



1. Project Data :
OEDID: L2961
Project ID: P006836
Project Name: Water Supply and Sewerage Sector Project
Country: Colombia
Sector: Water Supply & Sanitation Adjustment
L/C Number: Ln. 2961-CO
Partners involved : IBRD, GOC, FINDETER
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2. Project Objectives, Financing, Costs and Components :

Goals/Objectives:

- * Provision of improved water supply and sanitation service to an incremental population of 1.9 million and 1.3 million, respectively;
- * Development of a new lending policy to promote operational efficiency and financial viability;
- * Restructuring of the institutional framework to promote : (i) the development of strong financial intermediation capacity; (ii) the establishment of new companies with adequate operational and financial autonomy; and (iii) the preparation and execution of cost-effective investment projects; and
- * Establishment of a permanent system for human resource development .

Components:

- * Rehabilitation and expansion of water supply and sanitation schemes (80 schemes estimated at appraisal) including staff training;
- * TA for: (i) development of lending policy; (ii) restructuring of the institutional framework; and (iii) human resource development.

Costs:

- * Total project costs:
 - appraisal estimate US\$285 million
 - actual US\$419.7 million
- * Loan amount US\$150 million of which about US\$5.5 million was cancelled.

3. Achievement of Relevant Objectives :

(i) The service coverage and quality improvement objectives were met (or perhaps exceeded) as some 400 schemes were completed under the project, although 18 months behind schedule.

(ii) Participation of FINDETER helped to develop the new lending policy and relevant financing criteria .

(iii) Institutional restructuring was not achieved in many local companies operating the rehabilitated and expanded schemes but a good start was made in others, especially in three major schemes of Cartagena, Barranquilla, and Santa Marta, including private sector participation through outsourcing . This positive progress is expected to expand to other schemes as well .

(iv) The human resource development system and related training program was delayed but is now reported to be underway .

4. Significant Achievements :

Introduction of financial intermediation (to provide and assign credits), together with local company cofinancing, proper project formulation criteria, and decentralization of project execution made the most significant contribution to sector restructuring .

5. Significant Shortcomings :

Disappointing delay in development of HR system and training program .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:		Marginally Satisfactory	
Institutional Dev .:	Partial	Modest	ICR term "partial", equivalent to OED's "modest"
Sustainability :	Uncertain	Uncertain	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

- (i) Fundamental sector restructuring should first be developed and tested in a manageable scale, say within some of the most promising schemes/utilities, before enforcing it at the national level .
- (ii) PSP in its various forms should be tried and tested by some, preferably most capable, companies; results and lessons thereof should be effectively disseminated to others to follow .

8. Audit Recommended? Yes No

Why? This project provides a good example of a gradual process required for effective sector restructuring and introduction of PSP. An audit would make it possible to have a more in-depth look at relevant issues and the progress made after project completion .

9. Comments on Quality of ICR :

The ICR is sufficiently detailed on a complex project and thus provides a good basis for assessment of achievements and rating of the project. ERR at completion, however, is based on rough but logical assumptions rather than on a detailed analysis. The section on "future operations" focuses almost entirely on future investments rather than on O&M of facilities that were rehabilitated and constructed under this project .