

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA13458

Date ISDS Prepared/Updated: 14-Jun-2015

Date ISDS Approved/Disclosed: 14-Jun-2015

I. BASIC INFORMATION

1. Basic Project Data

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|--|--|------------------------------|------------------------------|
| Country: | Chile | Project ID: | P152319 |
| Project Name: | CL Integrated Water Resources Management & Infrastructure Development (P152319) | | |
| Task Team Leader(s): | Marie-Laure Lajaunie, Javier Zuleta | | |
| Estimated Appraisal Date: | 15-Jun-2015 | Estimated Board Date: | 15-Sep-2015 |
| Managing Unit: | GWADR | Lending Instrument: | Investment Project Financing |
| Sector(s): | General water, sanitation and flood protection sector (60%), General transportation sector (20%), Public administration- Transportation (10%), Public administration- Water, sanitation and flood protection (10%) | | |
| Theme(s): | Water resource management (65%), Other public sector governance (15%), Administrative and civil service reform (10%), Infrastructure services for private sector development (10%) | | |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)? | | | No |
| Financing (In USD Million) | | | |
| Total Project Cost: | 47.00 | Total Bank Financing: | 47.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| International Bank for Reconstruction and Development | | | 47.00 |
| Total | | | 47.00 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

2. Project Development Objective(s)

The Project Development Objective (PDO) is to strengthen the capacity of the Borrower for water

resources management and public infrastructure planning and concession.

3. Project Description

Component 1: Water Resources Management (Total Cost and IBRD Loan US\$35.0 million).

The component aims at strengthening the Borrower's capacity for more integrated and participatory basin-scale water resources management.

Sub-component 1.1: Modernization of the Institutional Framework for Water Resources Management.

The sub-component will support: (a) the detailed design of a new organizational structure for water resources management; (b) the definition of the instruments required in the implementation of the institutional design described in (a) above; (c) the estimation of the budget impact of the new organizational structure and identification of the associated financing means; (d) the implementation of institutional strengthening activities for the DGA, which may include, inter alia: the update of procedures and manuals, and the formulation and partial implementation of a capacity building program.

Sub-component 1.2: Strengthening of the National Water Information System.

The sub-component will finance: (a) DGA's organizational strengthening and capacity building for the management of the water information system; (b) the upgrading of the water information system; and (c) the improvement of water information collection and transmission.

Sub-component 1.3: Improvements of the Instruments for Water Resources Management.

The sub-component will support: (a) water resources planning at national level, including: (i) the formulation of the plan and the regulatory instruments ensuring its effective use, and (ii) the design of stakeholders' coordination entities and mechanisms for the elaboration, implementation and monitoring of the plan; (b) the development of tools for the control and enforcement of the Water Code; and (c) the development of tools for the improvement of dam safety.

Sub-component 1.4: Improvement of Water Resources Management in Two Selected River Basins (Choapa and Maule).

The sub-component will support the implementation of the tools developed under sub-components 1.3 in the two river basins. More specifically, the Project will support: (a) water planning including: (i) the formulation of participatory, basin-scale integrated water resources management plans, and (ii) the establishment of stakeholders participatory mechanisms; (b) the piloting of a strengthened control and enforcement system; and (c) risk evaluation, instrumentation and design of dam safety management plans for three selected dams.

Component 2: Infrastructure Planning (Total Cost and IBRD Loan US\$3.0 million).

The component aims to consolidate DIRPLAN's planning tools to allow for increased participation of other Ministries, the private sector and the Regional Governments, in order to achieve a more equal infrastructure development throughout the country. It comprises three sub-components.

Sub-component 2.1: Support for Updating the National Infrastructure Plan.

The sub-component will help update the National Infrastructure Plan, incorporating new instruments for inter-ministerial coordination and new policies for decentralization and equitable territorial development.

Sub-component 2.2: Development of Territorial Equity Indices.

The sub-component will support the design and use of territorial equity indices in the infrastructure planning process.

