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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

COSTA RICA

CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) FOR THE ROAD INFRASTRUCTURE AND URBAN MOBILITY PROGRAM

(CR-O0005)

FIRST INDIVIDUAL OPERATION UNDER THE CCLIP FOR THE ROAD INFRASTRUCTURE PROGRAM AND PROMOTION OF PUBLIC-PRIVATE PARTNERSHIPS

(CR-L1139)

LOAN PROPOSAL

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ABBREVIATIONS

CCLIP	Conditional credit line for investment projects
CGR	Contraloría General de la República [Office of the Comptroller General of the Republic]
CNC	Consejo Nacional de Concesiones [National Concessions Council]
CONAVI	Consejo Nacional de Vialidad [National Roads Council]
ECLAC	Economic Commission for Latin America and the Caribbean
GMA	Greater Metropolitan Area
INEC	Instituto Nacional de Estadística y Censos [National Institute of Statistics and Censuses]
MOC	Management and Oversight Committee
MOPT	Ministerio de Obras Públicas y Transporte [Ministry of Public Works and Transport]
OBIS	Obras impostergables [urgent works]
OECD	Organisation for Economic Co-operation and Development
PAU	Project administration unit
PEU	Project execution unit
PIT	Programa de Infraestructura de Transporte [Transportation Infrastructure Program]
PNLOG	Plan Nacional en Logística de Cargas [National Freight Logistics Plan]
PPP	Public-private partnership
PSTP	Proyecto de Sectorización de Transporte Público [Public Transportation Sectorization Project]
RVAC	Red Vial de Alta Capacidad [High-capacity Road Network]
RVE	Red Vial Estratégica [Strategic Road Network]
SICOP	Sistema Integrado de Compras Públicas [Integrated Public Procurement System]
TOD	Transit-oriented development

PROJECT SUMMARY
COSTA RICA

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FIRST INDIVIDUAL OPERATION UNDER THE CCLIP FOR THE ROAD INFRASTRUCTURE PROGRAM AND PROMOTION OF PUBLIC-PRIVATE PARTNERSHIPS
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Financial Terms and Conditions					
Borrower:				**Flexible Financing Facility**[a]	
Republic of Costa Rica				**Amortization period:**	25 years
Executing agency:				**Disbursement period:**	5 years
Ministry of Public Works and Transport (MOPT)				**Grace period:**	5.5 years[b]
Source	**CCLIP (US$)**	**First operation**		**Interest rate:**	LIBOR-based
		(US$)	**%**		
IDB (Ordinary Capital):	350 million	125 million	70.2%	**Credit fee:**	[c]
				Inspection and supervision fee:	[c]
Local:		53 million	29.8%	**Weighted average life (WAL):**	15.25 years
Total:	350 million	178 million	100.0%	**Currency of approval:**	U.S. dollars

Project at a Glance

Objective of the CCLIP: The objective of the CCLIP is to facilitate access to long-term financing for investing in sustainable projects to improve and expand the country's Strategic Road Network (RVE) and improve development and urban mobility in the Greater Metropolitan Area (GMA) that promote competitiveness as a driver of the country's economic growth.

Objective of the first operation under the CCLIP: To contribute to the country's competitiveness through the environmentally sustainable improvement of the High-capacity Road Network (RVAC) in the GMA and to support the development of road infrastructure projects through public-private partnerships (PPPs) as an additional mechanism for their financing and management. The specific objectives are to: (i) lower vehicle operating costs for the flow of freight transportation on the RVAC in the GMA; (ii) shorten travel times for vehicles on the RVAC in the GMA; (iii) minimize emissions generated by transportation in the GMA; and (iv) improve the technical and institutional capacity of the Government of Costa Rica to develop road projects via PPP mechanisms

Special contractual conditions precedent to the first disbursement of the loan proceeds: (a) approval and entry into effect of the program Operations Manual; (b) allocation of the necessary functions, staff, and resources to the Management and Oversight Committee (MOC) and its advisory unit to execute the first operation under the CCLIP, in accordance with the Operations Manual, via the relevant legal instrument (see paragraph 3.7).

Special contractual conditions of execution: Compliance with the conditions established in the environmental and social management report (ESMR) (required link 3).

Exceptions to Bank policies: None.

Strategic Alignment						
Challenges:[d]	SI	☐	PI	☑	EI	☑
Crosscutting themes:[e]	GD	☑	CC	☑	IC	☐

[a] Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

[b] Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the weighted average life of the loan or last payment date as documented in the loan contract.

[c] The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with relevant policies.

[d] SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

[e] GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1.1 **General context.** Costa Rica has experience steady economic growth over the last 25 years (per capita GDP was US$12,570 in 2018). This has been the result of a development strategy based on openness to foreign investment and gradual trade liberalization, which has shifted the country's export sector towards high-value-added manufacturing and services. In 2018, the Costa Rican economy grew 2.7%,[1] less than in 2017 (3.4%) and below the average of the last 10 years (4% annual). The country's fiscal position poses major challenges. The Law to Strengthen the Public Finances, enacted in December 2018[2] and fully implemented, seeks to restore fiscal sustainability by 2023. Yet the fiscal deficit, which closed out 2018 at 5.9% of GDP, will remain high in the medium term.

1.2 **Development model concentrated in the San José Greater Metropolitan Area (GMA).** The San José Greater Metropolitan Area (GMA) is home to 51.3% of the population,[3] 87% of manufacturing industries,[4] and the majority of the services sector, which together generate 70% of GDP.[5] Despite improvements in the country's ranking in the Logistics Performance Index (from 89th in 2016 to 73rd in 2018), stemming from greater efficiency in its ports and airports, the low road quality and connectivity indicators (111th and 124th place among 140 countries, according to the World Economic Forum) point to road infrastructure as one of the main challenges for improved competitiveness.

1.3 **Importance of the road system for the country's competitiveness.** Freight flows for production and consumption have become increasingly concentrated in the GMA as a result of the country's development model (see paragraph 1.1) (see Figure 1). The poor condition of the Strategic Road Network (known by the Spanish-language acronym, RVE) increases transportation costs by 4% to 12%,[6] affecting the main value chains that require specific routes from production nodes to the central consumption node, the San José GMA. In addition, in the GMA, the lack of segregation of freight shipping from urban private vehicle and public transportation contributes to slow the average speed of travel during rush hour by 15 kilometers per hour. Long travel times reduce the availability of human talent, which is detrimental to competitiveness in the services industry (ECLAC, 2014).

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1 Macroeconomic Program for 2019-2020, Central Bank of Costa Rica.

2 Law 9635.

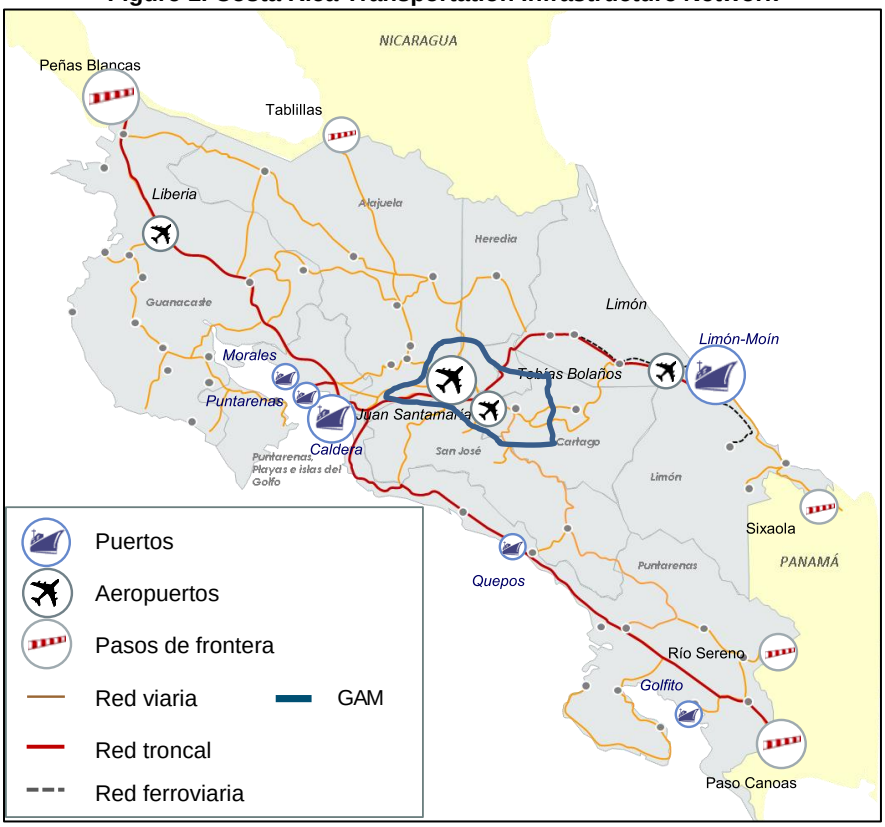
3 State of the Nation Report, 2018.

4 In 2018, Costa Rica saw a 6% increase in goods exports, including medical equipment, medications, electronic components, manufactured plastics, and beverage syrups.

5 National Freight Logistics Plan (PNLOG), Costa Rica, 2014-2024.

6 Competitive Advantage: Moving Ahead of the Global Competition. IDB, March 2013.

Figure 1. Costa Rica Transportation Infrastructure Network



Source: PNLOG, Costa Rica, 2014-2024.

