

PROJECT ABSTRACT

Project number	BO-0172
Project name	Aguas del Illimani
Country	Bolivia
Sponsors	Suez Lyonnaise des Eaux (France) Bolivian Investment Corporation S.A. (Bolivia) Inversora en Servicios S.A. (Argentina) Connal SRL (Bolivia)
Total project cost	US\$68.2 million approximately
IDB participation	US\$15 million
Department	Private Sector Department
Status	Approved by the Board of Executive Directors
Approval Date	December 2, 1998

Project Description

Aguas del Illimani (“AISA”) is a Bolivian special purpose company established to operate the water and sanitation network of the cities of La Paz and El Alto under a 30-year concession awarded by the Government of Bolivia (“GOB”) in May 1997.

The project consists of the increase of water production capacity in La Paz and El Alto; the supply of water distribution and sewerage services in La Paz and the El Alto areas; and the completion of a wastewater treatment plant in El Alto.

The total cost of the project is estimated to be approximately US\$68.2 million with US\$40 million in long-term debt. Out of the US\$ 17.8 million of long term debt currently held by the Company the Bank has provided to date US\$6.1 million. So far the Company has invested approximately US\$49 million in the concession.

Project Highlights

Since the beginning of the operation of the concession in August 1997, Aguas del Illimani has undertaken a major capital expenditure program that has allowed AISA to achieve its expansion goals and to reach potable water coverage for 96% of the population in both cities. The company has focused in the most urgent and important needs, such as the building of new tanks and pumping stations to address water shortages that had resulted in water rationing during periods of high consumption. For example, the construction and operation since January 1999 of the 27 de Mayo System put an end to the rationing of 10,000 inhabitants in the north east of La Paz who could only receive drinking water by night.

AISA has also implemented the construction of the basic infrastructure for the sewerage system of El Alto. The works included completing a wastewater treatment plant, which has been operating since November 1998. Other investments have included the renovation of existing water treatment plants to improve water quality throughout the cities.

As of June 30, 2000, the new water connections in El Alto reached 45,612, exceeding the contractual goal by 2% (44,845), and the new sewerage connections in both cities amounted to 34,868, exceeding the contractual goal by 60% (21,800).

The quality of the water service and the service provider's management has improved markedly since AISA assumed operation. Major achievements have been reached in the quality of the water, and both, water supply and customer service. The company has undertaken communication and education efforts all along its operation in order to promote hygiene habits in particular among the lowest income population of El Alto. In addition, the company has provided financing alternatives for sanitary installation in houses in El Alto as well as alternatives to reduce charges required to build new connections from houses to the network.

IDB's participation

This Project is fully consistent with the Bank's strategy to support the GOB's efforts to improve the conditions of the water and sanitation sector. The participation of the Bank in the financing of AISA's capital expenditures program is a logical step in the overall process of transferring to private entities of the rehabilitation, expansion, maintenance and management of water and sewerage networks aiming at a better and reliable service.