Sub-component 2.3: Strengthening the Tools and Technical Capacity of DIRPLAN.

The sub-component aims to strengthen DIRPLAN's tools for infrastructure programming and its technical capacity. To achieve this, the sub-component will: (a) update the ministerial programming model to include the new decentralization policies; (b) develop a framework for the assessment of ministerial plans; (c) develop a mechanism for the systematization of the institutional knowledge and (d) design a training program for staff.

Component 3: Institutional Strengthening for Infrastructure Concession (Total Cost and IBRD Loan US\$6.3 million).

The component aims at strengthening the capacity of CCOP. It includes three sub-components:

Sub-component 3.1: Regulatory Framework and Strategic Management.

The sub-component will support: (a) the preparation of the regulatory instruments to implement the revised law of MOP; (b) the design and implementation of a transition management plan towards a strengthened infrastructure concession unit and model; (c) the design and partial implementation of a strategic management plan, and (d) the design and implementation of a monitoring and evaluation system for the concession program.

Sub-component 3.2: Improvement of CCOP's Operating Model.

The sub-component will help to: (a) assess current operating model of CCOP in each stage of the concession project cycle (project preparation to contract management); (b) improve project preparation and contract management processes, procedures, manual and guidelines; and (c) modify the regulations to implement the recommendations identified in (a) and (b).

Sub-component 3.3: Capacity Building and Information System.

The sub-component will support: (a) the design and partial implementation of a human resources management policy and strategy; and (b) the development and implementation of an information system on concessions.

Component 4: Project Implementation (Total Cost and IBRD Loan US\$2.7 million).

The component will finance overall Project coordination, monitoring and evaluation.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will strengthen the capacity of the Ministry of Public Works for water resources management and public infrastructure planning and concessions, through capacity building and the development of various tools and methodologies. The Project will focus its support in the water component in two selected river basins: Maule in the Maule region and Choapa in the Coquimbo region, where the tools and methodologies developed by the Project will be tested.

Maule is a semi-arid basin of about 21,000 km² in Central Chile with an average annual precipitation of about 750 mm. It is home to about 670,000 inhabitants. It is one of the main agriculture basin in the country with 240,000 ha under irrigation. In this river basin, there is a historical conflict between hydropower generation and irrigation. Farmers claim that the existing agreements on how to share water from the dams are today inadequate because the overall context in the river basin has changed. Drought is another issue, especially in the southern, poorer part of the river basin. Drought is driving

a boom in new groundwater rights requests, a resource still little used in the basin. However, the lack of knowledge and monitoring of those aquifers pauses a risk of over-allocation of water rights.

The Maule River basin contains three protected areas (Sistema Nacional de Áreas Silvestres Protegidas del Estado-SNASPE). In those areas, DGA is not issuing new water rights. The three SNAPSE are:

- Siete Tazas National Reserve, which hosts several protected animal and plant species. Those animal species are: pudu deer, trichauae, condor and the plant species are: rauli beech, oak, coigüe tree, maitén. This protected area also has recreational attractions including waterfalls from the Claro River.
- Altos de Lircay Reserve, which hosts several protected species (pudu deer, puma, marsh-starling). The hualo and huala plants, native to this area, are classified as “vulnerable.”
- Los Bellotos del Melado National Reserve, which despite its small area hosts a large biodiversity. In particular, it is home to a great variety of birds.

This river basin also presents ecological preservation areas and priority sites for biodiversity.

Choapa is a small, arid, basin of about 8,000 km² and average annual precipitation between 200 and 400 mm. It is located in north-central part of Chile. It is home to 65,000 people. Its main economic activity is mining. Irrigated agriculture covers 17,000 ha. Its main WRM issues are: water scarcity accentuated by a prolonged drought, with multi-annual dams almost empty. Water for irrigation has been curtailed to the benefit of cities, creating conflicts due to important economic losses in agriculture. Many villages traditionally supplied from shallow aquifers close to the river beds are now supplied by trucks. Water contamination is also a problem, mostly from past and present mining activities (Choapa has the highest number of tailing deposits in the country).

