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| **INTEGRATED SAFEGUARDS DATA SHEET** | | | | | | | | | | | | | | | | |
| **APPRAISAL STAGE** | | | | | | | | | | | | | | | | |
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| Report No.: 87124 | | | | | | | | | | | | | |  | | |
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| **Date ISDS Prepared/Updated:** | | | 27-March-2014 | | | | | | | | | | | | | |
| **I. BASIC INFORMATION** | | | | | | | | | | | | | | | | |
|  | | **1. Basic Project Data** | | | | | | | | | | | | | | |
|  | | **Country:** | | Mexico | | | **Project ID:** | | | | P145578 | | | | | |
|  | | **Project Name:** | | Oaxaca Water and Sanitation Sector Modernization Operation | | | | | | | | | | | | |
|  | | **Task Team Leader:** | | Charles Delfieux | | | | | | | | | | | | |
|  | | **Estimated Appraisal Date:** | | March 27, 2014 | | | **Estimated Board Date:** | | | | June 4, 2014 | | | | | |
|  | | **Managing Unit:** | | LCSWS | | | **Lending Instrument:** | | | | Program for Results and Investment Project Financing (TA component) | | | | | |
|  | | **Sector:** | | Water Supply (65%)  Sanitation (10%)  Public administration-Water, Sanitation and  Flood Protection (25%) | | | | | | | | | | | | |
|  | | **Theme:** | | City-wide Infrastructure and Service Delivery  (60%)  Rural Services and Infrastructure (10%)  Managing for development results (30%) | | | | | | | | | | | | |
|  | | **Financing (in USD Million)** | | | | | | | | | | | | | | |
|  | | **Financing Source (Program and TA component)** | | | | | | | | | **Amount** | | | | | |
|  | | CONAGUA (APAZU) | | | | | | | | | US$38.5M | | | | | |
|  | | International Bank for Reconstruction and Development | | | | | | | | | US$55M | | | | | |
|  | | Total | | | | | | | | | US$93.5M | | | | | |
|  | | **Environmental Category (IPF Component)** | | C | | | | | | | | | | | | |
|  | | **Is this a Repeater project?** | | No | | | | | | | | | | | | |
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|  | | |  | | --- | | **2. Program Objective (supported by the TA component)** | | 1. ***Program Development Objective.*** The MAS[[1]](#footnote-1) Oaxaca Program Development Objective (PDO) is tosupport *the improvement of the institutional framework of the water supply and sanitation sector of the State of Oaxaca, and the improvement of the quality and sustainability of water supply service in selected urban areas.* | | | | | | | | | | | | | | | |
|  | |  | | --- | | **3. Description of the Operation** | | ***Structure of the Operation***  2. The Bank Operation, called the Water Supply and Sanitation Sector Modernization Operation (*MAS Oaxaca*), is a hybrid operation financed through a combination of two financial instruments: Program for Results (PforR) and Investment Project Financing (IPF)[[2]](#footnote-2), the latter funding a Technical Assistance (TA) Component supporting the achievement of the objectives of the Program. This ISDS and definition of the environmental category apply solely to this TA component financed through the IPF instrument.  ***Description of the Program Activities***  3. Program activities[[3]](#footnote-3) financed through the PforR instrument include an integrated set of institutional reforms, institutional strengthening activities and investments in participating institutions to achieve the Program’s objectives, which have been structured in four Results Areas.   1. *Result Area 1: Modernization of the legal and regulatory framework of the WSS sector in the State*   4. The Program activities will consist of preparing revised versions of key legal and regulation tools of the WSS sector’s legal and regulatory framework in order to align them with GoO’s vision to modernize the sector, including: (a) a WSS sector law[[4]](#footnote-4) and related regulations; (b) standard regulations for municipal or inter-municipal WSS service provision; (c) the SAPAO law; and (d) the CEA and SAPAO organizational manuals and internal regulations. The revision of the State WSS sector law and its subsequent legal and regulatory tools aims at embodying the modernization of the institutional framework into the State’s legal framework. The activities under this Result Area 1 as well as the possible approval of the law by the State Congress are however not a pre-requisite for the achievement of the objectives under the other Results Areas.   