



44 Paraguay
Asuncion Metropolitan Area Potable Water Project

Responding to the growing water demand of the capital, Asuncion, and contributing to the improvement of the living environment of local residents

Loan Amount/Disbursed Amount 6.068 billion yen/5.590 billion yen
Loan Agreement September 1995
Terms & Conditions Interest rate 3.0%, Repayment period 25 year (grace period 7 years), General untied
Final Disbursement Date March 2003
Executing Agency Corporación de Obras Sanitarias (<http://www.leyes.com.py>)



Project Objectives

The objective of this project was to develop and expand water distribution facilities, a water supply network, and water supply facilities in the Asuncion Metropolitan Area, thereby improving water supply coverage in the metropolitan area, reducing the ratio of non-revenue water, and contributing to the improvement of the living environment of local residents.

Effectiveness & Impact

Rating **a**

Initial plans for this project called for a water supply coverage of 83% and a ratio of non-revenue water of 28%. In 2005, a water supply coverage of 80% and a ratio of non-revenue water of 45% were observed. Responses to a beneficiary survey indicated that it had become possible to receive stable water services year-round. The implementation of this project is considered to have alleviated the problem of inadequate water pressure, which was interfering with the provision of a stable water supply. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with the Paraguay's national policy both at the time of the appraisal and at the time of the ex-post evaluation. At the time of ex-post evaluation, development of water and sewage were given high priority as areas of public investment in Paraguay's national development plan. In addition, water problems have been raised as an important policy issue in the Strategic Development Plan that is in effect until 2015.

Efficiency

Rating **b**

The project costs were below planned amounts (70% of planned costs), the project period greatly exceeded the planned period (130% of planned period), and therefore, the evaluation for efficiency is moderate. Causes of project delays included the time needed for land procurement resulting from delays in procedures for approval from the Paraguayan Parliament and multiple changes made to project plans. The main causes for the reduction in project costs include some initially planned construction that was not implemented due a reduced dollar value resulting from the yen's decline in value.

Sustainability

Rating **b**

In addition to the project's executing agency not having the authority to set water prices but needing to maintain financial self-sufficiency, it is in a severe business environment as responses are required to the problem of the ratio of non-revenue water and foreign debt. However, it has secured income from its operations and sustainability of this project is moderate.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be satisfactory. The need for the establishment of an appropriate project period during the planning stages and the construction of a financing system flexible enough to deal with exchange fluctuations are examples of lessons learned. It is hoped the executing agency will adopt radical policy to reduce the ratio of non-revenue water and adopt policy expanding the capacity of water purification facilities to match the rapid population increase.



Water drainage system developed by this project at the Lama Pyta supply center

Third-Party Opinion

Causes of the decrease in the water coverage rate include the yen's decline in value against the dollar, the population increase, and so on. Undeveloped water meters can be cited as a cause of an increase in the ratio of non-revenue water. The executing agency is utilizing knowledge learned from outside and adopting policy to strengthen its project's implementation capacity.

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