well as mechanisms for water resources management.

While many countries have various elements of a strong sector system in place, lack of political leadership and commitment to the (rural) WASH sector inhibits better performance in many countries. However, the (rural) water and sanitation sector has gained more political momentum over the last couple of years in many countries of the region, such as Bolivia, Nicaragua, Panama and recently Peru.

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