COSTA RICA

Limon City-Port Project
2008 - 2013

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Background

• Request from GoCR following ‘Caldera-Port Concession Reform’

• Since the beginning there was the idea of linking the city and the port

• Bank response:
  - Multidisciplinary team
  - Stakeholder consultations
  - Comprehensive upstream analytical work (social and port)

• Approach: it is important to work on the 'interface' between the port and the city while trying to ensure that the local population benefits from the project
Context

Costa Rica

- Long tradition of political stability
- Economic growth, governance and social indicators surpass regional averages
- However, national indicators hide great social disparities and competitiveness bottlenecks

City of Limon within Costa Rica

- Most important Costa Rican port on the Caribbean (61,000 hab)
- The provincial capital with the lowest social development index (13.5) and among the five cantons with the lowest SDI in the country. The poorest district in Limon (Limoncito) is among the 8 poorest in Costa Rica.
- 26% of the population in poverty (mainly female headed households, young people, unemployed, pensioners and temporal employees in the private sector) 2nd highest urban unemployment rate nationwide
- Private sector is a relatively low source of employment

City and Port Issues

City of Limon
- Unemployment and poverty rates
- Weak municipal capacity
- Lack of entrepreneurial culture
- Urban decay
- Social stress and conflict
- Poor basic infrastructure
- Loss of unique cultural heritage

Port of Limon
- 80% of the total cargo
- Performance deterioration
- Negative users perception
- High operating costs
- Highly congested
- Increasing regional competition
City – Port “Perverse” Interface

Port labor union captures local civil society

Social unrest negatively affects port business

Weak dialogue between port authority and city government

JAPDEVA’s double function inhibits local government leadership and more efficient port management

Port as an employer (17% of local EAP) rather than an engine of employment opportunities

Port logistics competing with city’s space and affecting road safety

Port containerization and automation led to workers’ lay-offs and unemployment: unskilled local labor force unable to grab new opportunities.

Need for a change in paradigm: City-Port Approach

- Being the city of an important port: unique competitive advantage.
- Investments and businesses associated to the port (including cruises) bring employment and income generation opportunities to the local population.
- Historic link of the city to the port creates a multicultural imprint and livable environment with tremendous potential for the development of multi-cultural identities and cultural tourism.
- Common pattern of many city-ports in the region which, through a territorial development intervention, may address the multiple existing challenges and build the necessary socio-economic and institutional synergies for their sustainable development.
Project development objective

Revitalize the city of Limon in compliance with the Government’s Regional Development Strategy, and prepare the modernization of the port of Limon by:
(i) improving the protection and management of Limon’s cultural and natural heritage;
(ii) increasing access to the sewage system and reduce urban flooding in low income areas;
(iii) supporting a more efficient, accountable and credible local government;
(iv) creating new employment opportunities through small and micro-enterprises; and
(v) supporting the port modernization process and improved freight transport access to the port terminal.

‘Building blocks process’ aimed to assist GoCR in promoting a shift in Limon’s development paradigm towards building positive synergy between port and city and a sense of proud and belonging amongst its inhabitants.

Project components

Component 1: Urban and Cultural Revitalization
(US$ 55 million)

Contribute to improve the city of Limon livability and attractiveness through investments in:
• cultural revitalization and restoration of the local emblematic historical, cultural and natural patrimony,
• qualification and diversification of tourism attractions, and
• provision of basic services to the poorest inhabitants.
Limon cultural and natural patrimony and multicultural identity

- Unique exponent of the Victorian period with a Caribbean influence, but...
- More than 100 buildings of its historical core demolished or replaced by non-valuable modern commercial buildings in the last decade
- City's remaining historical buildings suffer from poor maintenance and management
- Minimum investment in culture and heritage conservation
- Inadequate construction normative and housing schemes
- Lack of appropriate legal framework and enforcement
- No urban planning and city development strategy
Component 2: Local Economic Development (US$ 2 million)

Support the generation of an entrepreneurial culture and new sources of employment, particularly among the young, by:

- developing micro and small businesses,
- facilitating access of micro and small businesses to financial services, training and technical assistance,
- seizing the opportunities presented by growing cruise tourism and the cultural richness of Limon.

Component 3: Local Governance and City-Port Strategic Planning (US$ 4.3 million)

Provide technical assistance for the Municipality of Limon to improve the capacity, the credibility of the local government, the quality of the services it provides to the population, and take up a leading role in the city’s local development.

Underpinning this component is the technical and methodological support to the preparation of a long-term strategic participatory development and investment strategy for the City-Port of Limon.
Project components

Component 4: Support for Improving Port Environment (US$ 5.6 million)

Support the rehabilitation and improvement of the transport access to the Moin port terminal, and finance complementary analysis required for structuring the private participation envisaged in the port, particularly technical audits of key ongoing studies.

Lessons learned

- Identify a champion
- Listen the client
- Use Bank convening power
- Upstream in-depth social analysis and multi-stakeholders consultations
- Build consensus amongst different and sometimes competing stakeholders
- Institutional and sector complexity is part of the approach’s nature and strength
- Timing of the port modernization and the city revitalization reforms as a critical element
- LED, cultural and natural revitalization, institutional coordination and strengthening, multi-modal transport investments, city-port strategic planning and quality provision of basic services are equally important elements of the approach.
W2 Cruise tourism - Captive market
Since 2000, sustained rate of cruises arriving to Limon (29% per year) = U$ 1.6 million revenues/year
However, most tourists do not stay in the city, but visit other localities:
25% stay in ship
22% visit Limón - average spend U$ 35,00
10% visit Limón and take a tour
41% take a tour

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W4 Experience shows that sectoral interventions either in the city or in the port did not reverse exclusive development and structural distortions.

Importance of carrying out upstream in-depth social analysis and multi-stakeholders consultations to understand the city-port dynamics and tensions as well as prioritize actions in support to poverty reduction and social inclusion.

Build consensus amongst different and sometimes competing stakeholders on a common territorial development vision is essential to strengthen the interface and opportunities faced by city-ports.

Institutional and sector complexity is part of the approach and a way of strengthening cross-sectoral coordination in a given territory (PCU at the Minister of Finance).

Timing of the port modernization and the city revitalization reforms is a critical element to be taken into consideration during project design (sequencing of project activities).

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### Cruise projections

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