Terms of Reference:

Consultancy for the development of a strategy for private sector participation in the water sector and Hidroclima Investment Programme in El Salvador

Project: " Climate Resilient Water Security for El Salvador: Strengthening Capacities and Strategic Frameworks for Water Investment Planning and Building the Country Pipeline "

September 2026

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1. Project Description

El Salvador is one of the world's most vulnerable countries to climate threats, with climate risks incurring annual losses of around 2.5% of GDP. The main climate impacts are experienced through water, with increasing droughts and floods affecting rural and urban areas. El Salvador is ranked as the second country with the highest exposure in the world to two or more hazards, and more than 80% of the total area is considered a risk area. Projected climate change hazards include a decrease in annual precipitation and an overall increase in drought prevalence across the country, while extreme rainfall is expected to increase. These factors are expected to increase the adverse effects of droughts and floods in the country.

The adverse impacts of climate threats in El Salvador are estimated to be magnified by the country's limited capacity to adequately consider climate change in the management of its water resources. Currently, El Salvador is improving its capacity to implement water resources management technologies and solutions for climate resilience within the framework of its climate action instruments, such as NDC 3.0 and its National Climate Change Plan. However, these ambitions are hampered by limited capacity and understanding of the impacts of climate change on the country's water resources, low capacity to implement water harvesting technologies in an integrated and climate-resilient manner, and limited capacity to develop and implement a portfolio of projects that build climate resilience and water security.

The Ministry of Environment and Natural Resources (MARN) is executing the project: ***Climate Resilient Water Security for El Salvador: Capacity Building and Strategic Frameworks for Water Investment Planning and Development of the Country's Project Portfolio*** (hereinafter, "the Hidroclima Project"), which was approved for grant financing under the Green Climate Fund's (GCF) Readiness window in 2025.

The Global Water Partnership Organization (GWPO) is the implementing partner of the Hidroclima Project, which through GWP Central America executes the actions of this project, under the strategic direction of MARN and the Salvadoran Water Authority (ASA) and in coordination with key actors for water management, climate change and financing in El Salvador.

The problem that the project seeks to address is that water sector stakeholders in El Salvador lack the financial and technical capacity necessary to develop and implement an integrated and strategic investment programme that allows for specific interventions to improve climate resilience in this sector. Prevailing barriers limit access to financial resources to translate the country's water-related climate priorities in different sectors (agriculture, energy, health, disaster risk reduction, ecosystems, and others) into concrete project ideas and develop an investment portfolio for the GCF and other financing mechanisms. Without this intervention, the various water sector stakeholders are likely to continue implementing projects and programs that are not integrated or aligned, while lacking the key data and information to design evidence-based investments, including hydroclimatic information and early warning information.

The project aims to strengthen the capacity of water sector actors in El Salvador to understand their climate adaptation needs and potential mitigation co-benefits through IWRM, as well as to formulate concrete responses through the development of projects and programs that address these needs and mobilize financing for their implementation.

The objective of the project will be achieved through four (4) interrelated and mutually reinforcing components: *Component 1*: strengthening the capacity of key national actors, including government institutions, civil society, academia and the private sector, to identify, develop and implement climate-resilient water sector investments andaccess climate finance; *Component 2*: strengthening strategic and policy frameworks for climate-resilient water resources management, including the development of a national water investment programme aligned with climate adaptation, disaster risk reduction and water security priorities; *Component 3*: development of the country's climate finance portfolio through the development of a high-quality, investment-ready project concept note in the water sector; and *Component 4*: promotion of knowledge sharing, South-South learning, and the generation and dissemination of good practices to strengthen institutional coordination, capacity building, and sustained engagement with the GCF and other climate finance mechanisms.

During the process of drafting the project document, stakeholders identified that there is a limited understanding of how to engage the private sector within the water value chain. The Hidroclima project represents a unique opportunity to identify how to engage the private sector during the development of a climate-resilient water investment programme across the country.

