



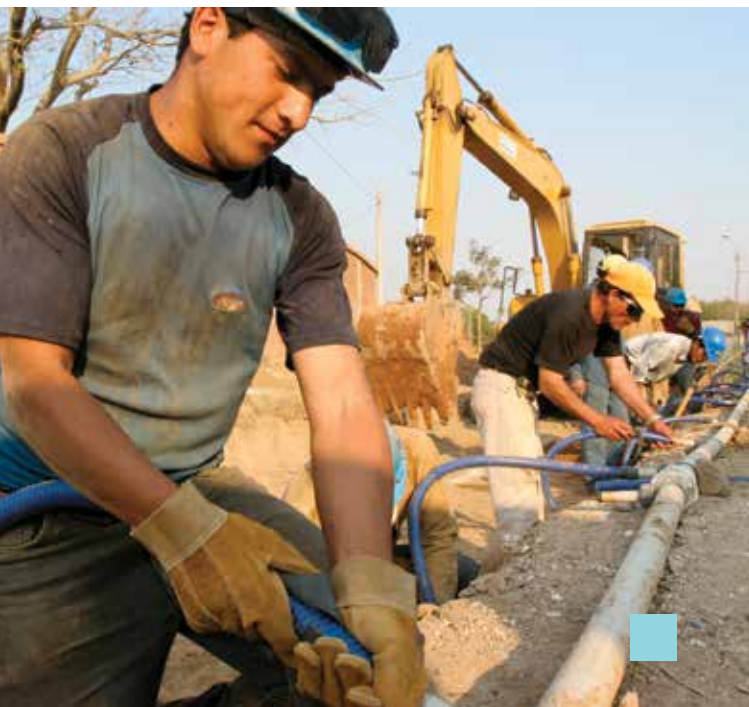
**CAF:**  
a development  
bank to finance  
Latin America's  
demands  
for water  
infrastructure  
and services



DEVELOPMENT BANK  
OF LATIN AMERICA

**More opportunities, a better future.**

# Financial and technical support to the water sector

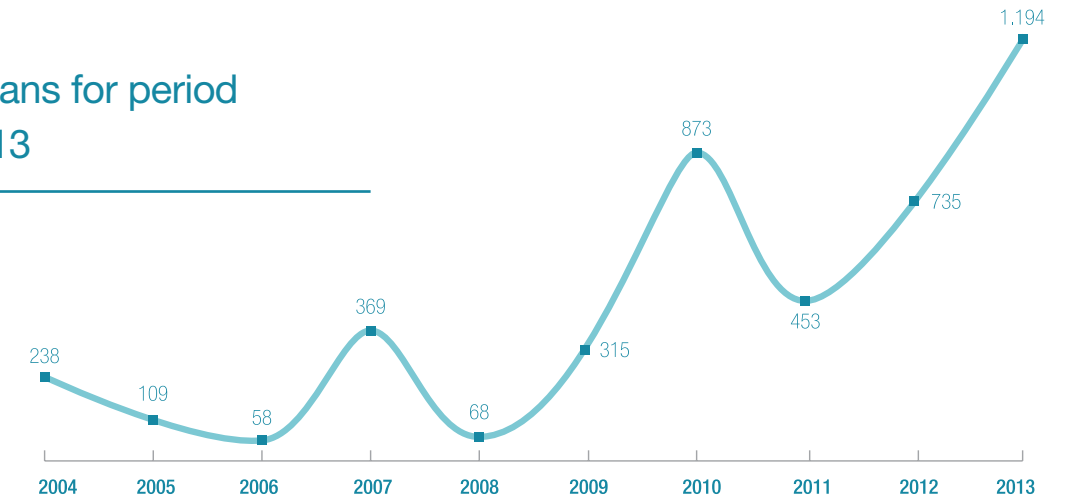


CAF supports countries to achieve universal access to adequate drinking water and sanitation services, following the principles of integrated water resources management.

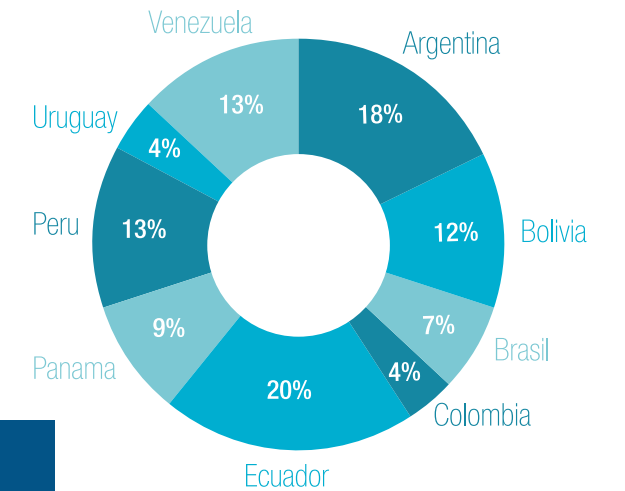
In the last five years (2009-2013), demand for CAF loans to the water sector grew in both, financing and technical assistance. During this period, CAF approved 33 credit operations totaling USD 3.570 billion. In 2013, approvals totaled USD 1.194 billion.

