

ICR Review  
Operations Evaluation Department

1. Project Data :

OEDID:  
OEDID : C2187  
Project ID : P006172  
Project Name : Major Cities Water and Sewerage Rehabilitation Project  
Country : Bolivia  
Sector : Urban Water Supply  
L/C Number : C2187-BO  
Partners involved : KfW  
Prepared by : Charles Derek Poate, OEDST  
Reviewed by : Tauno K. Skytta  
Group Manager : Roger H. Slade  
Date Posted : 08/25/1998

2. Project Objectives, Financing, Costs and Components :

Objectives were : (i) improve and expand water and sanitation services in three major cities; (ii) improve the operational efficiency and management systems of the water utilities in these cities; (iii) introduce a framework of sector policies and institutional arrangements to accelerate sector development; (iv) improve the institutional capabilities of the central water sector agencies; and, (v) improve co-ordination between the government and donors.

Components : (i) institutional strengthening of the La Paz Municipal Water and Sewerage Services Company (SAMAPA), the Santa Cruz Public Utilities Co-operative Ltd (SAGUAPAC) and the Cochabamba Municipal Water and Sewerage Services Company (SEMAPA); (ii) construction and rehabilitation of water production, storage and distribution facilities in the three project cities, as well as construction of sewerage system and sewage treatment plant in La Paz and sanitation system in Santa Cruz; and, (iii) institutional development of the Bolivian water supply and sanitation sector .

Costs and financing : The total project costs were US\$71.1 million (US\$57.0 million at appraisal); the Bank loan of US\$35.0 million was approved in FY91. KfW provided co-financing of US\$13.4 million. The loan was closed 18 months after the original closing date; a balance of US\$139,320 was cancelled.

3. Achievement of Relevant Objectives :

SAGUAPAC completed all physical works satisfactorily by the original closing date, but an extension of 18 months was required to allow SAMAPA to complete its works. SEMAPA could construct only less than 80 % of the works originally planned mainly due to water rights issue as farmers opposed the drilling of new wells which would deprive them of irrigation water .

All institutional objectives of SAGUAPAC were successfully met. SAMAPA and SEMAPA achieved only modest results and the GOB decided (with Bank's agreement) to privatise both companies; privatisation of SAMAPA was completed successfully, but that of SEMAPA failed due to delays in the privatization process by the GOB and opposition by the Municipality of Cochabamba .

The national program of improving the institutional capacity of the central water agencies was only partly accomplished and the implementation of a sectoral policy is yet to be completed .

4. Significant Achievements :

Achievement of all institutional goals by SAGUAPAC, and the privatisation of the water and sewerage services in La Paz which enabled SAMAPA to realise its institutional development objectives . In addition, at the government's request, 99 rural water and sanitation systems were designed for future funding .

5. Significant Shortcomings :

Political intervention in SAMAPA and SEMAPA resulted in a lack of autonomy and a high turnover of managers. The financial weakness of SEMAPA necessitated a bailout through a government loan . Weak capacity for project preparation, implementation and evaluation resulted in considerable delays .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Marginally Satisfactory	Some of the project's institutional objectives were only partially met; in particular, institutional capabilities of the central agencies. Physical components in Cochabamba were not fully completed.
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

#### 7. Lessons of Broad Applicability :

The ICR presents several useful project specific lessons . The following are emphasized for broader application: (i) High turnover of Task Managers in the Bank does not foster sound supervision, does not support implementation efforts and should be avoided; and (ii) the successful privatisation of the sector operations in La Paz shows the importance of strong political will and commitment .

#### 8. Audit Recommended? Yes No

Why? Audit recommended because of the major institutional changes that have taken place and the apparently successful privatisation of municipal public utilities .

#### 9. Comments on Quality of ICR :

The quality of the ICR is generally satisfactory although it is very long and lacks system specific plans for future operations. It provides comprehensive analysis of the current situation and of the implementation problems and lessons learned. The aide-memoire of the ICR mission is clear and focused . The comments

from the participating agencies are to the point as are those from KfW.

□