1. *Result Area 2: Improvement of water services in Oaxaca Metropolitan Area*   5. The Program activities financed through CONAGUA’s APAZU program will aim at improving the quality and efficiency of water supply service in a selected service area of the Oaxaca Metropolitan Area’s water utility (SAPAO) – namely the San Juan Chapultepec Sector which represents 20 percent of SAPAO’s total number of connections, serving 50,000 people, through: (a) the rehabilitation of the boreholes supplying the sector; (b) the construction of interconnection between the boreholes and water treatment facility; (c) the construction of interconnection with main distribution lines; (d) the construction of a water treatment facility; (e) the construction of a pumping station; (f) the construction of a transmission line from the pumping station to storage tanks; (g) the rehabilitation and construction of storage tanks; (h) the rehabilitation, hydraulic optimization and sectorization of the water distribution network; (i) the rehabilitation of water connections and the installation of micro-metering; (j) the installation of macro-metering and pressure gauges; (k) the update of the network mapping and commercial system; and (l) the carrying out of WSS studies, preparation of bidding documents and works supervision.   1. *Result Area 3: Improvement of water services in secondary towns*   6. The Program activities financed through CONAGUA’s APAZU program will aim at improving the quality of water services and the financial sustainability of the water utilities operating in 18 selected secondary towns[[5]](#footnote-5), located outside of the Oaxaca Metropolitan Area. The selected secondary towns comprise those with a population above 15,000 habitants and/or where CEA currently operates the systems. The participating water utilities account for about 50 percent of the total State urban population outside of the Oaxaca Metropolitan Area, with an estimated 600,000 beneficiaries. Planning of the activities financed in each town will be based on available diagnostics and master plans and will be strengthened through the TA Component. Activities will be geared to the local conditions and needs, and could include the following: (a) the rehabilitation and extension of production, storage and pumping systems; (b) the rehabilitation, hydraulic optimization and sectorization of the water network; (c) the rehabilitation of water connections; (d) the installation of macro and micro metering and pressure gauges; (e) the update of the network mapping and commercial systems; (f) the improvement of accounting systems; and (h) the carrying out of WSS studies, preparation of bidding documents and works supervision. CEA will grant access to financial support to the selected water utilities subject to meeting certain conditions and results, as specified in a Results Agreement that will be signed with CEA.   1. *Result Area 4: Improvement of information in rural areas*   7. The Program activities will consist of establishing an information system designed to capture the status and sustainability of rural WSS services in the 1,130 localities with populations between 500 and 2,500 inhabitants throughout the State, through: (a) the provision of information technology infrastructure and equipment and carrying out of training in the use of the said information technology’s systems; and (b) the carrying out of data survey activities.  ***Description of the TA Component Activities (to which the safeguard policies apply)***  8. Activities financed through the TA Component, following IPF policies, will support the achievement of the Program’s objectives. World Bank environmental and social policies as described in section 5 below will apply solely to this Component. These activities consist of strategic support for services improvement and sector studies critical to improve Program performance and to increase the likelihood of achieving its objectives: (i) Multi-annual strategic TA to CEA, SAPAO and selected water utilities in secondary towns through the contracting of a professional operator/consultancy firm to improve the planning of activities, to review the quality of bidding documents, and to improve the operational, commercial, social and environmental management of the operation of the water systems; and (ii) WSS sector studies designed to underpin the modernization of the sector institutional framework, including: (a) the preparation of a Rural and an Urban Water Supply and Sanitation Strategy for the long-term development and organization of the sector, including a diagnosis of the rural WSS sector in Oaxaca, the definition of optimal institutional arrangements for promoting sustainable rural WSS provision in the State, the review of current approaches to urban sanitation and wastewater management in the State, the definition of optimal institutional, technological