

**INTEGRATED SAFEGUARDS DATASHEET  
RESTRUCTURING STAGE**

**I. Basic Information**

Date prepared/updated: 02/04/2011

Report No.: AC5631

**1. Basic Project Data**

Country: Honduras	Project ID: P103881	
Project Name: Honduras Water and Sanitation Sector Modernization Project		
Task Team Leader: David Michaud		
Estimated Appraisal Date: May 4, 2007	Estimated Board Date: June 21, 2007	
Managing Unit: LCSUW	Lending Instrument: Specific Investment Loan	
Sector: Water supply (47%);Sewerage (26%);Sub-national government administration (12%);Sanitation (8%);Central government administration (7%)		
Theme: Municipal governance and institution building (29%);Decentralization (29%);Other urban development (14%);Administrative and civil service reform (14%);Improving labor markets (14%)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	30.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
<u>BORROWER/RECIPIENT</u>		5.00
		5.00
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input checked="" type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**2. Project Objectives**

The project development objectives are: (a) to improve the sustainability, efficiency, and reliability of the country's water and sanitation sector institutions; (b) to improve the performance of the WSS sector institutions in the exercise of their respective roles in conformity with the WSS Sector Framework Law. The specific objectives are to:

- # Establish and strengthen municipal service providers and support good governance in WSS services provision through increasing transparency and accountability;
- # Reinforce the national sector actors (ERSAPS, CONASA, SANAA) to fulfill their new roles a necessity for successful decentralization of the services;
- # Reduce non-revenue water in selected areas of Tegucigalpa to provide immediate impact on the service quality.

### 3. Project Description

The project assists the Government of Honduras in implementing their Strategic Plan for the Modernization of the WSS Sector (PEMAPS) through activities at the national and municipal level. Eligible municipalities, with urban population between 40,000 and 300,000, adopting autonomous service provider models are provided with a combination of free technical assistance for creating the service providers, short-term efficiency improvement measures, and investment funding once services are transferred (Component 1). The project finances efficiency improvements in Tegucigalpa to provide immediate impact on the service quality, while the transfer from the national utility to the municipality is being discussed (Component 2). Institutional strengthening actions help fortify and establish the national sector actors (Component 3). Component 4 finances project management activities.

### 4. Project Location and salient physical characteristics relevant to the safeguard analysis

The project is located in several municipalities in Honduras, with urban populations of 40,000 - 300,000. Sub-component 1C finances infrastructure investments once the new or improved service providers are already operating the system. Investments funded under this component would include rehabilitation, connection to and expansion of water supply and sewer networks, on-site sanitation facilities, and wastewater treatment systems. Water supply investments can include coverage extension, rehabilitation of existing networks, tanks and treatment plants, and the development of new water production capacity. Piped sewerage investment can include rehabilitation and expansion of standard, small-bore and condominal systems. On-site sanitation investment will focus on creating supportive conditions for on-site solutions. Wastewater treatment investments will include simple treatment systems such as stabilization ponds, artificial wetlands, and communal septic tanks.

### 5. Environmental and Social Safeguards Specialists

Ms Kimberly Vilar (LCSTR)

Ms Ana Nunez Sanchez (LCSUW)

<b>6. Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>	
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>	
<b>Forests (OP/BP 4.36)</b>		<b>X</b>
<b>Pest Management (OP 4.09)</b>		<b>X</b>
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>X</b>	
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>	
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>	
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

1. Describe any safeguard issues and impacts associated with the proposed project.

Identify and describe any potential large scale, significant and/or irreversible impacts:

a) Environment: The project is designed to address key challenges for meeting urban users' water needs. The studies and activities financed by the project are expected to improve environmental conditions overall by increasing water use efficiency and wastewater treatment. Current environmental conditions and those associated with the project are assessed by an Environmental Framework aimed at protecting key environmental assets, avoiding and mitigating potential impacts. The project is rated as Category B given the small scale of physical investments and due to the fact that no significant environmental impacts are foreseen. Minor potential environmental impacts include:

a. Component 1 Works aimed at building, rehabilitating or expanding the water supply and sewerage networks may result in erosion, deterioration of spring catchments, noise contamination, reduced air quality (e.g. dust, transportation) as well as construction waste. These impacts are avoided or mitigated according to the Environmental Framework in the design stage and well as established guidelines for contractors during the construction phase.

b. Component 2 Similar impacts and management measures are expected for the works-related activities under the leak reduction component. In addition, leak detection has specific environmental implications such as temporary air quality reduction -- if smoke is used to detect leaks or illegal connections (there are other methods available).

b) Physical Cultural Property: There is no expectation that cultural property would be found in the Project area. The Environmental Framework includes a screening process aimed at identifying possible Physical Cultural Resources and refrain investments in the area nearby. Moreover, the Environmental Framework includes a "chance find" procedure in case such property is encountered establishing an immediate cease of construction activity and reporting to the proper authorities.

