



**40 Costa Rica**  
**Urban Potable Water Supply Project**

Contributing to the maintenance and improvement of living and sanitary conditions by developing and improving water supply facilities

**Loan Amount/Disbursed Amount** 1.656 billion yen/1.593 billion yen  
**Loan Agreement** March 1993  
**Terms & Conditions** Interest rate 3.0%, Repayment period 25 year (grace period 7 years), General untied  
**Final Disbursement Date** June 2001  
**Executing Agency** Instituto Costarricense de Acueductos y Alcantarillados (AyA) (<http://www.aya.go.cr>)



**Project Objectives**

The objective of this project was to develop and improve water supply facilities in six cities with aging water supply facilities, thereby achieving comprehensive maintenance and improvement of water supply services, and thereby contributing to improvements in local residents' standard of living and sanitary conditions.

**Effectiveness & Impact**

Rating **a**

The water-supplied population of the six cities covered by this project generally saw an increase compared with figures before project implementation. (For example, Liberia increased from 33,327 people in 1995 to 44,008 people in 2004.) Strong growth has also been observed in the daily volume of water supplied. (For example, Cañas increased from 4,419m<sup>3</sup>/day in 1995 to 6,427m<sup>3</sup>/day in 2004.) No improvements were observed around the time of project implementation in terms of the non-revenue water rate, with a high rate of approximately 50% in many cities. In a beneficiary survey (targeted 400 people in 2 cities), improvements to customer service as a result of project implementation were indicated, and responses showed perceptions of improved water pressure and volume, as well as improved water quality. This project is considered to have contributed to the improvement of sanitary conditions in the areas. Therefore, the implementation of this project has largely achieved its objectives, and effectiveness was highly satisfactory.



Water storage tank installed by this project

**Comparison of monthly water demand and water supply per household**

City Name	Water Demand/Household/ Month (Estimated)	Water Supply/Household/ Month (Actual)
	2002-03	2002-03
Cañas	26.4m <sup>3</sup>	40.0m <sup>3</sup>
Liberia	24.5m <sup>3</sup>	41.8m <sup>3</sup>
Esparza	-	-
Puntarenas	27.6m <sup>3</sup>	48.8m <sup>3</sup>
Guapiles and Guasimo	21.7m <sup>3</sup>	88.7m <sup>3</sup>
El Pacito	-	-

Source: Instituto Costarricense de Acueductos y Alcantarillados (Notes: "Guapiles and Guasimo" is data for Guapiles only. There is no data for Esparza or El Pacito.)

**Relevance**

Rating **a**

Both at the time of appraisal and of ex-post evaluation, the implementation of this project has been highly relevant with national policies. At the time of ex-post evaluation, a rapid increase in water demand resulting from the population growth of regional, medium-size cities was observed. This project's implementation remains a high priority.

**Efficiency**

Rating **b**

This project was implemented with the Inter-American Development Bank (IDB) as small-scale co-financing. The project was given a middle rating for efficiency because, although project costs were lower than planned (approximately 96% of planned expenses), the project period slightly longer than planned (approximately 113% of planned period). Causes of project delays included suspension of construction due to the effects of hurricanes in 1998.

**Sustainability**

Rating **a**

Organizational restructuring is proceeding in government-affiliated agencies connected with the abilities and maintenance of this project's executing agency. There are no problems with the system and the project has a high potential for sustainability. Also, organizational restructuring is proceeding in government-affiliated agencies connected to water and sewerage projects in Costa Rica, and the promotion of the streamlining of project operations by introducing private-sector initiatives, such as BOT, is being considered.

**Conclusion, Lessons Learned, Recommendation**

In light of the above, the rating for this project can be said to be very high. As a recommendation, the still high non-revenue water rate should be reduced, and a detailed factor analysis should be performed.

**Third-Party Opinion**

This project has contributed to improving hygienic conditions and living standards of residents, in addition to increasing employment opportunities. Moreover, it promoted regional developments of a higher dimension, including the expansion of tourism and agricultural advancements.

Name of specialist: Ms. Rina Maria Contreras Lopez (public sector)  
 Graduated in business management from American Business Academy. Served as vice-cabinet minister and chairwoman of parliament, President of the permanent committee for social affairs, and also held positions such as minister of the presidency and presidential advisor. Currently serves as an entrepreneur and also consultant for social development.