1.4 **The road network.** Costa Rica has one of the densest road networks in Latin America and the Caribbean, with 76 kilometers of road coverage per 100 square kilometers of surface area.[7] Based on the National Transportation Plan 2011-2035 of the Ministry of Public Works and Transport (MOPT), the Strategic Road Network (RVE) has 2,207 kilometers of roads, including the High-capacity Road Network (RVAC)[8] (904 km) and smaller regional roads (1,303 km). The RVAC shows evidence of inadequate capacity and quality (see optional link 12), particularly on the 163 kilometers of the GMA that connects San José to the extended urban areas with a high concentration of activities. According to LanammeUCR[9] data, 93% of the GMA's RVAC shows high congestion. The lack of proper RVAC maintenance also results in a high percentage of roads in poor condition.[10]

7 This is high compared to the rest of Latin America and the Caribbean (30 kilometers per 100 square kilometers), and particularly to Central American countries. IDB. Transport Sector Technical Note, 2015.

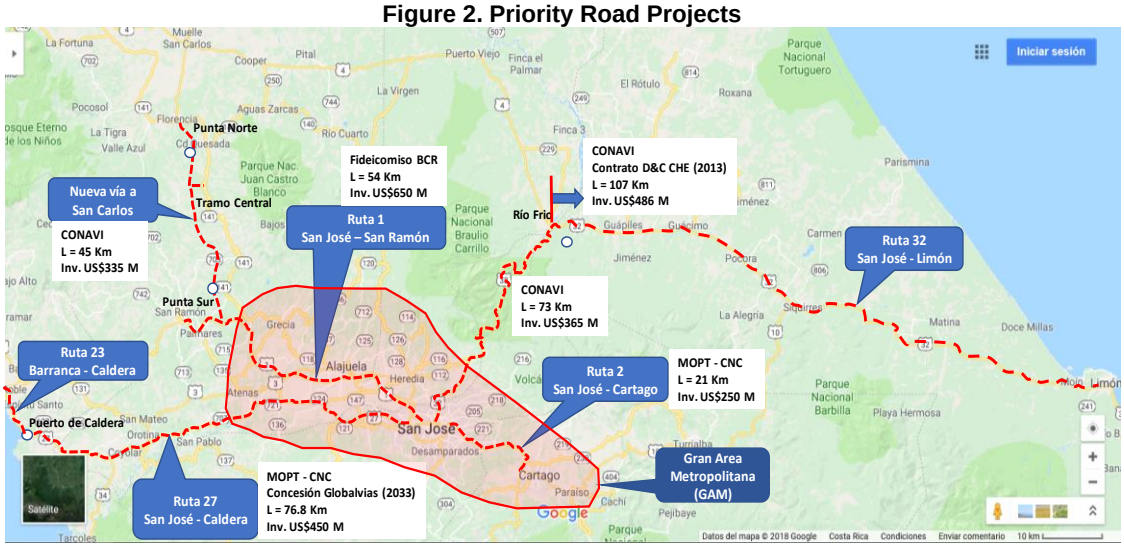
8 Roads with multiple lanes in each direction and total or partial access control.

9 Laboratorio Nacional de Materiales y Modelos Estructurales de la Universidad de Costa Rica [National Laboratory for Structural Material and Models, University of Costa Rica].

10 According to a 2016-2017 evaluation report on the National Road Network conducted by LanammeUCR, 49.7% of roads have poor or very poor roughness standards, and only 7.8% are in good condition.

1.5 **Need for investment in RVE corridors.** RVE capacity and quality gaps are the result of delays in public investment (CAF, 2015; OECD, 2017). The need for investment in the RVE main corridors prioritized in the National Development Plan 2019-2022 was US$2.05 billion (see Figure 2). To bridge this gap, the Government of Costa Rica has made evaluating the use of public-private partnerships (PPPs) a top priority.

Figure 2. Priority Road Projects



Source: Prepared internally using Google Maps.

1.6 **Context for implementing PPPs.** According to 2019 Infrascope measurements,[11] Costa Rica is well positioned in the region, with an index that reflects a "developed" climate for public-private partnerships (PPPs). The country amended its laws[12] to incorporate lessons learned under the concession model (Law 7404 of 1994) regarding a complex institutional and legal framework and insufficient strategic planning. Nevertheless, the National Concessions Council (CNC), established by Law 7762 of 1998 to develop and manage concessions, still faces operational challenges due to a scarcity of resources and limited institutional technical capacity. This entity therefore needs strengthening. The primary lessons learned that will be taken into account in the program are: (i) conduct thorough feasibility studies and technical, legal, and financial structuring studies on the PPP project; (ii) engage qualified specialists for each phase of the PPP cycle; and (iii) implement a PPP promotion strategy to attract more offerors. The existing toll structure also needs to be modified, especially on Routes 1 and 2, where the average toll for light vehicles is US$0.18,[13] In addition to providing resources for infrastructure, this will serve as a

11 Infrascope 2019: "Evaluando el entorno para las APP en América Latina y el Caribe" [Evaluating the PPP environment in Latin America and the Caribbean]. The Economist Intelligence Unit, 2019. Commissioned by the IDB.

12 Regulations to implement PPPs in 2016 (Decree 39965) and in 2018 (Decree 40933).

13 On Route 1, between San José – San Ramón, two tolls are charged (Río Segundo and Naranjo), and on Route 2, one toll is charged (Tres Ríos). In both cases, according to ARESEP, the toll has not changed since 2002.

way of managing urban traffic, as a disincentive to use private vehicles. The National Roads Council (CONAVI), which administers these tolls, has thus begun gradually adjusting them on Route 1 and 2, since they have remained constant since 2002.

1.7 **Urban mobility challenges in the GMA.** The GMA generates close to 60% of employment in the country, and the cantons of San José, Alajuela, Heredia, and Cartago alone, connected by Routes 1 and 2, generate half of all jobs in the GMA, leading nearly 1.5 million people to commute daily. Fifty percent of workers in the GMA are employed in a different canton from where they reside, whereas outside the GMA this figure declines 18%.[14] Public transportation accounts for 27% of the number of trips[15] in the GMA, though high congestion on the main corridors (Routes 1 and 2), due mainly to bottlenecks at bridges and intersections with insufficient capacity (fewer lanes than the main road or roads converging at the intersection), represents an increasing disincentive to their use. Just 2.6 kilometers of roads per 100,000 inhabitants are devoted exclusively to public transportation (fleet vehicle age averages 15 years), and only 55% percent of the GMA's population use the public transportation system as their principal means of getting to work. The GMA also has only 500 meters of bicycle lanes.[16]

1.8 **Context of climate change adaptation and vulnerability.** Costa Rica has transitioned towards a green economy through the sustainable use of natural resources, and has significant achievements to show, such as an electricity grid that is 95% emission free, and fairly low deforestation rates, with forest coverage of more than 52%. The country is located in a region of moderate vulnerability to the effects of climate change.[17] According to the International Road Federation, projections of extreme rainfall make it the most affected country in the Mesoamerican region,[18] and an estimated 80% of road drains do not have the capacity to handle such water flows.

1.9 **Context of vulnerability regarding gender and people with disabilities.** In Costa Rica, women's workforce participation (52.8%) is far lower than men's (82.7%), with a greater disparity in rural areas (34.9% and 77.2% respectively).[19] For women, the deficiency in inclusive aspects of infrastructure leads to unequal access to basic social services and reduces their employability in sectors with greater value-added. The economically active population with disabilities represents 4.35% (56,406 people) of the country's total employed population.[20]

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14 Idem 4.

15 Nonmotorized modes (pedestrians and cyclists) account for 38%, and private transportation, 35%. Comprehensive Plan for Sustainable Urban Mobility, IDB, 2018.

16 IDB (2016), Plan de Acción San José Capital: de la Acción Local a la Sostenibilidad Metropolitana [San José Capital Action Plan: From Local Action to Metropolitan Sustainability].

17 Climate Change Projections in Latin America and the Caribbean. IDB, 2016.

18 Precipitation projections are made for intensity and volume through 2040: There will be more than a 20% increase in rainfall intensity and more than 1,000 millimeters of rainfall in nearly the entire country.

19 Decent Work and Gender Equality (Gender 2013) and 2012 Labour Overview. Latin America and the Caribbean. International Labour Organization (ILO).

20 National Population and Housing Census 2000, National Institute of Statistics and Censuses (INEC).

1.10 **Identification and causes of the problem.** The RVAC shows evidence of low service standards in its operation (see paragraphs 1.2 and 1.4),[21] which have led to worse congestion due to bottlenecks on the main corridors (Routes 1 and 2) (see paragraph 1.3). This hinders efforts to improve the competitiveness of GMA businesses and the economy as a whole (see paragraph 1.3). Vehicle congestion on the RVAC increases vehicle operating costs and lengthens commute times (see paragraph 1.7), affecting the development of production and high-value-added services and limiting access to better employment opportunities for users of public transportation. Women and people with disabilities are hit the hardest by this (see paragraph 1.9). Investment funding for specific works to address these urban congestion problems is insufficient (see paragraph 1.5) and has not addressed climate change resilience conditions (see paragraph 1.8).

1.11 **Empirical evidence on the effectiveness of the intervention.** International evidence indicates that investments to improve the quality and connectivity of transportation infrastructure generate positive economic and social benefits by reducing travel costs and times and operating costs, increasing mobility in urban areas, and providing access to new markets for producers.[22] Sánchez (2018b)[23] estimated that costs incurred by workers as a result of congestion in the GAM accounted for around 3.8% of GDP (nearly US$2.527 billion), taking into account the value of the time added to trips by traffic jams, the length of those trips, the professional profile of workers, and the hourly value of their work.[24] Other studies for the region show the impact of low road infrastructure capacity and quality on the final costs of export products. These studies[25] find that logistics costs vary from 22% of the final price for large-scale producers to 41% for small-scale producers, with transport costs being the main reason for this difference. With regard to the impact of deteriorating road infrastructure on freight travel times, Marcelo, D. (2010) found that the poor road quality, detours caused by the poor condition of bridges, and urban congestion can add up to an hour and 40 minutes to a trip.