and financial arrangements for sustainable urban sanitation; (b) the undertaking of a new Public Expenditure Review of the Oaxaca WSS Sector to inform the aforementioned strategies; and (c) the design of pilot approaches to provide sustainable rural WSS implementation and support services. (iii) The TA Component activities will also finance activities pertaining specifically to the management of the Operation, including the financing of: (a) the Independent Verification Agent of the Program’s Results; (b) the Operation’s financial audit; (c) the hiring of MAS Oaxaca Operation Coordinators; and (d) the carrying out of training and TA to strengthen fiduciary systems. | | **4. Location and salient physical characteristics of the TA component activities relevant to the safeguard analysis (if known)**  9. The TA Component is financing activities that support the Program performance and thus the TA to SAPAO and CEA, as well as the activities of the Independent Verification Agent and are expected to impact the works in the Metropolitan Area of Oaxaca and the 18 secondary towns where Result Areas 2 and 3 of the Program will be implemented. Nonetheless, it is expected that any review of the quality of the bidding documents and strengthening of the supervision and social and environmental management of the water systems’ operations will have an impact across all the areas in the State where these agencies function.  10. The WSS Sector studies, in particular the Rural and the Urban Water Supply and Sanitation Strategy as well as the Public Expenditure Review, are state-wide activities. The design of pilot approaches to providing sustainable rural WSS implementation and support services will only apply to a subset of rural localities in order to be properly designed in a limited number of communities before it can be scaled-up in other parts of the State. The location of these localities is not yet known and these will be selected during implementation, in consultation with CEA and other relevant State institutions.  11. Oaxaca has a pluri-ethnic composition that includes the following indigenous peoples: Amuzgos, Cuicatecos, Chatinos, Chinantecos, Chocholtecos, Chontales, Huaves, Ixcatecos, Mazatecos, Mixes, Mixtecos, Nahuatls, Triquis, Zapotecos y Zoques, as well as Tacuates. In addition, there is presence of Afro-Mexican or Negro-Mexican communities in the State. Depending on the criteria utilized, 32 percent (linguistic criteria) or 58 percent (self-selection) of the population is indigenous in the State (INEGI, 2010). | | | | | | | | | | | | | | | | |
|  | | **5. Environmental and Social Safeguards Specialists on the Team** | | | | | | | | | | | | | | |
|  | | Robert Montgomery, Lead Environmental Specialist  Jose Luis Calderon Bartheneuf , Senior Environmental Specialist  Maria Elena Garcia Mora, Social Development Specialist  Martin Leninhan, Senior Social Development Specialist | | | | | | | | | | | | | | |
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|  | | **6. Safeguard Policies applying to the TA component** | | | | **Triggered?** | | **Explanation (Optional)** | | | | | | | | |
|  | | Environmental Assessment OP/BP 4.01 | | | | Yes | | This policy is triggered to ensure that the Rural and the Urban Water Supply and Sanitation Strategy and the pilot approaches to providing sustainable rural WSS implementation and support services to be financed under this TA takes into account appropriate environmental and social objectives and considerations.  The TA component of the operation is classified as environmental category C per OP/BP 4.01, as there are no direct negative environmental impacts that could result from the TA activities.  The Terms of Reference (ToRs) for the TA –to be ready by the loan’s effectiveness- to improve bidding documents and strengthen supervision will include, as appropriate, the necessary environmental and social criteria.  The ToRs for the preparation of the Rural and the Urban Water Supply and Sanitation Strategy –that will be prepared during the second year of the operation - will include, as appropriate, environmental and social considerations. The Strategy will be adequately consulted with the relevant stakeholders (Civil Society Organizations and Indigenous Peoples Organizations working in the water sector).  The World Bank will be responsible for providing no-objection to the TORs for the preparation of the Rural and Urban Water Supply and Sanitation and for the TORs related to the technical assistance to improve bidding documents and strengthen supervision.  The TA will also provide assistance to improve environmental and social management systems of the two main project counterparts, CEA and SAPAO. | | | | | | | | |