An essential component of non-reimbursable technical assistance is designed to strengthen institutions, finance pre-investment studies, encourage public-policy dialogue and strengthen knowledge generation and dissemination about CAF's experience in project implementation and in best international practices.

## Water Loans for period 2004-2013



## Loan distribution by country 2004-2013



Between 2004 and 2013 CAF approved 52 water investment projects totaling USD4.412 billion in 11 countries of the region.

# The Challenges of Latin America's cities:

# CAF's VISION

## Water

- Formulate and develop long-term master plans that facilitate the selection of efficient and well-thought investments that are in line with broad development and urbanization goals and strategies.
- Provide technical and financial support for investments in water and sanitation projects within an integrated approach to urban development, especially in areas of informal urbanization and in slums.
- Participate in water conservation and protection programs to reverse environmental degradation of water, soil and air in both urban and rural areas.
- Support no regret adaptation and mitigation measures to address the effects that climate change have on water resources, especially urban flooding and drought.
- Promote programs to manage water demand by improving efficiency in the use of water, and by supporting strategies to ensure the provision of environmental services of aquatic ecosystems.



## Water services

- Achieve universal access to high quality water supply and sanitation services by 2030 in tandem with adequate housing solutions and urbanization services, as part of a broader strategy to achieve a higher level of social inclusion in the region.
- Meet society's demand for high quality water supply with adequate pressures 24 hours a day, and with sanitation systems that guarantee public health. .
- Strengthen the design and implementation of policy and institutional frameworks for water supply, sanitation and storm drainage services by separating policy, regulatory and management functions, including the establishment of sound policies for tariffs and subsidies that ensure the financial sustainability of these services.
- Promote programs that strengthen administrative, operational and commercial management of water utilities and service providers across the region to ensure that the quality and sustainability of investments are guided by principles of economic efficiency and social affordability.



**80%** of Latin America's population

lives in cities. The region faces significant challenges in ensuring the supply of high quality water services for ALL.



To achieve universal access by 2030, fiscal allocations for investments in public goods with large social and environmental externalities have been estimated at:

**0.3%** of GDP.

To properly manage, operate and maintain water systems, utility and operators must generate financial resources for investments that are equivalent to:

**0.4%** of GDP.

## Water services are a key component of a comprehensive and integrated strategy for infrastructure, land use and natural resources management

To face these challenges, CAF promotes an integrated approach to water resources management that encompasses all phases of the hydrological cycle, from the protection and sustainable use of surface and groundwater resources, to the safe disposal of wastewater back into the environment. This approach includes:

- Systematic monitoring of the water cycle and ensuring a proper dissemination of hydrological and meteorological information.
  - Developing effective regulatory instruments to allocate water rights that consider the balance of supply and demand within a framework of integrated water resources management.
  - Coordinating watershed organizations with community participation, and managing international river basins in compliance with existing agreements and principles of mutual benefits sharing.
  - Promoting the analysis of impacts associated to climate change and supporting the implementation of measures that mitigate and adapt societal capacities and development demands to its consequences.
  - Developing the knowledge about conservation and sustainable use of groundwater resources,
- supported by sound and socially acceptable policies, legislation and institutions.
- Implementing effective sanitation measures that ensure public health and restore the quality of water resources in the region.
  - Promoting sound investments in water infrastructure projects that ensure human health and improve living standards, as well as social and productive activities throughout the region.
  - Supporting countries to improve a much needed coordination of policies and projects across different infrastructure sectors and the environment, including: water supply, sanitation, drainage, solid waste, transport, electricity and disasters management.
  - Establishing warning and emergency response systems to natural disasters to save lives, protect property and safeguard the economy.

## What we offer

**We are the Latin American development Bank for Latin America, which allows us to understand the region's challenges and tackle them head on with strategic projects and programs that bring about lasting social and environmental impact that:**

- Promote the appropriate management of water resources, including the use and conservation of water as well as the sustainable use and proper return of residual water resources back to the environment.
- Expand access of continuous water supply and sanitation services, adequate flood control and drainage, and wastewater management, with the greatest emphasis placed in targeting the most vulnerable populations.
- Foster institutional and regulatory development of the water sector, improve management, transparency, accountability as essential conditions to lasting improvements of water sector operations.

We are a bank that stands closely to our client countries by assisting them in the preparation of national development strategies, investment plans and programs that strengthen policy analysis and implementation and institutional development.