1.12 **Intervention proposed by the program.** The conditional credit line for investment projects (CCLIP) will support the development of effective road infrastructure to improve the capacity of the RVE (including the RVAC), with a long-term vision for mobilizing public investment. This first program will improve the RVAC through the following specific works designed to eliminate bottlenecks affecting the overall capacity of the corridor: (i) segment between Taras and La Lima (3 km) of the San José – Cartago corridor (Route 2), which includes multilevel interchanges, shoulder lanes, and an overpass in the middle, in order to separate freight transportation from urban traffic and public transportation (see paragraph 1.3); and (ii) 17 key works on the San José – San Ramón corridor (Route 1), totaling

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21 Service levels reflect road travel conditions, such as speed, travel time, safety, convenience, and vehicle operating costs.

22 Impact studies and ex post evaluations confirm the link between productivity and transportation connectivity (Diechmann et al., 2000; Henderson et al., 2001; Limao and Venables, 2001; Rattanatay, 2007; Asian Development Bank, 2008; Limi et al., 2015; and others).

23 Profile of territorial planning in Costa Rica and land use in the GAM. Presentation prepared for the State of the Nation Report, 2018. San José, PE.

24 Idem 2.

25 Fernández, Gómez, Souza, and Vega (2011), and Fries (2012).

54 kilometers, to fully address the congestion sites identified along the corridor (six will be financed with program resources, and eleven with counterpart resources).

1.13 As measures to minimize the risk that road improvements will lead to more private vehicles on these corridors, the program calls for: (i) an exclusive lane for public transportation, to be coordinated with those identified in the Public Transportation Sectorization Project (PSTP);[26] (ii) design of additional urban works complementing the roads that, in addition to creating greenspace, promote the use of nonmotorized means of transportation and lessen the need for trips by coordinating the road corridors with urban development (see paragraph 1.16); and (iii) technical assistance to modify the toll structure, so that the toll collections can act as a disincentive to the use of private vehicles. The program will also offer technical assistance to assess proposals under the PPP modality in these corridors, to ensure the technical quality of studies on this type of project, which is high-complexity. The program includes technical cooperation activities to promote electromobility in public transportation and close gender and universal accessibility gaps. The second program would finance effective road infrastructure to improve and expand the RVE connecting the productive area of the San Carlos region, as well as the construction of additional urban works complementing the roads.

1.14 **Rationale.** To address the problems identified (see paragraph 1.10), the program will contribute to resolving some of the bottlenecks on the main corridors that generate congestion in the GMA, with the ultimate goal of improving the population's quality of life and making the country more competitive, measured in terms of shorter travel times and lower vehicle operating costs, promoting sustainable mobility, integrated into the urban environment, in a way that is inclusive and resilient to climate change.

1.15 **Strategy of the Government of Costa Rica.** The National Transportation Plan 2011-2035 (MOPT, 2011) identified 15 backbone corridors of the RVAC. Five projects in these corridors were prioritized in the National Development Plan 2019-2022: (i) rehabilitation and expansion of National Route 32 between the intersection with Route 4 and Limón (financed by the Export-Import Bank of China); (ii) expansion and rehabilitation of Route 1 between Barranca and Cañas (loan 3071/OC-CR); (iii) construction of the new highway to San Carlos; (iv) expansion of the San José – Cartago corridor between Taras and La Lima; and (v) expansion and improvement of the San José – San Ramón corridor (see Figure 2). In addition, the National Transportation Plan 2011-2035 includes the Public Transportation Sectorization Project (PSTP), which reconfigures transportation routes in the GMA based on sectorization by service areas and plans their gradual and progressive implementation, beginning in the heart of San José.

1.16 **Carbon Reduction Plan and transit-oriented development.** Costa Rica is implementing the Carbon Reduction Plan consistent with the goals of the 2030 Agenda and the Paris Agreement. The plan's target is 70% zero-emission buses and taxis by 2035. This considers that there is no electric vehicle fleet for public transportation, though significant headway has been made with private vehicles with a national network of 66 electric charging stations. Another one of the plan's targets is an increase of at least 10% in commutes using nonmotorized modes

[26] Public Transportation Sectorization Project (PSTP).

of transportation within the GMA, and to have the public transportation system substitute private automobiles as the population's first mobility option. The Government of Costa Rica is also promoting urban development with a transit-oriented development (TOD) approach (see optional link 5), targeting areas within a 500-meter radius of main roads and seeking compatibility with the road network and public transportation systems. This concept, along with a network of exclusive bus lanes (a first pilot is under way),[27] is becoming a reality under the PSTP. The program will support the development of these two areas.

1.17 **Innovation and additionality.** The value-added of the Bank's involvement is to promote an integrated approach to roads that includes: (i) exclusive lanes for public transportation in the service areas identified in the PSTP (supported with operation ATN/OC-17278-CR); (ii) electromobility through new business models for electric buses and battery management (supported with operations ATN/AC-1660-RG, ATN/OC-16602-RG, and ATN/OC-16603-RG); and (iii) the transit-oriented development concept, through coordination of roads with urban development to minimize the need for trips, as well as greenspace and infrastructure for nonmotorized mobility, to make public transportation accessible for persons with disabilities.

1.18 **Previous experience and lessons learned.** The Bank has supported Costa Rica through the preparation and financing of numerous transportation projects. In 2008, a CCLIP was approved (operation CR-X1007) for up to US$850 million, under which the First Road Infrastructure Program (loan 2007/OC-CR) for US$300 million was satisfactorily executed under the leadership of the National Roads Council (CONAVI), and the first Cantonal Road Network Program (loan 2098/OC-CR) for US$60 million was executed under the MOPT. The MOPT is satisfactorily executing the second Cantonal Road Network program (loan 4507/OC-CR). In 2014, the Bank approved the Transportation Infrastructure Program (PIT) (loans 3071/OC-CR and 3072/CH-CR) for US$450 million to rehabilitate the National Road Network, which is being executed satisfactorily by the MOPT. The main lessons learned that have been incorporated into the program are: (i) an executing agency with qualified staff and adequate resources to manage the program (the execution mechanism will be the same as for the PIT); (ii) detailed studies and designs on the works before bid opening (studies on the Taras – La Lima segment will be conducted with resources from the PIT); (iii) minimum requirements in the bidding documents, using criteria from prior bids, to minimize the impact on the timeframe and changes in the bidding process, due to Costa Rica's special appeals regime; and (iv) acquisition of land prior to the start of works, and prior agreements with public utilities companies for the timely transfer of networks.

1.19 **The Bank's country strategy.** The program is consistent with the Bank's country strategy with Costa Rica for 2015-2018 (document GN-2829-1) and aligned with the objective of improving productive infrastructure quality, efficiency, and sustainability by helping to lower costs associated with transporting goods.

1.20 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and aligned with the development challenges of (i) productivity and innovation and (ii) economic integration, as it

[27] First pilot project for exclusive lanes for public transportation.

provides quality infrastructure to ensure reliable and ongoing access to public services and boosts economic productivity by improving transportation efficiency through reductions in freight transportation times and costs. The program is also consistent with the crosscutting areas of (i) gender equality and diversity and (ii) climate change and environmental sustainability through: (a) the incorporation of gender and diversity in the institutional strategic plans of the MOPT and CNC to improve women's participation in projects (see paragraph 1.22); and (b) the reduction of the transportation sector's carbon footprint, the promotion of transit-oriented development (see paragraph 1.16), and the adaptation of construction designs to improve resilience to climate change (see optional link 14). Investment in climate change mitigation and adaptation activities will account for 32.9% of the operation's proceeds, in accordance with the joint methodology of the multilateral development banks. These funds will contribute to the Inter-American Development Bank (IDB) Group's climate finance goal. The program contributes to the Corporate Results Framework 2016-2019 (document GN-2727-6) via the indicator "roads built or improved (km)."

1.21 The program is consistent with the IDB Infrastructure Strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth (document GN-2710-5), as it supports financing for infrastructure that contributes to economic growth, provides access, and fosters regional and global integration. It is also consistent with the (i) Transportation Sector Framework Document (document GN-2740-7) under the dimension of success for "improvements to the coverage, capacity, quality, and connectivity or infrastructure and associated transportation services;" and (ii) the Urban Development and Housing Sector Framework Document (document GN-2732-6), as it promotes sustainable, safe urban mobility systems that are integrated with land-use and urban planning. The operation is also aligned with the IDB's Sustainable Infrastructure Framework, particularly regarding environmental sustainability, as it supports the development of the Carbon Reduction Plan by promoting electromobility in public transportation. Additionally, the program is included in the Update of Annex III of the 2019 Operational Program Report (document GN-2948-2).

1.22 **Gender considerations.** In 2013, the Technical Secretariat of the Office of Gender Equality was created to promote gender equity and equality in the regulations, policies, programs, projects, and actions of the MOPT and affiliated entities.[28] In 2014, the Institutional Gender Equality Commission was also created with representatives of the MOPT and its affiliated councils.[29] Through this program, the gender policy will be updated, and action plans will be implemented at the MOPT and CNC, which will include MOPT capacity-building plans and training for staff assigned to this process (optional link 8). In parallel with the program, a survey will be conducted with nonreimbursable technical cooperation funding to identify economic and labor gaps for women and persons with disabilities in the transportation sector, so that actions can be proposed that benefit this population.

[28] Establishment of the Technical Secretariat of the Office of Gender Equality.

[29] Establishment of the Institutional Gender Equality Commission.

1.23 **Inclusion of persons with disabilities.** According to the 2011 census conducted by the National Institute of Statistics and Censuses (INEC), persons with disabilities accounted for 10% of the Costa Rican population. Yet the 2018 National Disability Survey indicates that 18.2% of people aged 18 and over have a disability. Laws 7600[30] of 1996 and 7948[31] of 1999 view inclusive social development as including the physical environment as one of the primary requirements for the equitable development of the entire population. The program incorporates modern access to physical space for persons with disabilities into road infrastructure in a way that goes beyond current requirements of national law. This includes crosswalks, elevators, ramps, and sidewalks.[32] The program will also seek job opportunities for the population with disabilities by supporting the Strengthening Plan of the Institutional Gender Equality Commission and the update to the CNC Institutional Strategic Plan. Persons with disabilities will be added to these plans, to include training and awareness campaigns aimed at reducing economic and social gaps for this population (optional link 16).