|  | | Natural Habitats OP/BP 4.04 | | | | No | | This policy is not triggered since the TA component will not involve any conversion of natural habitats or critical natural habitats. | | | | | | | | |
|  | | Forests OP/BP 4.36 | | | | No | | This policy is not triggered since the TA component will not affect forests, forest dependent communities and will not involve changes in the management of forests. | | | | | | | | |
|  | | Pest Management OP 4.09 | | | | No | | This policy is not triggered since the TA component does not involve the purchase or use of pesticides. | | | | | | | | |
|  | | Physical Cultural Resources OP/BP 4.11 | | | | No | | This policy is not triggered since the TA component does not contemplate any impacts related to physical cultural resources. | | | | | | | | |
|  | | Indigenous Peoples OP/BP 4.10 | | | | Yes | | This policy is triggered as the TA component will finance the development of a Rural and an Urban Water Supply and Sanitation Strategy, and the design of pilot approaches to providing sustainable rural WSS implementation and support services.  The World Bank will provide the no-objection to the ToR for the preparation of the Rural and the Urban Water Supply and Sanitation Strategy to ensure that any activity and advice is in line with the principles of OP 4.10. In addition, the Strategy will be adequately discussed with the relevant IPOs working in the water sector.  Indigenous Peoples comprise the majority of beneficiaries of the design of the pilot approaches to providing sustainable rural WSS and support services. In this regard, the design of the pilot will not require a separate Indigenous Peoples Plan. However, in conformity with OP 4.10, the elements of an Indigenous Peoples Plan will be included in the overall activity design. The detailed design of this activity will be done during implementation in consultation with the relevant IPOs. The World Bank will be responsible for providing no-objection to the TORs of the design of the pilot approaches to providing sustainable rural WSS and support services –to be prepared during the second year of the operation.  The team will assist the State of Oaxaca in the preparation of the TORs of the Public Expenditure review of the Oaxaca WSS Sector to include, when information allows it, disaggregated data to assess how much of the resources have reached the poorest and IPs. | | | | | | | | |
|  | | Involuntary Resettlement OP/BP 4.12 | | | | No | | This policy is not triggered because the TA component will finance technical assistance activities at a strategic level. The Rural and the Urban Water Supply and Sanitation Strategy will help the client identify necessary investments for the long term development of the sector. Given the nature of this activity where broad sector investment priorities are identified, the strategy will not support the design of site specific investments that may require involuntary resettlement, nor the design of water resource management plans that may result in restrictions in land use or access to natural resources.  Nonetheless, any advice given in the design of the strategy will be done in line with the principles embedded under OP4.12. | | | | | | | | |
|  | | Safety of Dams OP/BP 4.37 | | | | No | | This policy is not triggered since the TA component does not support the construction or rehabilitation of dams nor rely on the operation of existing dams. | | | | | | | | |
|  | | Projects on International Waterways OP/BP 7.50 | | | | No | | This policy is not triggered as the TA component will not finance activities involving the use or potential pollution of international waterways. | | | | | | | | |
|  | | Projects in Disputed Areas OP/BP 7.60 | | | | No | | This policy is not triggered as the TA component will not finance activities in disputed areas as defined in the policy. | | | | | | | | |
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| **II. Key Safeguard Policy Issues and Their Management** | | | | | | | | | | | | | | | | |
|  | | ***A. Summary of Key Safeguard Issues*** | | | | | | | | | | | | | | |
|  | | **1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:** | | | | | | | | | | | | | | |
|  | | There are no potential large scale, significant or irreversible impacts that could result from the activities under this TA component. | | | | | | | | | | | | | | |
|  | | **2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the TA component area:** | | | | | | | | | | | | | | |