The Choapa basin hosts one SNASPE, Chinchillas National Reserve, which remains one of the only sites that protects the almost extinct Chilean Chinchilla. Its flora has a high phytogeographic value and presents two vulnerable species: lignum vitae and carbonillo. In addition, the whole river basin has been declared depleted by the DGA, and a large part counts with an official scarcity decree.

According to the National Commission for Indigenous People (CONADI), there is no Indigenous People Community in the river basins of Maule and Choapa, but there are several indigenous associations. There are eight indigenous associations in the Maule River basin, and two indigenous associations in the Choapa River basin. The law 19253 of 1993 that created CONADI and aims at promoting and protecting the Indigenous Peoples of Chile defines these Indigenous Associations as groups of individuals not smaller than 25 members that are created to reach a common goal related to cultural, educational, or economic activities, and explicitly states that these associations do not replace nor represent the indigenous communities of Chile. These identified associations are diverse and the information gathered from CONADI is uneven and partial. Some are located in urban areas, others are composed of mostly women, one is devoted to spiritual purposes, and others have environmental objectives and cultural revitalization goals. The information received on these 10 associations does not provide enough information to ascertain whether some of them could be considered Indigenous Peoples Community as per the Bank Policy.

5. Environmental and Social Safeguards Specialists

Alonso Zarzar Casis (GSURR)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
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| Environmental Assessment OP/BP 4.01 | Yes | The Project is categorized as environmental risk Category B because while it does not finance physical works, nor detailed designs for civil works, it will support the formulation of water resources management and infrastructure plans. Although activities prioritized in those plans, will not be implemented by the Project, some of them may present potential adverse social and environmental impacts and risks once executed. For this reason, the operational policy on Environment Assessment (OP/BP 4.01) is triggered. To ensure conformity with this policy, the methodology/terms of reference for the plans will include specific reference to understanding and identifying social and environmental risks, and will follow rigorous consultation processes with relevant stakeholders. The environment specialist will provide training to project implementers, review the ToR and their adequate implementation. |
| Natural Habitats OP/BP 4.04 | Yes | The two pilot basins selected under Component 1.4. (Maule and Choapa), include protected natural areas that are part of the SNASPE and other priority sites for biodiversity conservation outside SNASPE, including private conversation areas. While the Project will not involve conversion of natural habitats and DGA cannot issue water rights in SNASPE, the policy has been triggered to apply a precautionary approach in those protected areas, during the basin planning process. During the planning process, potential environmental risks and impacts that might threaten the integrity of protected areas, and their biological resources and hydrological services, will be assessed. Accordingly, the environment specialist will provide training to project implementers, review the ToR and their adequate implementation. |
| Forests OP/BP 4.36 | No | This policy does not apply since the Project does not involve, nor support, conversion of forest lands to other economic alternatives and does not involve any changes to forest management. |
| Pest Management OP 4.09 | No | This policy does not apply since the Project does not involve procurement or use of pesticides. |
| Physical Cultural Resources OP/BP 4.11 | No | This policy does not apply since the Project activities consist of technical assistance for institutional strengthening and improvement in planning capacities and tools. Nevertheless, the terms of reference/methodology for the plans would make sure that, during the planning process, the prioritized interventions that, when |