B. Objectives, components, and cost

1.24 **Objective of the CCLIP.** The objective of the CCLIP is to facilitate access to long-term financing for investing in sustainable projects to improve and expand the country's Strategic Road Network (RVE) and improve development and urban mobility in the Greater Metropolitan Area (GMA) that promote competitiveness as a driver of the country's economic growth. The first operation under the CCLIP will finance specific works to reduce congestion and additional urban works complementing the roads throughout the High-capacity Road Network (RVAC) (part of the RVE), to promote public transportation and electromobility as a disincentive to the use of private vehicles. The second operation would complete and expand the highway to San Carlos (the RVE segment connecting to the productive areas in the northern part of the country).

1.25 **Objectives of the first operation.** The objectives of the first operation are to contribute to the country's competitiveness through the environmentally sustainable improvement of the RVAC in the GMA and to support the development of road infrastructure projects through public-private partnerships (PPPs)[33] as an additional mechanism for their financing and management. The specific objectives are to: (i) lower vehicle operating costs for the flow of freight transportation on the RVAC in the GMA; (ii) shorten travel times for vehicles on the RVAC in the GMA; (iii) minimize emissions generated by transportation in the GMA; and (iv) improve the technical and institutional capacity of the Government of Costa Rica to develop road projects via PPP mechanisms.

1.26 To achieve these objectives, the first operation under the CCLIP is structured with the following components:

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30 Law 7600, Equal Opportunities for Persons with Disabilities, 1996.

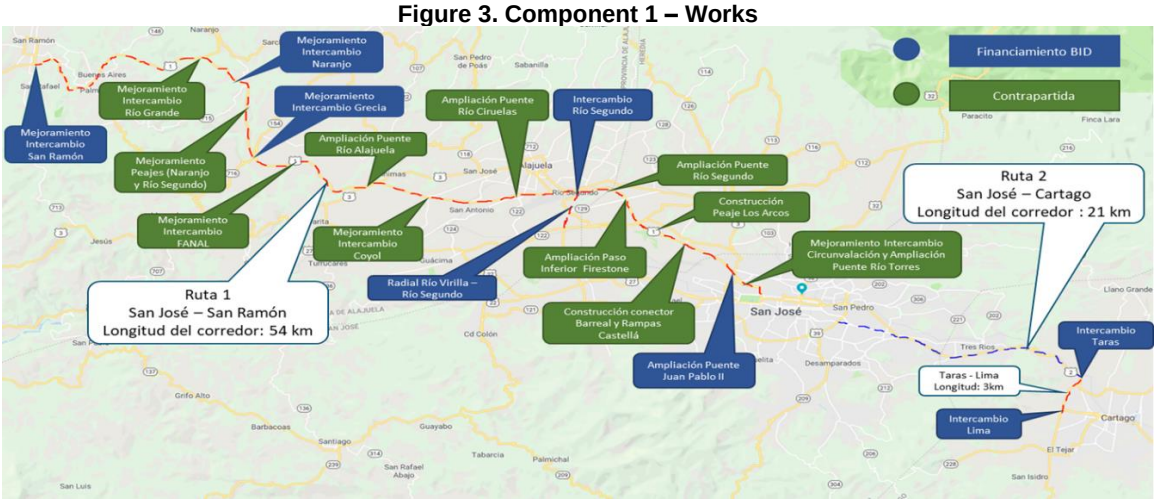
31 Law 7948, Inter-American Convention on the Elimination of All Forms of Discrimination against Persons with Disabilities.

32 The cost of including these features in a road project is between 3% and 5% of the total budget. Transmilenio, 2019.

33 This covers all phases of the process: initial identification and evaluation, feasibility studies, structuring, bid, award, construction, operation, and management.

1.27 **Component 1. Infrastructure (US$119 million).** This component will finance: (i) improvement and expansion of the Taras – La Lima segment (3 km) in the San José – Cartago corridor (Route 2), and 6 of the 17 urgent works in the San José – San Ramón corridor (Route 1): (a) the Juan Pablo Segundo bridge; (b) Río Virilla – Río Segundo highway (radial); (c) Río Segundo interchange; (d) Grecia interchange; (e) Naranjo interchange; and (f) San Ramón interchange (see Figure 3); (ii) works supervision; (iii) land management, for which advance payments of up to 30% of the estimated appraised value of each property may be made to secure the right-of-way;[34] and (iv) studies and designs for completion of the new highway to San Carlos, including analyses of disaster risk and climate change impact, to be integrated into the design parameters and provide resilience.

Figure 3. Component 1 – Works



Source: Prepared internally using Google Maps.

1.28 Projects to expand road works will prioritize clean public transportation over private internal combustion transportation through the implementation, where feasible, of exclusive lanes for public service vehicles and private electric vehicles. The expansions are also designed in compliance with all road safety regulations,[35] and the infrastructure will be built to be accompanied by additional urban works facilitating intermodality with nonmotorized modes of transportation and accessibility for persons with disabilities.[36]

1.29 **Component 2. Development of institutional capacities (US$4 million).** This component has two subcomponents: (i) PPP subcomponent (US$3 million) to finance technical and institutional strengthening activities for the CNC, MOPT, and Ministry of Finance for PPP project management, including assistance for the development of at least two road PPPs over the project's life cycle, supplemented by studies, models, evaluations, project promotion, guides, and training programs

[34] An estimated 37 properties must be acquired for the Taras – La Lima segment, and 22 properties for all of the urgent works on the San José – San Ramón road, 17 of which will be financed by the program.

[35] Technical guidelines for road safety audits in the countries of Latin America and the Caribbean.

[36] Idem 36.

under the learn-by-doing strategy; (ii) innovation, sustainability, and gender subcomponent (US$1 million) to finance: (a) the final design of additional urban works complementing the road network for the Alajuela metropolitan park, Taras – La Lima park strip, and the San Ramón western recreational circuit; (b) support to implement the business model for public electric buses; and (c) assistance to strengthen equity regarding gender and persons with disabilities through updates to the gender policy and action plans that include training and capacity-building at the MOPT and CNC (see paragraph 1.22), as well as through the incorporation of features into road works that facilitate access for persons with disabilities and support for job opportunities in the transportation sector (see paragraph 1.23).

1.30 **Administration, management, and auditing (US$2 million).** Program fiduciary management, technical management (see paragraph 3.2), and audits will be financed under this heading.

C. Key results indicators

1.31 **Program beneficiaries.** The direct beneficiaries will be the users of the targeted roads, users of freight transportation, and other logistics chain operators. Specifically, on the Taras – La Lima segment, 132,900 people use private transportation, and 75,400 use public transportation, totaling 208,300 users occupying the average 80,300 vehicles circulating daily. On the San José – San Ramón corridor, 38,700 people use private transportation, and 71,300 use public transportation, totaling 110,000 users occupying the average 46,600 vehicles circulating daily.

1.32 **Results and indicators.** The main expected impact of the program is improvement of the country's competitiveness through the enhancement and expansion of the RVAC in the GMA. This will be monitored by tracking improvement in the "road connectivity" score of the World Economic Forum's Global Competitiveness Report. The main expected outcomes for the operation, to be assessed on the basis of indicators proposed in the Results Matrix (Annex II), are: (i) a reduction in vehicle operating costs for the RVAC transportation flow; (ii) a reduction in travel times for the RVAC transportation flow; (iii) minimization of emissions generated by the RVAC transportation flow; and (iv) comprehensive design of a road project under the PPP modality. The outcome indicators will be measured directly or indirectly according to the methodologies set out in the monitoring and evaluation plan (see required link 2).

1.33 For the first year of implementation of the projects, the following estimates have been made: (i) in the Taras – La Lima segment, savings in vehicle operating costs of US$1.92 million, travel time shortened by 24.5%, and carbon dioxide emissions reduced by 3,820 tons per year; and (ii) for the urgent works in the José – San Ramón corridor, savings in vehicle operating costs of US$46.54 million, travel time shortened by 5.5%, and CO_2 emissions reduced by 29,054 tons per year.

1.34 **Economic viability.** The economic viability analysis of the projects included in the program employed the traditional social assessment method applicable to road investment projects, based on a comparison of total transportation costs between the scenarios "with the project" and "without the project" over a 22-year period (average time for execution of works, plus their operation and maintenance). The comparison yielded the flow of net benefits to society at large, and that was used to calculate the economic net present value at a social discount rate of 12%, equivalent

to the required minimum economic return for projects. A frontier analysis of economic indicators was also conducted using numerous combinations of fluctuations in the costs and savings determined for the projects.

1.35 The main conclusion of the evaluation is that the projects to be financed with the program will be beneficial to society insofar as they have a social internal rate of return higher than the discount rate for public investment projects in Costa Rica. The direct benefits stem predominantly from the reduction in travel times and savings in operating costs (optional link 1).

1.36 The findings of the evaluation performed with Sidra Intersection and HDM-4 are that, when comparing the base scenario to the project scenario, the projects show an economic net present value of US$629.98 million (for the 12% discount rate) and an economic internal rate of return of 44.8%. The value of the economic internal rate of return is higher than the cutoff rate of 12%, i.e., the economic net present value is satisfactory. The program is, therefore, considered economically worthwhile.

II. Financing Structure and Main Risks

A. Financing instruments

2.1 A sector CCLIP is proposed for up to US$350 million from the IDB Ordinary Capital, with a 10-year tenor, through two individual operations. The first operation will be a specific works program for US$178 million (US$125 million financed by the IDB, and US$53 million by the Ministry of Public Works and Transport (MOPT), acting through the National Roads Council (CONAVI)),[37] with a disbursement period of five years, running from the entry into force of the loan contract. The consolidated budget per component is shown in Table 1 (see optional link 15).