|  | | Given the strategic nature of the Rural and the Urban Water Supply and Sanitation Strategy, no downstream impacts are expected that could cause indirect and/or long term impacts. Nonetheless, any advice given for the preparation of the strategy will embed the social and environmental principles under the World Bank’s safeguard policies. | | | | | | | | | | | | | | |
|  | | **3. Describe any TA component alternatives (if relevant) considered to help avoid or minimize adverse impacts.** | | | | | | | | | | | | | | |
|  | | Not Applicable | | | | | | | | | | | | | | |
|  | | **4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.** | | | | | | | | | | | | | | |
|  | | Not Applicable | | | | | | | | | | | | | | |
|  | | **5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.** | | | | | | | | | | | | | | |
|  | | When the Rural and the Urban Water Supply and Sanitation Strategy are developed, it will be adequately discussed with members of CSOs and IPOs working in the water sector. | | | | | | | | | | | | | | |
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|  | | ***B. Disclosure Requirements*** | | | | | | | | | | | | | | |
|  | | **If the TA component triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.** | | | | | | | | | | | | | | |
|  | | **If in-country disclosure of any of the above documents is not expected, please explain why:** | | | | | | | | | | | | | | |
|  | | Not Applicable | | | | | | | | | | | | | | |
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|  | | ***C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the operation decision meeting)*** | | | | | | | | | | | | | | |
|  | | **The World Bank Policy on Disclosure of Information** | | | | | | | | | | | | | | |
|  | | Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | | | | | | | Yes | [ ] | | No | [ ] | | NA | [ X ] |
|  | | Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | | | | | | | Yes | [ ] | | No | [ ] | | NA | [ X ] |
|  | | **All Safeguard Policies** | | | | | | | | | | | | | | |
|  | | Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | | | | | | | Yes | [ ] | | No | [ ] | | NA | [ X ] |
|  | | Have costs related to safeguard policy measures been included in the project cost? | | | | | | | Yes | [ X ] | | No | [ ] | | NA | [ ] |
|  | | Does the Monitoring and Evaluation system of the operation includes the monitoring of safeguard impacts and measures related to safeguard policies? | | | | | | | Yes | [ X ] | | No | [ ] | | NA | [ ] |
|  | | Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the operation legal documents? | | | | | | | Yes | [ X ] | | No | [ ] | | NA | [ ] |
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| **III. APPROVALS** | | | | | | | | | | | | | | | | |
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|  | | Task Team Leader: | | | Name: Charles Delfieux | | | | | | | | | | | |
|  | | *Approved By:* | | | | | | | | | | | | | | |
|  | | Regional Safeguards Coordinator: | | | Name: Glenn S. Morgan | | | | | Date: April 4, 2014 | | | | | | |
|  | | Sector Manager: | | | Name: Wambui Gichuri | | | | | Date: April 16, 2014 | | | | | | |

1. *Modernización del sector Agua potable y Saneamiento de Oaxaca (MAS Oaxaca)*  [↑](#footnote-ref-1)
2. In accordance with the hybrid nature of the operation, systems and policies applying to assess and mitigate environmental and social impacts will depend on the financial instrument used. In the case of the PforR-funded activities, the country and state environmental and social systems will apply after they have been assessed by the Bank and strengthened as necessary. For the activities financed through the TA component following IPF policies, Bank environmental and social safeguards will apply. [↑](#footnote-ref-2)
3. The Program will not include activities considered likely to have a significant adverse impact on the environment or on affected people, as defined in OP 9.00, or that may require the procurement of goods, works or consultancy contracts above OPRC thresholds. [↑](#footnote-ref-3)
4. During the Program implementation, the current State WSS Sector Law that was published in 2005 will be reviewed in accordance with the guidelines annexed to the Operational Manual and submitted to the State Congress. [↑](#footnote-ref-4)
5. Heroica Ciudad de Huajuapan de León, Loma Bonita, Miahuatlán de Porfirio Díaz, Ocotlán de Morelos, San Juan Bautista Tuxtepec, Heroica Ciudad de Tlaxiaco, Zimatlán de Álvarez, Asunción Ixtaltepec, Ciudad Ixtepec, El Espinal, Heroica Ciudad de Juchitán de Zaragoza, Matías Romero Avendaño, Salina Cruz, San Francisco Telixtlahuaca, Puerto Escondido, Santiago Pinotepa Nacional, Santo Domingo Tehuantepec, Santo Domingo Zanatepec [↑](#footnote-ref-5)