As part of Outcome 2.4: Strategies, roadmaps and studies completed to attract private sector financing for emission reductions and climate-resilient development; a private sector engagement strategy will be developed, guiding MARN, ASA and other key institutions, on the potential roles that the private sector can play in water resources management and how to achieve the appropriate involvement of private sector actors. GWPO is therefore seeking consulting services for the development of such a strategy.

2. Background

The project has mapped actors and defined a strategy for their participation in the implementation of the Hidroclima Project. The strategy indicates that its implementation will be differentiated according to the level of influence, responsibility, technical capacities and potential contribution of the different groups of actors identified. This approach seeks to ensure effective, proportional and results-oriented participation, promoting institutional ownership of the project's products and strengthening coordination between entities linked to water resources management and climate resilience.

It is important to emphasize the strategic role of the private sector as a key actor in driving innovation, mobilizing investments, providing technical capacities, and promoting solutions that contribute to strengthening water security and climate resilience. Companies, business associations, financial institutions, and other private actors play complementary roles to public institutions, especially in areas related to investment, the design and implementation of financial mechanisms, technology transfer, efficient water management, and the development of public-private partnerships.

Given the importance of the private sector in achieving the objectives of the Hidroclima Project, a Private Sector Participation Strategy is required. This strategy will define practical mechanisms, modalities, archetypes of investable projects, and instruments for private sector participation in the development and subsequent implementation of the Climate Resilient Water Investment Programme under the the Hidroclima Project, and provide targeted inputs into the Hidroclima Project's GCF concept note and associated pre-feasibility study on climate-resilient water harvesting and integrated flood and drought management.

3. Objective of the Consultancy

The objective of this consultancy is to develop an actionable private sector engagement strategy that identifies private sector climate-resilience needs, roles and investment opportunities along the water value chain, and translates these into prioritized participation and financing options for the Water and Climate Resilience Investment Programme and the GCF concept note and associated pre-feasibility study to be developed under the Hidroclima Project.

The consultancy will, under the advisory of GWP Central America, tailor the strategy to align/feed into the GWP-identified appropriate national process to ensure country ownership and relevance. The strategy will seek to facilitate the involvement of the private sector as a key actor to promote innovation, mobilize investments, provide technical capacities, and promote solutions that contribute to strengthening water security and climate resilience in El Salvador.

The strategy will be developed in close coordination with the Water and Climate Resilience Investment Programme and will identify where and how private-sector actors can contribute to the development, financing and implementation of investment opportunities and priority areas identified through that Programme."

Specific objectives

- Map the main private sector actors involved in the water value chain in El Salvador.
- Promote dialogue, interaction, and public-private collaboration methods to promote climate resilience strategies and actions in El Salvador's water sector.
- Define and validate the lines of action and mechanisms for the involvement and participation of the private sector that contribute to the objectives of the Hidroclima Project.
- Identify and assess potential private sector investment, co-financing and delivery arrangements for prioritized interventions, and provide practical recommendations for their incorporation into the Climate-Resilient Water Investment Programme and GCF concept note to be delivered by the Hidroclimate Project.
- Develop an implementation roadmap defining responsibilities, engagement actions, milestones and indicators for activating and sustaining private sector participation.

4. Scope of Services

The development of the strategy will consider other spaces in which there is already private sector participation for water management and climate resilience. Below is a list of specific tasks to consider:

a) Participate in and coordinate regular meetings and consultations with the project PMU, GWP-CAM and the Project Strategic Coordination Committee (CCEP) as needed. Frequent communication is essential for this consultancy.
b) Review the stakeholder mapping and participation strategy of the Hidroclima Project, in which the participation of the private sector is proposed in a general way and a preliminary list of private sector actors is identified, which should be enriched with this consultancy
c) Review the approved Readiness proposal and available outputs on climate risk, technology needs, investment planning and concept note development. Agree with the PMU and the teams responsible for Outputs 2.2.6, 4.1.1 and 4.1.4 on the private-sector related information required from this consultancy, coordination arrangements and dates for providing inputs. Update recommendations as investment priorities and the concept note design evolve.
d) Characterize and prioritize relevant domestic private sector actors and, where relevant, international investors, financiers and technology providers. Distinguish between actors as beneficiaries/water users, investors/co-financiers, lenders, technology or service providers, and potential operators or implementing partners. Record their geographic and subsector relevance, climate-resilience needs, potential role in prioritized interventions, interest, capacity and conditions for participation.
e) Review El Salvador´s legal framework related to private sector participation in water and climate related initiatives, including the Law for Public-Private Associations.
f) Identify and prioritize the private actors with the greatest impact and participation in the development, financing and implementation of investments in water and climate
g) Conduct a desk review to identify existing experiences on private sector participation in water management, climate resilience and financing.
h) Conduct interviews with key actors to identify opportunities for private sector participation, as well as their climate resilience priorities.
i) Assess the legal, regulatory, institutional, commercial, financial and capacity barriers and opportunities to private sector participation in prioritized investment opportunities. For each material barrier, propose a feasible response, identify the responsible institution and distinguish actions achievable within existing arrangements from those requiring policy or regulatory change. Build on relevant existing initiatives and avoid duplicating assessments undertaken elsewhere in the project
j) Organize and facilitate workshops and consultation/validation meetings as needed, to complete the development of the private sector engagement strategy.
k) Propose the content structure of the strategy to validate it with the Project's UEP, defining the scope and components of the strategy within the framework of the scope of the water and climate resilience investment programme
l) Identify the roles and functions that private actors can play, differentiating between contributions in financing, technological innovation, operational management and corporate social responsibility.
m) Define appropriate mechanisms for public-private involvement that allow the strategy to be operationalized, ensuring its technical, institutional and financial relevance. For selected priority opportunities, assess suitable participation and financing models, including public, private and blended approaches where appropriate. Identify indicative sources and instruments of finance, commercial incentives, revenue or cost-saving mechanisms where applicable, principal risks and their allocation, and any need for public or concessional support. Explain how each model contributes to climate resilience and equitable benefits, and identify potential pilot opportunities.

n) Undertake targeted discussions with prioritized private sector actors to document potential participation and co-financing interest, indicative contributions where actors are willing to disclose them, conditions for participation, remaining uncertainties and agreed next steps. Seek written expressions of interest where feasible, clearly distinguishing preliminary interest from confirmed commitments.
o) Develop the private sector engagement strategy.
p) Present the strategy to the CCEP and the core working group of the Project for review and feedback.
q) Hold a workshop for the presentation of the strategy in its final version to the actors of the private sector and the core working group of the Project.
r) All meetings and workshops will incorporate a social inclusion approach to ensure the effective participation of women and vulnerable groups. The analysis and proposed participation models shall also address opportunities and barriers for women-led enterprises, MSMEs and vulnerable groups, and screen potential implications for equitable water access, affordability and environmental and social risks. Relevant findings shall be provided to the teams responsible for investment prioritization and CN safeguards and gender analysis.

5. Products and deliverables

The main products and deliverables of the consultancy are described below:

Output 1: Work plan and timeline

Task 1: Prepare the detailed work plan and timeline based on the methodology to prepare the private sector participation strategy in the water sector and the investment programme.

Deliverable E1: Work Plan and timeline reviewed and approved by the Project Coordination.

Output 2: Mapping of key private sector actors

Task 1: Analyze the information provided by the Project on the context, participation strategy and approach for the Water and Climate Resilience Investment Programme and the priority areas of the territory.

Task 2: Characterize and prioritize relevant domestic private sector actors and, where relevant, international investors, financiers and technology providers. Distinguish between actors as beneficiaries/water users, investors/co-financiers, lenders, technology or service providers, and potential operators or implementing partners.

Task 3: Conduct consultations and interviews to obtain input from key actors, for the identification of climate resilience needs of the private sector, as well as on their roles in the water value chain.

Task 4: Develop and identify potential roles of the private sector in prioritized interventions for the water and climate investment programme.

Task 5: Identify opportunities for engagement, considering the interest, capacity and conditions for private sector participation in the Water and Climate Resilience Investment Programme.

Task 6: Prioritize the needs of the private sector in relation to climate resilience in the water sector, recording their geographic and subsector relevance.