Table 1. Amounts of the First Operation under the CCLIP (in US$ millions)

Component	IDB	MOPT*	Total
Component 1. Infrastructure	119	53	172
Component 2. Development of institutional capacities	4	-	4
Administration, management, and auditing	2	-	2
Total	**125**	**53**	**178**

Note: * Counterpart for the San José – San Ramón corridor (Route 1) urgent works.

2.2 Table 2 shows the projected disbursement schedule.

Table 2. Disbursement Schedule (in US$ millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	1.44	36.6	39.2	35.4	12.36	125.0
Government of Costa Rica (counterpart)	0	26.4	10.9	10.9	4.8	53.0
Total	**1.44**	**63.0**	**50.1**	**46.3**	**17.16**	**178.0**

[37] The MOPT and CONAVI are financing the improvement and expansion of the San José – San Ramón corridor in their capacity as trustors of the trust agreement signed with Banco de Costa Rica in 2016.

2.3 **Rationale for the instrument.** The Government of Costa Rica has requested that the MOPT serve as executing agency of the CCLIP and the first operation. The MOPT satisfactorily meets the eligibility requirements established for the CCLIP (document GN-2246-9) and the Operational Guidelines (see paragraph 3.6 of document GN-2246-11), since: (i) it has solid experience as the executing agency of IDB-financed projects (see paragraph 1.18) and has satisfactorily executed at least two similar projects with the IDB in the transportation sector over the last five years (loans 2098/OC-CR and 3071/OC-CR); (ii) in both projects: (a) general performance in their execution and progress in attaining the expected outcomes were satisfactory; (b) the borrower and executing agency have complied with the conditions of the loan contract; (c) the financial and operational reports, including audited financial statements, and accountability, budgetary execution, and operational management reports were prepared and submitted in a timely manner and have an acceptable level of quality in terms of financial management and operational control of projects; and (d) the operation and maintenance of the investments made and completed with project financing are satisfactory; (iii) the IDB has verified the institutional soundness of the MOPT, allowing the assumption that the track record of satisfactory performance will be maintained throughout execution of the first CCLIP operation; and (iv) the CCLIP's target areas are aligned with the country strategy and the objective of improving productive infrastructure quality, efficiency, and sustainability by helping to lower costs associated with transporting goods.

2.4 The sector CCLIP is a strategic instrument to provide ongoing financial and technical support to the transportation sector in Costa Rica, consolidating more than a decade of support from the IDB to the MOPT (see paragraph 1.18). The CCLIP will also help streamline preparation of the subsequent operation, thus lowering its transaction costs.

2.5 **Fulfillment with the eligibility criteria of the first individual operation under the CCLIP.** The first operation meets the eligibility criteria for individual loan operations under sector CCLIPs, as established in the policy (document GN-2246-9) and its Operational Guidelines (document GN-2246-11), namely: (i) the operation falls under the objective of providing long-term financing through the CCLIP; (ii) the operation was included in the Update of Annex III of the 2019 Operational Program Report (document GN-2948-2); and (iii) the executing agency is an integral and sustainable part of the transportation sector, and is the institution managing the sector.

B. Environmental and social safeguard risks

2.6 In accordance with the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the program has been classified as a Category "B" operation, due to potential negative impacts during the construction phase, such as the possible pollution of the air, soil, and water and an increase in accidents during works, mainly on urban segments. The works will be executed predominantly within the rights-of-way, so the environmental and social impacts are considered moderate, isolated, temporary, and reversible through the adoption of well-known and easily executable mitigation measures included in the environmental, social, and occupational health and safety management plans. Physical resettlement of people and economic displacement are expected to a lesser degree and only on certain

segments. Consequently, an Involuntary Resettlement Plan and property acquisition plan will be established to offset the specific economic impacts of the right-of-way. Indigenous populations will not be affected. The project is not expected to exacerbate the risk of disasters during the operation phase. For the construction phase, a natural disaster assessment plan and contingency plan are in place. During the operation's preparation phase, an environmental and social analysis was performed, and specific environmental and social management plans and involuntary resettlement plans were prepared for the projects to be financed under the Route 1 and Route 2 operation. The environmental and social management plans include preventive and mitigation measures for the environmental and social impacts, as well as impacts on occupational health and workers. A significant consultation has also been carried out for each project. These, along with the social and environmental studies and the involuntary resettlement plans, are published on the websites of the MOPT, the Route 1 trust, and the Bank. The most important aspects of the consultations are related to the construction of pedestrian bridges, management of stormwater runoff in the works, alternate routes while construction for the project is under way, tolls and costs, mechanisms or liaisons for communication with the community, and how and when expropriations will be paid.

C. Fiduciary risks

2.7 The fiduciary risk for this operation is regarded as medium. The main risks identified are as follows:

Table 3. Fiduciary Risks

Fiduciary risks	Risk rating	Mitigation action
Delays in execution due to protests in bidding processes via the appeals regime provided for by Costa Rican law.	Medium	• The advisory unit will coordinate the handling of protests (appeals) with the project administration unit (PAU) or Transportation Infrastructure Program (PIT) project execution unit (PEU), depending on the component. • The technical justification for requirements and evaluation criteria included in the bidding documents, as well as the procurement strategy, will be submitted to the Office of the Comptroller General of the Republic (CGR) prior to the start of each major bidding process. • The team will be trained to immediately address protests at the advisory unit, PAU, and PIT-PEU.

D. Other key risks and issues

2.8 Other identified program risks are:

Table 4. Other Risks of the First Operation

Risk type*	Risk	Risk rating	Mitigation action
Development	Delay during works execution	Medium	• Secure the right-of-way prior to the start of works. • Review and resolve design modifications submitted by the contractor in a timely manner.
Environmental and social sustainability	Delay in the start date and work execution timetable due to social and environmental actions	Medium	• Establish and maintain the team devoted to social and environmental management from the start of construction. • Hold periodic meetings with the community to report on the state of works, as well as possible impacts and their mitigation measures.
Public management and governance	Delays in the start of works execution	Medium	• Determine public utilities to be relocated, and notify the responsible entities prior to the start of works.
	Delays in ratification of the CCLIP by the Legislative Assembly	Medium	• Initiate the ratification procedure in the Legislative Assembly as soon as approval is received from the Bank's Board of Executive Directors. • Supply information on the program to ministries, sectors, and beneficiary municipalities so they will support its approval in the Legislative Assembly.

2.9 **Sustainability of investments.** Once the Taras – La Lima segment (3 km) is completed, the Government of Costa Rica will consider it as part of a concession for the operation and maintenance of the San José – Cartago corridor (Route 2) for a period of 30 years.[38] On Route 1, maintenance of the works will be financed with toll collection and contributions from the government to the Route 1 trust with Banco de Costa Rica.

2.10 **Cost overruns.** There is sufficient historical information on the costs of this type of works as a result of contracts awarded under the PIT, making it possible to prepare a budget with detailed and realistic costs. Additionally, in the designs, special attention was paid to conservative criteria and the availability of land within the right-of-way, to avoid cost overruns on the projects. In recent PIT bidding processes, prices have shown a downward trend, as it has become easier for international companies to participate.

III. Implementation and Management Plan

A. Summary of implementation arrangements

3.1 **Borrower and executing agency.** The borrower will be the Republic of Costa Rica. The Ministry of Public Works and Transport (MOPT) will be the program executing agency, supported by two units, to which additional staff and resources will be allocated for program execution: (i) the project administration unit (PAU) for the San José – San Ramón corridor trust, which will act as program subexecuting agency for the technical and financial management of the urgent works; and (ii) the Management and Oversight Committee (MOC) and its advisory unit, belonging to

[38] While the concession is being structured, CONAVI is responsible for maintaining the works.

the MOPT,[39] which will be in charge of administrative, technical, legal, and financial management for the rest of the program, as well as monitoring, supervision, and enforcement of program contracts within its purview. The MOPT will maintain the responsibility for the whole project to manage the budget, sign contracts, and perform accountability reporting on the use of Bank proceeds, the approval of financial statements, and all decisions regarding the disposition of public funds.

3.2 The executing agency will also receive external support from a program execution unit (PEU) for administrative, technical, and legal management, as well as from a trust for financial management. For the sake of efficiency, the executing agency may evaluate or analyze whether this support is to be provided by the same firms as for the Transportation Infrastructure Program (PIT). In the event that a reasonable agreement cannot be reached with any one of these firms for its involvement in the program, the executing agency may offer an alternative to the Bank's satisfaction.

3.3 **Program Operations Manual.** The Operations Manual will describe in detail at least: (i) the responsibilities of the entities involved in the program execution mechanism; (ii) detailed information on the flow of procurement processes; (iii) special administrative and financial processes for the program; and (iv) criteria for eligibility and selection of works. An initial version of the Operations Manual was prepared for the program (see optional link 2).

3.4 **Procurement.** The executing agency will be responsible for all procurement of works and goods and the selection of consulting services. Such processes will be performed in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-9), including the Agreement for Partial Use of Costa Rica's Administrative Procurement System in Projects Financed by the IDB. The procurement plan contains a breakdown of the procurements to be performed during execution (see required link 4).

3.5 **Retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US$25 million (20% of the loan amount) in eligible expenditures incurred by the borrower prior to the approval date of the loan, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures must have been incurred on or after 20 June 2019 (the project profile approval date) but shall not under any circumstances include expenditures incurred more than 18 months prior to the approval date of the loan.

