



Sustainable Water Cascades to Paraguay's Rural Towns

IMPACT

Output based aid: Users of the privately provided water services are satisfied with the services provided. In one of the cases, the Junta has recently requested an expansion of the system and supported the private operator in a tariff increase request with the national regulator. The financing scheme reduces the initial financial pressure of SENASA allowing it to proceed in parallel in the construction of more new systems, benefiting a larger share of the population in a reduced timeframe.

Associations of Juntas: Partnering with the Associations allows SENASA to scale up its technical assistance capacity, ensuring long term sustainability of the systems. With this model everyone wins as the juntas receive better TA services, the users receive more reliable services and SENASA has a more cost-effective way for the provision of TA to the Juntas.

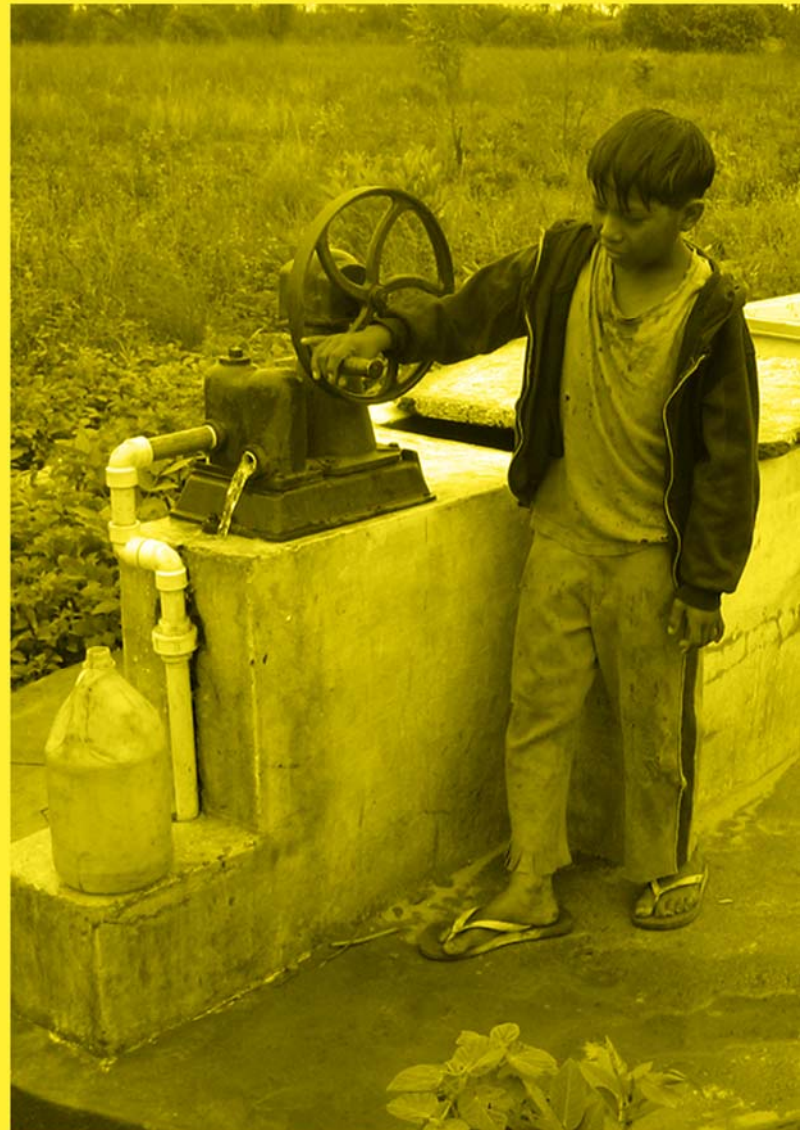
SCALE-UPPOTENTIAL

Output based aid: These Schemes provide a good opportunity to expand services to rural committee in a faster way, as the private sector has an incentive to deliver outputs and collect the subsidies. From the government's point of view the initial capital requirement are reduced, allowing SENASA to concentrate in smaller more dispersed communities. This model is being considered as a possibility for small cities in Paraguay and could also be tested in other countries of the region.

Associations of Juntas (water user committees): These associations have the potential to become an important vehicle for sharing experiences and the provision of technical assistance among juntas, as well as to become an effective voice of the rural water supply sector vis-à-vis decision makers at the central level.

“PARAGUAY: FOURTH RURAL WATER
SUPPLY & SANITATION PROJECT”

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AN INNOVATIVE APPROACH

First Output Based Aid pilot in the water sector in the world: Local private sector (construction firms) was attracted to unserved rural areas by providing an output based subsidy, awarded through competitive bidding. This has been a groundbreaking approach, partly because of the perception that the private sector is only interested in large, rich cities. Rather, local private entrepreneurs were willing to participate in BOTs for small towns based on the incentive structure design and the active participation of the community (Junta) that owns the assets and is the conceding power).

Associations of Juntas (water user boards): With over 2,000 juntas, or water user boards, operating rural water supply systems nationwide, it had become increasingly difficult for the national rural water agency, SENASA, to provide post-construction technical assistance directly to all juntas. The association of juntas was considered a practical approach to facilitate the provision of TA in a cascading fashion. Through their creation, SENASA has taken a proactive approach to solving these problems in a creative manner, empowering organized civil society to resolve its immediate problems with central government support.

STRENGTHENING COUNTRY RELATIONS THROUGH CLIENT ENGAGEMENT

Both approaches are based on a participatory mechanism between the organized beneficiaries in a Junta (water user board) that has the permit to provide services. For larger consolidated rural areas the OBA approach fosters a partnership with the local private sector for provision of services and in the second, the creation of Associations of Juntas allows the Government to provide TA by aggregating the juntas in larger cooperatives, creating some economies of scale that translate in more efficient services to the final users.



TESTED IDEA

OBA Approach: This initiative was tested for the construction of 6 water systems in different areas of the country benefiting 10 rural communities. After more than two years in operation communities are satisfied with the service and with the private operators. The approach includes participation of the organized beneficiaries in the Junta, which acts as an oversight group. The basis of the model is the partnership between the Junta and the private operator that is based on transparency and accountability mechanisms.

Associations of Juntas: This pilot was initially tested in 3 departments of the country to assist SENASA with the provision of TA to the juntas. SENASA subsidized the initial capital in the creation of the associations by financing of vehicles, office equipment and an initial stock of pumps, meters and tools. It is expected that the associations will be financially self-sustainable through monthly contributions from the associated juntas and through charges for services provided.

RESULTS

Output based aid in water sector in the world: The implementation of this pilot program was highly satisfactory in quantitative, institutional and organizational terms. The number of systems built – six systems serving 10 communities – exceeded appraisal estimates of five systems, and the population served by this pilot program amounts to 28,000 people.

Associations of Juntas (water user committees): Initially, 3 pilots associations were considered with this approach SENASA has been able to provide construction support to a number of juntas allowing the government to monitor and service sustainability to hundreds of juntas in a more efficient manner. The positive results so far have led to the creation of 5 new associations.