Task 7: Prepare a content proposal for the mapping of private sector actors and its analysis, for review by the PMU and CCEP.
Task 8: Prepare the actor mapping of private sector actors. The report will be based on interviews with the key actors, as well as on inputs from the Project in relation to the scope of the Investment Programme and the prioritized areas.

Deliverable E2: Analysis and mapping report of private sector actors.

Output 3: Modalities of private sector participation investment and financing in the investment programme

Task 1: Review and analyze El Salvador legal framework and existing incentives to facilitate private sector participation in the Investment Programme, including the existing financial mechanisms.
Task 2: Conduct interviews and targeted discussions with prioritized private sector actors around the modalities of private sector participation that they identify based on experience and regulatory framework, including representatives of different components of the water sector value chain and a social inclusion approach. Document potential participation and co-financing interest, indicative contributions where actors are willing to disclose them, conditions for participation, remaining uncertainties and agreed next steps. Seek written expressions of interest where feasible, clearly distinguishing preliminary interest from confirmed commitments
Task 3: Identify the main risks and barriers for private-sector participation, investment and financing in the priority areas of the Investment Programme and propose mitigation measures. Assess the legal, regulatory, institutional, commercial, financial and capacity issues that limit private sector participation in prioritized investment opportunities. For each barrier or risk, propose a feasible response and mitigation measure, identify the responsible institution and distinguish actions achievable within existing arrangements from those requiring policy or regulatory change.
Task 4: Prepare a proposal for modalities for private sector participation investment and financing in the Investment Programme, including strategic agendas and main lines of collaboration, based on the results of Output 2 and the inputs generated in Task 1. The proposal should include public, private and blended approaches where appropriate. Identify indicative sources and instruments of finance, commercial incentives, revenue or cost-saving mechanisms where applicable, principal risks and their allocation, and any need for public or concessional support. Explain how each model contributes to climate resilience and equitable benefits and identify potential pilot opportunities.
Task 5. Prepare an opportunity-actor-financing matrix and a targeted input note for the GCF concept note and pre-feasibility study. For each shortlisted opportunity, identify the relevant intervention, prospective actors and roles, participation/financing model, indicative contribution where available, barriers and enabling actions, evidence of interest, outstanding information needs and next steps.
Task 6: Conduct a participatory workshop with the private sector and key institutions to address the modalities of private sector participation in the Investment Programme. The members of the CCEP and the core working group will be invited to the workshop.
Task 7: Prepare a report of the workshop that consolidates the contributions that will feed the private sector participation strategy, including main results, photographs and participants.

Deliverable E3: Assessment of Private Sector Participation, Investment and Financing Modalities for the Water and Climate Resilience Investment Programme, including prioritized investment archetypes, principal investment barriers, potential financing and risk-sharing mechanisms, and potential roles for private, public and climate-finance actors. The Deliverable should be validated with CCEP, Project team and GWPO.

Output 4: Private Sector Participation Strategy

Task 1: Prepare the proposal for the strategy for the participation of the private sector in the Investment Programme, considering the context of policies and regulatory framework, as well as the contributions of interviews and participatory workshop with the private sector.

Task 2: Make a presentation (virtual format) to the Project Strategic Coordination Committee (CCEP) and the working core group for feedback to be incorporated into the document.

Task 3: Incorporate CCEP input into the strategy for the final version of the strategy and prepare final version for validation by CCEP, Project team and GWPO.

Task 4: Present the final version to private sector representatives to establish agreements or commitments to activate the effective participation of prioritized private sector groups

Deliverable E4: Strategy for the participation of the private sector in the Investment Programme. It will be the final version of the Strategy, which includes feedback from the CCEP and has been socialized with representatives of the private sector. The final strategy shall include a prioritized implementation roadmap identifying actions, responsible and supporting institutions, a social inclusion approach, timelines, indicative resource requirements, engagement milestones and monitoring indicators. It shall include an updated opportunity–actor–financing matrix and record how recommendations have been incorporated into, or handed over to, the Investment Programme and CN/pre-feasibility teams.

CALENDAR OF ACTIVITIES AND DELIVERABLES

The calendar of activities and deliverables is presented in the table below.