3.6 **Single-source selection.** The executing agency may perform single-source selection[40] of: (i) Consorcio Ineco-ACCIONA to continue its work as technical and administrative manager, for an estimated amount of up to US$800,000; and (ii) Scotiabank to continue in its role as trust for payments, for an estimated amount of up to US$200,000. **Consorcio Ineco-ACCIONA** currently performs administrative, legal, technical and environmental management for the PIT

[39] Established by Executive Decree 39240 of 2015, which sets out its functions.

[40] The single-source selection method is being used in accordance with the Policies for the Selection and Contracting of Consultants financed by the IDB (document GN-2350-9), paragraph 3.10: "(a) for tasks that represent a natural continuation of previous work carried out by the firm," given the need to maintain continuity in the technical approach, experience acquired, and continued professional liability of the same consultant (see paragraph 3.11).

(loans 3071/OC-CR and 3072/OC-CR), and **Scotiabank de Costa Rica** handles financial management. Both will continue to do so until the conclusion of the PIT loan contracts (November 2020). Ineco-ACCIONA and Scotiabank were selected through competitive processes SP No. 01-2015 and 02-2015, respectively, with the IDB's "no objection" because they were deemed the best technical and financial offers for the delivery of management services. Taking into account that the first CCLIP operation will use the same execution arrangement as the PIT, which is being carried out successfully, the continuity of services from Ineco-ACCIONA and Scotiabank is essential under document GN-2350-9, paragraph 3.10(a). This is due to the need to maintain continuity in the technical approach, experience acquired, and continued professional liability of these companies. Any other single-source contracting that arises during execution will require an ex ante review and respective "no objection" by the Bank.

3.7 **Special contractual condition precedent to the first disbursement of the loan proceeds: (a) approval and entry into effect of the program Operations Manual (paragraph 3.3); (b) allocation of the necessary functions, staff, and resources to the Management and Oversight Committee (MOC) and its advisory unit to execute the first operation under the CCLIP, in accordance with the Operations Manual (paragraph 3.3), via the relevant legal instrument.** These conditions are necessary to ensure that the proper execution mechanism (paragraph 3.1) (paragraph 3.2) and procedures (paragraph 3.3) are in place for the execution of the operation.

B. Summary of arrangements for monitoring results

3.8 **Monitoring.** The monitoring and evaluation plan (see required link 2) will cover the execution of the operation according to the Results Matrix indicators and objectives. The following instruments will be used for that purpose: (i) six-month reports on the progress of Results Matrix indicators, monitoring of physical and financial execution on the basis of work, execution, procurement, and disbursement plans; (ii) audits of financial statements; and (iii) the project completion report. The Bank will supervise the program through ex ante and ex post reviews of procurement, inspection visits, and management missions. The executing agency will maintain appropriate systems to collect periodic information on physical and financial progress and will keep program information up to date.

3.9 **Evaluation.** Ex ante and ex post methodologies will be used to assess the program's expected outcomes (see required link 2), in addition to an ex ante cost-benefit analysis. The HDM-4 model will be used to determine vehicle operating costs and travel time of users.

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives		
Development Challenges & Cross-cutting Themes	-Productivity and Innovation -Economic Integration -Gender Equality and Diversity -Climate Change and Environmental Sustainability	
Country Development Results Indicators		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2829-1	Mejorar la calidad, eficiencia y sustentabilidad de la infraestructura productiva
Country Program Results Matrix	GN-2948-2	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		6.3
3.1 Program Diagnosis		2.0
3.2 Proposed Interventions or Solutions		2.3
3.3 Results Matrix Quality		2.1
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.5
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		6.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		B
IV. IDB´s Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Evaluability Note
The general objective of the CCLIP (CR-O0005) is to facilitate access to long-term financing to invest in sustainable projects aimed to improve and expand the Strategic Via Network (RVE); and to improve urban development and mobility in the Greater Metropolitan Area (GAM); which together will promote competitiveness as a means to boost economic activity in the country.
The first operation (CR-L1139) of this CCLIP aims to contribute to the country's competitiveness through the environmentally sustainable improvement and expansion of the RVAC that connects the ports and border crossings with the GAM, as well as, through development support of road infrastructure projects through Public-Private Partnerships (PPP) models as a complementary mechanism for financing and management.
The specific objectives of this first operation are:
i. Reduce the vehicle operation costs of the cargo transport flow that circulates through the RVAC that connects with the GAM.
ii. Reduce travel times of the vehicles that circulate through the RVAC that connect with the GAM.
iii. Reduce emissions generated by transportation in the GAM and strengthen resilience to disaster and CC risks.
iv. Improve the technical and institutional capacity of the GdCR to develop road projects through PPP schemes.
The diagnosis of the program identifies as a main problem a lag in competitiveness, associated with high transport costs and travel times; as well as the need to ensure long-term resources, for which they suggest a PPP scheme. It is precisely this second link that is not very clear. In particular, it is not clear what specific problem related to the implementation of PPP is necessary to address.
The vertical logic, in this way, is affected because it is not clear how the proposed intervention leads to an improvement in the technical and institutional capacity of the GdCR to develop road projects through PPP schemes. Specifically, it is not clear how the outcome indicator for specific object iv allows us to infer that the objective pf improving the technical capacity to develop road projects through PPP schemes is actually achieved.

RESULTS MATRIX

Project objective:	To contribute to the country's competitiveness through the environmentally sustainable improvement of the RVAC in the GMA and to support the development of road infrastructure projects through public-private partnerships (PPPs) as an additional mechanism for their financing and management. The specific objectives are to: (i) lower vehicle operating costs for the flow of freight transportation on the RVAC in the GMA; (ii) shorten travel times for vehicles on the RVAC in the GMA; (iii) minimize emissions generated by transportation in the GMA; and (iv) improve the technical and institutional capacity of the Government of Costa Rica to develop road projects via PPP mechanisms.

EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Base year	Final target (2025)	Means of verification	Comments[1]
IMPACT 1: Improvement of the country's competitiveness						
Road Connectivity Index	Score	42.3	2018	44.0	Value recorded in component **2.01 "road connectivity"** of the "infrastructure" pillar of the World Economic Forum's Global Competitiveness Report.	Time reductions of 5.5% and 24.5% are determined for the targeted segments, which are significant for circulation in the GMA. The improvement in its capacity is expected to significantly improve connectivity, so the Road Connectivity Index is projected to improve by 4%.

[1] If the indicator (impact, outcome, and/or output) meets the pro-gender criteria, write "pro-gender" in this column. If the indicator meets the gender monitoring criteria, write "gender monitoring" in this column. If the indicator meets the ethnicity monitoring criteria, write "ethnicity monitoring" in this column.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Base year	Final target 2025)	Means of verification	Comments
Outcome 1: Reduction in vehicle operating costs for the flow of freight transportation on the RVAC connecting the GMA						
Weighted vehicle operating costs at urgent works sites on the San José – San Ramón segment	US$ million	39.07	2020	34.76	Traffic study in the highway corridor, intersection, and interchanges. Operating cost study through traffic flow modeling. The first indicator only includes the urgent works analyzed in the project economic analysis. Studies to be conducted.	Baseline and target values were determined using the results obtained in the project economic analysis (optional link 1). The procedure used to calculate estimates is included in the monitoring and evaluation plan (required link 2).
Weighted vehicle operating costs for transportation on the Taras – La Lima segment	US$ million	24.05	2020	11.93		
Outcome 2: Reduction in travel times for vehicles circulating on the RVAC connecting the GMA						
Travel time for vehicles circulating on the San José – San Ramón segment at peak congestion time	Minutes	75.6	2020	56.1	Projected travel times in the different segments that make up the highway corridors determined through searches in Google Cloud.	Baseline and target values were determined using the results obtained in the project economic analysis (optional link 1). The procedure used to calculate estimates is included in the monitoring and evaluation plan (required link 2).
Travel time for vehicles circulating on the Taras – La Lima segment at peak congestion time	Minutes	10.8	2020	4.9		

Indicators	Unit of measure	Baseline	Base year	Final target 2025)	Means of verification	Comments
Outcome 3: Minimization of emissions generated by transportation in the GAM						
Sum of retained tons (savings) of CO_2 emissions generated by vehicles circulating on the San José – San Ramón segment	Tons	0	2020	11,449.00	Traffic study in the highway corridor, intersection, and interchanges. Operating cost study through traffic flow modeling. The first indicator only considers the urgent works analyzed in the project economic analysis.	Baseline and target values were determined using the results obtained in the project economic analysis (optional link 1). The procedure used to calculate estimates is included in the monitoring and evaluation plan (required link 2).
Sum of tons retained (savings) of CO_2 emissions generated by vehicles circulating on the Taras – La Lima segment	Tons	0	2020	3,820.00	Traffic study in the highway corridor, intersection, and interchanges. Operating cost study through traffic flow modeling.	
Outcome 4: Enhance the technical and institutional capacity of the Government of Costa Rica to conduct road projects via PPPs						
Road works projects designed (integrated design) under the PPP modality	Projects	0	2020	1	PPP contract	"Integrated design" is considered the set of documents with the levels of approval required in each case to begin a contract bidding process under the PPP modality pursuant to applicable national law (required link 2).