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| | | implemented, may have negative impacts on physical cultural resources be identified. |
| Indigenous Peoples OP/BP 4.10 | Yes | According to the latest information provided by DGA through CONADI, eight (8) Indigenous Associations have been identified in the Maule basin, while two (2) Indigenous Associations have been identified in the Choapa basin. The borrower will include the principles of the policy relating to social assessment, stakeholder engagement and meaningful consultation into the guidelines and other planning instruments to be developed that will later be used for contracting civil works. The task team's social specialist will provide training to project implementers, review the ToR and their adequate implementation. |
| Involuntary Resettlement OP/BP 4.12 | No | The policy is not triggered because the project will not require, to reach its objectives or to implement its activities, the involuntary taking of land, nor involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons. |
| Safety of Dams OP/BP 4.37 | No | This policy does not apply because the Project will not support the construction or rehabilitation of dams nor will it finance any other investments which rely on the services of existing dams. Since the project includes dam safety assessment and risk management, explicit reference to the application of international standards and good practice on dam safety will be included in the Operations Manual. |
| Projects on International Waterways OP/BP 7.50 | No | This policy is not triggered given that the project is not financing any detailed design and engineering studies of projects. |
| Projects in Disputed Areas OP/BP 7.60 | No | The project will not finance activities in disputed areas as defined in the policy. |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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| 1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: |
| The Project is not expected to have significant adverse social and environmental impacts. |
| 2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: |
| The Project is expected to have positive environmental and social impacts. In particular, improved WRM will contribute to: (a) improved water quality, thereby reducing negative impact on people's health and on the environment; (b) improved transparency, efficiency and sustainability of water resources management, thereby reducing conflicts over water resources nationally and in critical basins; and (c) more efficient use of water resources, thereby reducing the growth in water demand |

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| and preventing the need for costly inter-basin water transfers (and their irreversible environmental impacts) and reducing water over-exploitation. Better infrastructure planning and concessions will contribute to ensuring that all Chileans, in particular vulnerable groups, have access to infrastructure services. As the methodology for the formulation of the integrated WRM plans is replicated across the country, the Project's benefits will trickle down to other river basins in the long term. Regarding infrastructure development, improved inter-sectorial planning processes will also contribute to territorial equity and social benefits in the long run. |
| 3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. |
| Not relevant. |
| 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. |
| The Borrower's institutional capacity to plan and implement safeguard measures is considered adequate. In terms of environmental safeguards implementation, the DGA has a unit dedicated to the conservation and protection of water resources, and their Studies and Planning Unit has carried out several environmental studies on the country's river basins. With regards to the participatory planning process, the regional DGA units should be complemented with a social specialist each, with experience in consultations and mediation, and will receive strong accompaniment from the World Bank team. Relevant social and environmental safeguards aspects will be incorporated in the methodologies for the infrastructure development and WRM plans at the national levels, and the implementing units have committed to enhance their capacity in this regard through hiring professionals who will be trained on these issues if needed. |
| 5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. |
| Stakeholders' consultation are foreseen for the preparation of the national infrastructure plan, the national water plan and the 2 river basin plans. Those consultations will involve civil society, indigenous people (when relevant), relevant private sector and users as well as public institutions. |

B. Disclosure Requirements

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| Environmental Assessment/Audit/Management Plan/Other | |
| Date of receipt by the Bank | 00000000 |
| Date of submission to InfoShop | 00000000 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | 00000000 |
| "In country" Disclosure | |
| | |
| <i>Comments:</i> | |
| Indigenous Peoples Development Plan/Framework | |
| Date of receipt by the Bank | //// |
| Date of submission to InfoShop | //// |
| "In country" Disclosure | |
| | |
| <i>Comments:</i> | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, the | |

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| 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: |
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C. Compliance Monitoring Indicators at the Corporate Level

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| OP/BP/GP 4.01 - Environment Assessment | | | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |
| OP/BP 4.04 - Natural Habitats | | | |
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |
| OP/BP 4.10 - Indigenous Peoples | | | |
| Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |
| The World Bank Policy on Disclosure of Information | | | |
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes [<input type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input checked="" type="checkbox"/>] |
| 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 [<input type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input checked="" type="checkbox"/>] |
| All Safeguard Policies | | | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |

III. APPROVALS

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| Task Team Leader(s): | Name: Marie-Laure Lajaunie, Javier Zuleta | |
| <i>Approved By</i> | | |
| Practice Manager/ Manager: | Name: Wambui G. Gichuri (PMGR) | Date: 14-Jun-2015 |