Table 1: Calendar of activities and deliverables

Products	Deliverables	Maximum deadline
OUTPUT 1: Work plan and schedule of activities	Deliverable E1: Work plan and schedule of activities reviewed and approved by the Hidroclima coordination.	December 5, 2026
OUTPUT 2: Mapping of key private sector actors	Deliverable E2: Report on analysis and mapping of private sector actors.	February 1, 2027
OUTPUT 3: Modalities of private sector participation in Hidroclima investments	Deliverable E3: Report on the modalities of private sector participation in the Investment Programme	March 1, 2027
OUTPUT 4: Private Sector Participation Strategy in Hidroclima Investments and Implementation Methods	Deliverable E4: Strategy for Private Sector Participation in Investments Programme	March 20, 2027

Consulting supervision

The consultancy will be developed under the supervision of the coordinator of the "Hidroclima Investment Program" Project. All products and deliverables must be approved by the CCEP and GWP. The contracting of the consultancy will be carried out through GWPO.

Contract Duration

The total duration of the contract will be a maximum of four (4) months.

Payment schedule

All payments will be made upon receipt and acceptance/verification of deliverables, as indicated in the table below.

Table 2: Payment Schedule

Product	Verification	Payment	Scheduled Calendar
Upon signing the contract and delivery of the work plan and schedule of activities.	Accepted by GWP-CAM	Tranche 1 (15%)	December 2026

Deliverable E2: Report on analysis and mapping of private sector actors.	Accepted by GWP-CAM	Tranche 2 (25%)	February 2027
Deliverable E3: Report on the modalities of private sector participation in the Investment Programme	Accepted by GWP-CAM	Tranche 3 (30%)	March 2027
Deliverable E4: Strategy for Private Sector Participation in Investments Programme	Accepted by GWP-CAM	Tranche 4 (30%)	April 2027

Criteria for the selection of the best offer

For the selection of the best offer, a combined scoring method will be applied, where the ratings will be weighted with a maximum of 70% for the professional profile and technical proposal, combined with the financial offer, which will be weighted with a maximum of 30%.

The best offer will be the one that obtains a better score out of 100% as maximum possible score.

Qualification criteria for the professional profile and technical proposal (70%)

Professional profile	**Score**
Master or postgraduate degree in rural development, integrated water resources management, financing or similar.	5
At least ten (10) years of demonstrable and relevant work experience in similar tasks for the development of strategies, policies or management instruments, as well as a proven track record in water resources, climate change and risk management	5
Minimum of 5 years of experience in process facilitation and multi-stakeholder institutional coordination, preferably in the field of climate change and/or water resources management, with experience working in El Salvador.	5
Experience in stakeholder engagement in the integrated water management process: at least one (1) year.	5
Experience in at least 2 initiatives involving the private sector for its participation in water resources management, climate change or related issues.	10
Technical proposal	
Description of the methodology to achieve the products and deliverables defined in the ToR´s	30
Work plan with detailed schedule of activities to be carried out	10

Criteria for the Financial Proposal (30%)

The highest score will be given to the lowest offer.

Professional profile

Table 3: Minimum requirements for key personnel

	Areas of Expertise	Qualifications
1.	Consultant	○ Bachelor's degree in Economics, environmental or social sciences with a master's or postgraduate degree in rural development, integrated water resources management, financing or similar. ○ At least ten (10) years of demonstrable and relevant work experience in similar tasks for the development of strategies, policies or management instruments, as well as a proven track record in water resources, climate change and risk management—**mandatory**—including: ✓ Experience in water resources management and/or climate change adaptation projects; ✓ Practical experience in the drafting of strategies, roadmaps, policies and/or management instruments for water resources, climate change. ○ Minimum of 5 years of experience in process facilitation and multi-stakeholder institutional coordination, preferably in the field of climate change and/or water resources management, with experience working in El Salvador. ○ Experience in stakeholder engagement in the integrated water management process: at least one (1) year. ○ Experience with the private sector for its participation in water resources management. ○ Experience in facilitating participatory processes and methodologies. ○ Knowledge of the regulatory and policy framework for water resources and climate change in El Salvador**. – Desirable –**