OUTPUTS

Outputs	Unit of measure	Base -line	Base year	Years					Final target	Means of verification	Comments
				1	2	3	4	5			
Component 1: Infrastructure											
Length of Taras – La Lima interchanges completed	km	0	2019					3.6	3.6	Six-month reports, records of acceptance of works.	
Urgent works program on the San Ramón – San José corridor											
Segment 1											
Río Ciruelas Bridge built	m					850			850	Six-month reports, records of acceptance of works.	
Río Alajuela Bridge built	m					750			750		
Río Segundo Bridge built	m					600			600		
Firestone underpass built	m					620			620		
Barreal connector and Castella ramps built	m					600			600		
Segment 2											
Beltway exchange and Río Torres Bridge built	m					550			550	Six-month reports, records of acceptance of works.	
Toll stations rebuilt (Río Segundo – Naranjo)	m^2					25,000			25,000		

Outputs	Unit of measure	Base -line	Base year	Years					Final target	Means of verification	Comments
				1	2	3	4	5			
Segment 3											
Río Grande exchange built	m					570			570	Six-month reports, records of acceptance of works.	
Coyol exchange built	m					675			675		
FANAL exchange built	m						635		635		
Los Arcos toll plaza built	m^2						12,000		12,000		
Segment 4											
Juan Pablo Segundo Bridge built	m						600		600	Six-month reports, records of acceptance of works.	
Río Segundo highway (radial) built	km						4		4		
Río Segundo exchange built	m						900		900		
Grecia exchange built	m						700		700		
Naranjo exchange built	m						500		500		
San Ramón exchange built	m						500		500		
Studies conducted for the new San Carlos highway	Study	0	2019				1		1	Record of acceptance of studies.	

Outputs	Unit of measure	Base -line	Base year	Years					Final target[3]	Means of verification	Comments
				1	2	3	4	5			
Component 2: Development of institutional capacities											
Comprehensive structuring studies in at least two completed PPP projects	Study	0	2019			2			2	Record of acceptance of studies.	
Evaluation of fiscal impact of guarantees on the two completed PPP projects	Study	0	2019				1		1	Record of acceptance of studies.	
Ongoing supervision of the risk matrix distribution for the two finished PPPs	Study	0	2019			1			1	Record of acceptance of studies.	
General institutional strengthening + SICOMI completed	Study	0	2019			1			1	Record of acceptance of studies.	
Design of additional urban works: Preparation of three finals designs completed for: (i) Alajuela metropolitan park; (ii) Taras – La Lima park strip; and (iii) San Ramón western recreational circuit	Designs	0	2019			3			3	Record of acceptance of studies.	
Support study completed for Carbon Reduction Plan	Study	0	2019			1			1	Record of acceptance of studies.	

MOPT Institutional Gender Policy updated, approved, and officially issued	Policy and action plan	0	2019			1			1	Records of acceptance and official documents.	
Plan to strengthen the Institutional Commission on gender and persons with disabilities completed	Plan	0	2019			1			1	Record of acceptance of plan.	
Update to the CNC Institutional Strategic Plan focused on gender and persons with disabilities completed	Study	0	2019			1			1	Record of acceptance of studies.	
Technical advisory services provided for urban design	Study	0	2019			1			1	Record of acceptance of studies.	

FIDUCIARY AGREEMENTS AND REQUIREMENT

Country:	Costa Rica
Project number:	CR-O0005 and CR-L1139
Name:	Conditional Credit Line for Investment Projects (CCLIP) for the Road Infrastructure and Urban Mobility Program and First Individual Operation under the CCLIP for the Road Infrastructure Program and Promotion of Public-Private Partnerships
Executing agency:	Ministry of Public Works and Transport (MOPT)
Prepared by:	Raúl Lozano (FMP/CCR) and Miguel Baruzze (FMP/CCR)

I. FIDUCIARY CONTEXT OF THE COUNTRY

1.1 The assessment of Costa Rica's Public Procurement System (2015) based on the OECD/DAC methodology concludes that it is characterized mainly by its patchwork nature. There is one law, but each contracting party issues its own regulations, bidding documents differ from buyer to buyer, and the country has no single manual of procedures, although it does have an Integrated Public Procurement System (SICOP). Moreover, many independent organizations have special administrative contracting rules, and there are innumerable formalities and regulations in an ex ante control and protest (appeals) management system, involving the Office of the Comptroller General of the Republic (CGR). This leads to long waiting periods before final awards are made. The public procurement system is sound in terms of regulation and control but, in practice, processes experience long delays. For these reasons, the SICOP is currently used for Bank-financed contracting solely as a publicity tool.

1.2 The PEFA analysis of Costa Rica's financial country systems (2016) concludes that management of public finances is satisfactory. This analysis essentially covered budgetary expenditures approved by the Legislative Assembly (central government expenditures). The use of the treasury subsystem through the single treasury account to make payments for Bank-financed projects reduces the main fiduciary risks related to payments, cash flow management, and reconciliation. The CGR exercises a reasonable degree of scrutiny of public finances.

1.3 The programing and monitoring system is designed around the central administration mechanism for budgetary approval and execution, i.e., for ongoing programs, not for projects. Additionally, the personnel administration system lacks flexibility for the execution of projects; the positions are rigid and the contracting system for temporary staff (consultants) is not agile and cannot be readily adapted to the reality of the market. The SICOP does not permit the use of selection and contracting procedures other than those provided for by national law. The Integrated Financial Administration System (SIGAF) is for the registry of budgetary execution and has internal controls to ensure integrity, reliability, and timeliness. Though it is

effective for that purpose, it does not allow for the preparation of special purpose financial statements, which are required for effective monitoring of project financial execution.

II. Fiduciary Context of the Executing Agency

2.1 The MOPT has extensive experience as an executing agency for Bank loans. It is currently the executing agency for the Transportation Infrastructure Program (PIT) (loans 3071/OC-CR and 3072/CH-CR) and the Cantonal Road Network Program II (loan 4507/OC-CR), where it has complied with the contractual clauses, demonstrated satisfactory execution, and achieved the objectives of the program.

2.2 This operation will use the execution mechanism for the PIT. This mechanism includes the contracting of a management firm and a trust, so the experience of the existing project execution unit (PEU) and trust may be leveraged. The executing agency has created the Management and Oversight Committee (MOC) and an advisory unit, responsible the relationship between the PEU, the executing agency, and the IDB, and will oversee the smooth execution of the program in accordance with the loan contract. The MOC will approve outputs prepared by the PEU and submit them to the IDB for review and/or "no objection."

2.3 The project administration unit (PAU) for the urgent works of the San José – San Ramón corridor trust, as subexecuting agency, has the staff and structure to execute the planned activities under the project, and will issue calls for bids and manage the contracts assigned to it by the MOPT. The MOPT, as executing agency, will be the sole disbursing authority and will maintain responsibility over the whole project to manage the budget, sign contracts, and perform accountability reporting on the use of Bank resources, approval of financial statements, and all decisions concerning public funds.

III. Fiduciary Risk Evaluation and Mitigation Actions

3.1 The fiduciary risk for this operation is regarded as medium. The main risks identified are as follows: (i) risk of delays in execution due to protests in bidding processes via the appeals regime provided for by Costa Rican law. The respective mitigation measures are: (a) the advisory unit will coordinate the handling of protests (appeals) with the PAU or Transportation Infrastructure Program (PIT) project execution unit (PEU), depending on the component; (b) the technical justification for requirements and evaluation criteria included in the bidding documents, as well as the procurement strategy, will be submitted to the Office of the Comptroller General of the Republic (CGR) prior to the start of each major bidding process; and (c) the team will be trained to immediately address protests at the advisory unit, PAU, and PIT PEU; (ii) risk of receiving abnormally low bids (unfair competition) and/or delays in works execution due to contractor financial troubles. The respective mitigation measures are: (a) preparing detailed technical specifications, performing field visits with bidders to the work site, and ensuring there is sufficient time to address all questions and requests for clarification from interested bidders; (b) prequalifying bidders and/or requiring updated financial information; and (c) performing a cost estimate and keeping it up to date at the time of the award; (iii) risk of delays in works

execution stemming from a lack of timely dispute resolution. As a mitigation measure, FIDIC contracts will be used in the main bidding processes, and the "Determination by Engineer" and "Dispute Adjudication Board" procedures contemplated in such contracts will be triggered early as steps prior to arbitration; and (iv) risk of delays in accountability reporting and preparation of the program financial statements, due to inadequate interagency coordination between the PIT-PEU and the PAU. The mitigation measures are: (a) agreeing to and documenting a detailed flow of processes to clearly determine the responsibilities of each unit and establish timeframes for disbursement management, accountability reporting on the use of funds, and preparation of program financial statements; (b) holding training workshops on financial management for the two units; and (c) conducting two financial visits in the first year of execution to verify the implementation of the established coordination mechanisms and any potential adjustment measures deemed necessary.

IV. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

A. Procurement execution

4.1 **Bidding documents.** The bidding documents agreed upon with the IDB will be used for the procurement of goods, works, and services, in accordance with the procurement policies. The standard request for proposals and documents agreed upon with the Bank will be used for the selection and contracting of consulting services. Technical specifications and terms of reference will be subject to ex ante review.

4.2 **Use of country systems.** The SICOP will be used as a publicity tool for program procurement, while initiatives to strengthen and adapt the SICOP are concluded, as provided in partial-use agreement signed on 20 July 2015.

4.3 **Single-source selection:** The executing agency may perform single-source selection of: (i) Consorcio Ineco-ACCIONA to continue its work as technical and administrative manager, for an estimated amount of up to US$800,000; and (ii) Scotiabank to continue in its role as trust for payments, for an estimated amount of up to US$200,000. **Consorcio Ineco-ACCIONA** currently performs administrative, legal, technical and environmental management for the PIT (loans 3071/OC-CR and 3072/OC-CR), and **Scotiabank de Costa Rica** handles financial management. Both will continue to do so until the conclusion of the PIT loan contracts (November 2020). Ineco-ACCIONA and Scotiabank were selected through competitive processes SP No. 01-2015 and 02-2015, respectively, with the IDB's "no objection" because they were deemed the best technical and financial offers for the delivery of management services. Taking into account that the first CCLIP operation will use the same execution arrangement as the PIT, which is being carried out successfully, the continuity of services from Ineco-ACCIONA and Scotiabank is essential under document GN-2350-9, paragraph 3.10(a). This is due to the need to maintain continuity in the technical approach, experience acquired, and continued professional liability of these companies. Any other single-source contracting that arises during execution will require an ex ante review and respective "no objection" by the Bank.

