Overview of Latin American Water and Sanitation Sector

Overall Picture

Presently in Latin America more than 34 million people have lack to secure potable water sources and approximately 110 million do not have improved sanitation. Around 94% (97% & 82% urban-rural, respectively) of the population have potable water services and 83% (87% & 63% urban-rural, respectively) have access to improved sanitation. While coverage has increased, the coverage growth rate has slowed down due to difficulties with bringing the services to the suburbs, peri-urban and rural areas, making it impossible to achieve the Millennium Developing Goals.

Coverage does not guarantee “secure and adequate” access. Potable water service quality is still low in relation to service continuity and water quality, especially for low income groups and rural areas. In the case of sanitation, around 70% of the collected urban wastewaters are discharged directly into the rivers, lakes and oceans without treatment, resulting in many highly contaminated watersheds, especially around big cities.

The organization of the water and sanitation sector in Latin America is very diverse. Some countries have specific laws for the sector (Bolivia, Peru, Nicaragua, etc.), while in others they are contained within the health or environment sectors. The countries with poorer coverage have national sectorial plans that are normally not fulfilled; they have ambitious approaches and/or centralized budgets with poor coordination between central and subnational level. Contrarily, countries with higher coverage (Chile, Uruguay, Colombia, Argentina, etc.) have wide plans for sustainable or national development.

With reference to the regulatory authority there are different institutional conceptions. In Chile, for example, the regulatory body is in charge of control and supervision. There are other cases where the regulator also provides technical assistance, or in which the management of the water resources are included, or where several services are regulated under the same institution.

Regarding the water and sanitation service providers (WSP) in urban areas, it is found that: (1) Geographically small countries have only one provider (Nicaragua, Costa Rica, etc.), which normally has a small directory close to the government with a high risk of political meddling; (2) WSPs with a provincial, state or regional administration (Chile, Argentina, Brazil, etc.) achieving an equitable participation from governments, society and WSPs; (3) Countries in decentralization processes often have municipal or inter-municipal WSPs dominated by the local governments’ hegemony. The service provision in rural areas is mainly carried out with community models.

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1 Interamerican Development Bank (IDB), 2013: Agua potable, saneamiento y los Objetivos de Desarrollo del Milenio en América Latina y el Caribe.

2 Economic Commission for Latin America and the Caribbean (ECLAC), 2014: Políticas e institucionalidad en materia de agua potable y saneamiento en América Latina y el Caribe.
Difficulties and challenges

Even though there is huge variability in the sector in Latin America, difficulties and challenges for achieving universal-ity and sustainability in the provision of services have been identified and worked on, some of which are listed below:

- Lack of prepared and capable WSPs and governmental organizations’ personnel.
- Scarcity of awareness from citizens and governments – lack of hygiene culture, excessive water use and inadequate citizen involvement with the WSPs.
- Absence or poor quality information regarding the services’ status. Infrastructure in damaged or poor condition.
- Tariffs do not cover operational nor investment costs.
- Users’ payment capacity or/and availability is not in accordance to the tariff scale.
- High amounts of non-revenue water and physical water losses.
- Not enough available funding for increasing coverage or improving service quality.
- Conflicts of interest between ministries, mayors’ offices, regulatory authorities, WSPs and citizens, making the decisions mainly oriented to local political subjects or power relations and not to environmental, WSPs’ and users’ necessities.
- Lack of political structures clearly defined and oriented to service sustainability.
- Utilities atomization – hampers the conception of uniform financial policies to deploy regulatory systems and the WSPs’ financial sustainability and governance.

GIZ strategies and working lines

Due to the cultural, governmental and resource diversity, there is no unique solution for enhancing and increasing the services across Latin America. Nonetheless, seeking to achieve sustainable water and sanitation services, the necessity of taking action with an integrated view, and not only investing in infrastructure, has been identified.

The Deutsche Gesellschaft für Internationale Zusammen-arbeit (GIZ), on behalf of the German government, has directed the Latin American sector for more than ten years seeking to achieve sustainable results in relation to environmental, economic and social approaches. Underpinning this process are the following working approaches:

Social-Political Management (SPM):
Investing in infrastructure and institutional capacities is not enough; socio-political comprehension, acceptance and support are also required to achieve sustainable services. To this end the GIZ advises the countries in three working lines: (1) Fostering the empowerment of citizens and politicians. (2) Health, environmental and payment culture education. (3) Strengthening relations between governments and WSPs.
Capacity Development (CD) Systems: 
To overcome the institutional weaknesses described before, countries need solutions that allow them to develop and sustain capacities permanently. On the basis that the human resource is the key factor to improving institutional management and generating a positive impact for the sector’s competitiveness, the GIZ advises using two strategies: (1) CD of management and technical knowledge of the sector’s work force by carrying out technical assistance and training in pertinent subjects. (2) Strengthening of CD structures in the sector; proposing the development of a systematic solution which takes into account financial requirements, understanding of the supply and demand and maintaining a relationship with a system of CD at the national level.

Governance and Corporate Governance (G&G): 
The functional and constructive relationship between the private and public sector actors provides the basis for achieving service sustainability. WSP management autonomy guarantees their economical sustainability. With this aim, the GIZ advises ministries, regulatory authorities, sector associations and WSPs to seek reforms aimed at service sustainability with effective and transparent communication between the government, WSPs, and citizens.

In terms of corporate governance, institutions are oriented to improve their internal management to achieve business structures that provide sustainable services. In matters of governance, the management between WSP, governments and citizens (users) is advised.

GIZ’s current portfolio

The GIZ, on behalf of the German cooperation, is currently implementing water and sanitation programmes in three Latin American countries: Bolivia, Nicaragua and Peru.

In Bolivia the programme PERIAGUA is being currently carried out, working at the WSPs operational level, with a focus on the peri-urban areas of Santa Cruz and Tarija, applying the SPM guidelines. CD from the sectorial institutions is continued, using the National Service for Sustainable Water and Sanitation Services (SENASBA), an instrument for CD developed in the past with support of the GIZ. The water resources governance is being enhanced by giving advice on the management of public water services, including climate change factors.

In Nicaragua the programme PROATAS is being developed, which supports the institutional strengthening strategy of ENACAL (utility responsible for approximately 90% of the country’s urban areas), fostering the deconcentration of four departmental delegations (Rivas, Masaya, Boaco and Chontales). This model is to be use in other delegations, enhancing the capacities and consolidating the corporate
governance. Other challenges that are being addressed are the development of a systematic solution for CD, the consolidation of the autonomy of the national water authority (ANA), and supporting the updating and harmonizing of its policies and strategies based on the water law.

In Peru two programmes presently exist: (1) PROAGUA II, which in the context of the Sanitation Services Modernization Law implements the necessary reforms seeking economies of scale around the utilities, in which WSPs achieve social inclusion, optimization and autonomy. One of the tools that is being used for such a purpose is the Capacity Development System (SFC), developed under GIZ supervision and support, and is currently being complemented with the training of technical professionals. (2) ProACC; the GIZ in cooperation with the private sector is guiding the management of four watersheds, adapting them for climate change and developing a governance model for the water resources management.

Highlights of German technical cooperation after more than 10 years of experience

Ley de modernización de los servicios de saneamiento
Sistema de fortalecimiento de capacidades (SFC)
Servicio nacional para la sostenibilidad de servicios en saneamiento básico (SENASBA)
Manual: Método de planificación por procesos de impacto (MPPI)
Aprendizaje vinculado a resultados (AVAR)
Sistema de indicadores de Gobernabilidad & Gobernanza