We follow country systems in the projects that we finance, including national legislation and procedures for procurement, social and environmental safeguards, financial administration and auditing purposes to improve the efficient delivery of projects.



### We are known for:

- Strategic decision making and rapid institutional response to projects presented by our clients to achieve results within a reasonable time period. The time between a formal loan application submission and CAF approval takes an average period of six months.
- A decentralized organizational approach that keeps the bank close to client countries and their development agencies.
- Forging strategic partnerships with development agencies and the private sector to act as a catalyst to provide financial resources for the region's development.

## How we can help

**CAF products and services are available to governments in shareholder countries as well as to public institutions and private-sector or mixed capital entities that operate in those countries:**

- Direct assistance from CAF's water team with the structuring, evaluation and execution of investment projects as well as in sectorial and strategic issues.
- Non-refundable technical cooperation to assist with the preparation of investment projects, finance studies on priority sectorial and strategic issues at the request of governments, and support capacity building and training of technical and managerial staff.
- Financing specific investment projects across all the different components of the urban water cycle as well as in rural areas which includes improving water supply and sanitation services, as well as availability of water for agriculture.
- Financing of water infrastructure development programs which are managed by development institutions in specific countries of the region with an excellent track record of project delivery.

## Major Financing Projects in Latin America

### Panama City and Bay Sanitation Project

Total Financing/CAF Contribution: USD (971-846) million

This infrastructure funding seeks to integrated management of the urban water cycle and improve sanitation services for the people in the Panama City metropolitan area as well as environmental restoration of the Panama Bay and rivers crossing the city. To achieve these objectives, the project is structured into four components: sewage and sanitation networks, waste collection, interceptor systems and a wastewater treatment plant.

### Ecuador Community Development Environmental Sanitation Program

Total Financing/CAF Contribution: USD (775-947) million (three phases, a fourth under study)

The program aims at improving living and health conditions for both rural communities in the 221 municipalities of the country by targeting the most at-risk populations with comprehensive projects that provide safe water as well as sanitation and solid waste management services.

The program funds: pre-investment, investments needed to develop infrastructure crucial to operating systems as well as those that strengthen municipal institutions, service providers and sector entities, in particular the Ministry of the Environment's National Water Secretariat.

### Maldonado Sewage Treatment and Disposal System Project

Total Financing/CAF Contribution: USD (83.2/45) million

This project improves living standards and promotes the social, economic and tourism development in Uruguay's Maldonado Department, in the capital city as well as in the Punta del Este

tourist district. This investment aims at increasing sewerage services from 53% to 95%, and provide these services to a population of 417,000 inhabitants by 2035.

### Main Technical Assistance

#### Formulation of policy guidelines needed for Comprehensive Strengthening of Small Water and Sanitation Providers in Colombia

CAF advises Colombia's Vice-Ministry for Water and Sanitation and the Ministry of Housing, City, and Territory to draft policy guidelines needed to integrally strengthen small providers of water and sanitation services.

#### Plan To Ensure Water Supply and Urban Sewage Services in the Department of Magdalena, Colombia

CAF has conducted a study to discuss public policy and institutional options and proposals to ensure infrastructure sustainability outlined in the Magdalena Department Water Plan. Sustainability is examined from technical, financial and institutional points of view.

#### Mid-Term Evaluation, PROMADEC Project, Ecuador

The mid-term PROMADEC evaluation seeks to find best practices to assist the Government of Ecuador in its implementation efforts and improve services. Under the "Prosaneamiento" program, current and future CAF financing will increase access to water and services to 95% of the country by 2017.

## Knowledge Management



### Infrastructure and Comprehensive Development in Latin America: Diagnosis and Proposals for a Priority Agenda. Water

This document focuses on the infrastructure and urban water issues, taking into account that Latin America's population is largely urban, with exponential growth rates forecasted for the region's cities. Adequate water supply systems must accompany such population growth.



### Water Supply and Sanitation Services in Latin America and the Caribbean: Realistic Goals and Sustainable Solutions

This document offers realistic proposals and sector goals for the 2010-2030 period and the cost estimates needed to achieve those goals under a public policy and governance framework that will ensure sustainability based on experiences and best practices in the region.



### Equality and Social Inclusion in Latin America: Universal Access to Water and Sanitation Services: A Series of Reflections on social and environmental policies N ° 2

This second issue of the Reflection Series on social and environmental policies presents documents prepared by the region's thought leaders on the Latin American water and sanitation sectors. The document aims to promote wide discussions on public policies to improve equality and social inclusion, including those addressing drinking water and sanitation service shortages. At the same time, the document addresses ways to move closer towards universal coverage of urban services, with emphasis placed on the poorest and most vulnerable sectors of society.



Download these publications at: <http://publicaciones.caf.com>

We are a development bank committed  
to improving the quality of life for all  
Latin Americans.

Our actions promote sustainable  
development and integration across  
the region.

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