4.4 **Retroactive financing.** The Bank may retroactively finance, as a charge against the loan proceeds, up to US$25 million (20% of the loan amount) in eligible expenditures incurred by the borrower prior to the approval date of the loan, provided that requirements substantially similar to those established in the loan contract have been met. Such expenditures must have been incurred on or after 20 June 2019 (the project profile approval date) but shall not under any circumstances include expenditures incurred more than 18 months prior to the approval date of the loan.

4.5 **Procurement plan.** All procurement, including advance contracting and retroactive financing, will be included in the procurement plan previously approved by the IDB through the Procurement Plan Execution System (SEPA),[1] and will be in accordance with the Special Provisions of the loan contract.

4.6 **Main procurement processes.** Once the loan is approved, the executing agency will be responsible for preparing and updating the procurement plan, and the procurement specialist will ensure that bids comply with the quality standards expected in accordance with the applicable Bank procurement policies.

Activity	Selection method[2]	Estimated date of solicitation/invitation	Estimated amount (US$)
Works			
Construction of road interchanges: Taras and La Lima in Cartago	ICB	April 2019[3]	US$62,943,000
Design and construction of urgent works for lot 4	ICB	July 2020	US$93,750,000
Firms			
Supervision for construction of road interchanges: Taras and La Lima in Cartago	QCBS	May 2019[4]	US$3,500,000
Comprehensive structuring studies in at least two PPP projects	QCBS	July 2021	US$2,000,000
Additional urban works: preparation of three final designs for: (i) Alajuela metropolitan park; (ii) Taras – La Lima park strip; and (iii) San Ramón western recreational circuit completed	FBS	July 2021	US$664,000
Individuals			
Project manager	3CV	August 2020	US$450,000
Project engineer	3CV	August 2020	US$450,000

4.7 See the program procurement plan for the first 18 months.

1 Or any other contract that supersedes it, at the instruction of the IDB.

2 In the event procurement is executed through the country system, this must be indicated in the “selection method” box.

3 The selection process is being undertaken by the MOPT prior to the approval of the operation following the Bank’s procurement policies, in accordance with paragraph 1.9 of document GN-2349-9. The Bank will only grant a “no objection” to the award, once the contractual conditions precedent have been met for its execution.

B. Procurement supervision

4.8 The expected supervision modality will be primarily ex ante, except in events when the Bank deems that ex post supervision is justified in the procurement plan. Advance procurement will always be subject to ex post supervision, given its nature.

Table 2. Procurement Methods

Type of investment	Threshold (US$000)	Procurement procedure
Works	3,000 or more	ICB
	From 250 to 3,000	NCB or shopping
	Less than 250	Shopping
Goods and nonconsulting services	250 or more	ICB
	From 50 to 250	NCB or shopping
	Less than 50	Shopping
Consulting services / consulting firm	200 or more	Short list of six firms with extensive geographic representation (international and national publicity)
	Less than 200	Short list of six firms that may be national (national publicity)
Individual consulting services	n/a	At least three candidates

Direct contracting of goods, works, consulting services, and nonconsulting services will require ex ante review by the Bank, as established in the procurement plan.

4.9 **Special provisions.** Prior to the start of works construction, the executing agency will secure all titles and permits for properties and parcels of land where the program works are to be built, as well as legal possession, easements, and other rights, including water rights for the respective works.

4.10 **Records and files.** The executing agency, acting through the MOC and its advisory unit, will coordinate with the subexecuting agency's PAU and the PIT-PEU to maintain files of its contracts and expenditures. The program's reports will be prepared and filed using the formats and procedures agreed upon with the executing agency.

V. Financial Management Agreements and Requirements

5.1 **Programming and budget.** The MOPT, acting as executing agency through the CAS and PEU, will be responsible for formulating the budget in coordination with the contracted fiduciary agents (trusts), in accordance with national law and applicable provisions. The executing agency will carry out all procedures and coordination necessary to include the funds for program execution in the national budget. The basis for formulation of the budget will be the updated project execution plan agreed to between the Bank and the PEU.

5.2 **Disbursement and cash flow.** The Bank will make disbursements primarily through advances of funds, according to the project's liquidity needs, based on a six-month financial plan. The Bank may issue a new advance, once supporting documentation has been provided for at least 60% of the cumulative balance of advances pending such supporting documentation. The 60% accountability reporting level has been set, taking into account that, while the execution mechanism for PIT I

(loans 3071/OC-CR and 3072/CH-CR) will be maintained for this operation, a subexecuting agency is being added: the PAU for the San José – San Ramón corridor trust. This entails additional coordination for program accounting and accountability reporting, requiring an additional cycle for preparation of the supporting documentation for the use of resources advanced by the Bank. At the request of the borrower and for specific situations, the Bank may also issue direct payments to suppliers or reimbursements for expenditures.

5.3 For liquidity management of the loan proceeds, the single account principle of the National Treasury will be used, since the funds amount to public revenue collected by the Government of Costa Rica. Two bank accounts will be opened with the Treasury exclusively for management of the program resources: one account will be administered by the trust set up for the proceeds executed by the PIT-PEU, and the second account, by the San José – San Ramón corridor trust, which manages the PAU funds. The executing agency will be responsible for opening both bank accounts with the National Treasury.

5.4 Only the executing agency will be responsible to the Bank for proper accountability reporting on the program proceeds. The PEU will establish and implement an effective system to monitor and control loan proceeds disbursed by the Bank. This system will consider coordination agreements and mechanisms with the PAU to meet the abovementioned objective of accountability reporting. To do so, it will use the reports specified by the Bank and maintain records to help identify the movements of loan proceeds.

5.5 Support documents for payments will be reviewed by the Bank and/or external auditors subsequent to disbursement of the proceeds.

5.6 **Accounting and information systems.** The financial statements for special purposes and supporting documentation for project expenditures submitted to the Bank by the executing agency will be prepared using the accounting records of the financial agents (trusts), who perform accounting in accordance with national law for these cases. The PAU will coordinate as necessary to obtain this information in a timely and complete manner. The financial statements will be submitted with information broken down by component and output, according to the structure of the project's Results Matrix.

5.7 The financial reports required on a six-monthly basis will be: (i) the program financial statements that include: (a) statement of accrued investments and statement of cash received and disbursements made; and (b) reconciliation of the bank account where the loan proceeds are administered.

5.8 The program's financial statements will be prepared on a cash basis.

5.9 **Internal control and audit.** The executing agency, acting through the PEU, will be responsible for establishing an effective internal control mechanism for the program and ensuring that these controls are maintained throughout the execution phase and financial closing. Execution will be supported by the internal control mechanism set up for public administration and, in particular, for the trusts and their applicable regulations.

5.10 **External control and reports.** The executing agency, acting through the PEU, will engage a Bank-eligible audit firm. The required audited financial statements will be audited on the basis of international audit standards, and will be submitted annually and at the end of the project disbursement period, pursuant to the terms of reference agreed upon with the Bank. The executing agency, acting through the PEU, will ensure that funds for audit services are available and have been reserved up to the date on which the last report is submitted to the Bank.

5.11 **Financial supervision plan.** Considering the capacity assessment, the risk analysis, and the expected execution mechanism, financial supervision will include at least one six-monthly visit during the first year of execution, and at least one annual visit from the second year of execution onward.

5.12 **Execution mechanism.** The borrower will be the Republic of Costa Rica. The MOPT will be the executing agency for the program. The executing agency will be supported by two existing units: (i) the PAU for the urgent works of the San José – San Ramón corridor trust, which will act as subexecuting agency; and (ii) the MOPT PIT-PEU for the rest of the program, which will be in charge of administrative, technical, legal, and financial management, as well as monitoring, supervision, and enforcement of the program contracts corresponding to each one of those areas, for efficient execution. The MOPT will maintain responsibility over the whole project to manage the budget, sign contracts, and perform accountability reporting on the use of Bank proceeds, the approval of financial statements, and all decisions regarding the disposition of public funds.

5.13 The executing agency already has within its organizational structure an advisory unit and a MOC that will authorize all contracting, requests for disbursement, and accountability reporting on program resources. In light of these conditions and the existing levels of control, the operation is considered to have a medium fiduciary risk.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Costa Rica. Conditional Credit Line for Investment Projects (CCLIP) for the Road Infrastructure and Urban Mobility Program (CR-O0005)

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Republic of Costa Rica, as borrower, to establish the Conditional Credit Line for Investment Projects (CCLIP) for the Road Infrastructure and Urban Mobility Program (CR-O0005) for an amount of up to US$350,000,000 chargeable to the resources of the Bank's Ordinary Capital.

2. To determine that the resources allocated to the above-mentioned Conditional Credit Line for Investment Projects (CCLIP) for the Road Infrastructure and Urban Mobility Program shall be used to finance individual loan operations in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects approved by Resolution DE-58/03, as amended by Resolutions DE-10/07, DE-164/07, and DE-86/16; (b) the provisions set forth in documents GN-2246-9 and GN-2564-3; and (c) the terms and conditions included in the Loan Proposal for the corresponding individual operation.

(Adopted on ___ _____ 2019)

LEG/SGO/CID/EZSHARE-1354864508-14770
CR-O0005

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/19

Costa Rica. Loan ____/OC-CR to the Republic of Costa Rica
First Operation under the CCLIP for the Road Infrastructure
Program and Promotion of Public-Private Partnerships
under the Conditional Credit Line for Investment
Projects CR-O0005

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Costa Rica, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Road Infrastructure Program and Promotion of Public-Private Partnerships, which constitutes the first individual operation under the Conditional Credit Line for Investment Projects (CCLIP) for the Road Infrastructure and Urban Mobility Program approved by Resolution DE-___/19 dated _____ ___, 2019. Such financing will be in the amount of up to US$125,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ___ _____ 2019)

LEG/SGO/CID/EZSHARE-1354864508-14771
CR-L1139; CR-O0005