c) Social impacts: OP 4.10 on Indigenous Peoples was triggered during preparation. Despite the project's largely urban focus and its main impacts lying in the national modernization of the sector and the establishment or strengthening of local sector institutions, the small-scale physical works described in section I.4. of the present ISDS could certainly involve water sources such as hydrographic basins in a way that could potentially affect communities living in the project municipalities' rural areas. Therefore, given that many indigenous communities in Honduras live in the highlands in close proximity to water sources, the policy has been triggered as a preventative measure to ensure that guidelines are in place in the case that a municipality with indigenous communities prioritizes physical works in these areas. In order to raise awareness and capacity at the local level, PROMOSAS held a follow-up workshop on the policy for all participating municipalities (July 2009) and will continue to hold similar events targeted towards the municipalities with ancestral lands and/or afro-honduran communities.

Regarding OP 4.12, the policy was not triggered during preparation and is presently being triggered, during implementation, as a part of a restructuring process. Initially, the foreseen water and sanitation works to be financed through the PROMOSAS project were conceived as complementary works to help the new provider to boost efficiency and modernize their service provision. Therefore involuntary taking of land was prohibited in order to maximize the productive use of the small allocation of funds reserved for physical works. In other words, it was agreed and reflected in all project documents that any sub-project would be ineligible if it involved (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets, or (iii) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

Nevertheless, during the February 2010 supervision mission, the Bank team reported that municipal authorities and service provider management were expressing the need to prioritize physical works that could potentially involve easements, construction on either privately-owned or leased land or land acquisition. Based on this fact, the project team and the client agreed that the Involuntary Resettlement Policy would be formally applied as an instrumental measure for future sub-projects in order to expand the scope of eligible works and thus the Involuntary Resettlement Policy Framework (IRPP) would be prepared. Subsequently, an IRPP acceptable to the World Bank has been prepared, approved and disclosed.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project is designed to address current and future challenges related to the supply of water to urban users and mitigate possible adverse impact such as overexploitation of the water source and water pollution. One potential indirect and long term impact is the increase in the probability of land use change in areas surrounding new pipelines and road constructions. In addition, urban areas with improved water supply and sanitation could experience population growth.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Given that sub-projects will differ fundamentally and have diverse locations, consideration of alternatives will be considered on a sub-project by sub-project basis. The Environmental Framework includes a screening process aimed at identifying, avoiding, reducing and mitigating potential impacts on cultural and environmental resources. Specific projects consisting of building new infrastructure on sensitive areas will automatically not be considered as eligible for funding under this project. Specifically in terms of involuntary resettlement, municipalities are encouraged to exhaust all design alternatives that will avoid the need to displace community members either physically or economically.

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. Presently, the project's implementing agency, SEFIN's UAP, has a social/communication specialist as well as an environmental specialist on renewable, full-time consultancy contracts. These two professionals address safeguard policy issues in addition to carrying out other relevant environmental and social/communication supervision.

The Borrower has prepared and publically disclosed three relevant safeguards instruments: an Environmental Management Framework, an Indigenous Peoples Policy Framework (a.k.a. Policy for Ethnic Communities) and a Land Acquisition and Involuntary Resettlement Framework. With two environmental engineers, a technical specialist and social specialist with substantial experience in public sector projects including water projects, the UAP has enough capacity to plan and implement measures needed to comply with safeguards. UAP may also hire additional ad-hoc short-term consultants as necessary to carry out the necessary environmental and social work.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Key stakeholders include municipalities, autonomous municipal-level water providers, the water users/community members in the municipalities (in both rural and urban areas) who will be affected or benefited by the works, indigenous and afro-honduran communities which may be affected, SEFIN (UAP especially), SANAA, FHIS, CONASA and ERSAPS. The Concept and Appraisal Stage ISDSs, Indigenous Peoples Policy Framework, Land Acquisition and Involuntary Resettlement Framework and Environmental Management Framework have been properly disclosed by the World Bank on the InfoShop website and by the implementing agency in-country.

The Honduran government (represented by the UAP) has published the three safeguards instruments on their website as well as holding validation workshops and follow-up workshops for each instrument, inter alia the consultations with key indigenous and Afro-Honduran community group leaders regarding the Indigenous Peoples Framework in April 2007 and July 2009, as well as the most recent disclosure workshop for the recently triggered Land Acquisition and Involuntary Resettlement Framework; it was held in San Pedro Sula in July 2010. The input from these consultations has been incorporated into the instruments.

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***B. Disclosure Requirements Date***

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**Environmental Assessment/Audit/Management Plan/Other:**

Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	04/19/2007
Date of "in-country" disclosure	05/08/2007
Date of submission to InfoShop	05/03/2007
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

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<b>Resettlement Action Plan/Framework/Policy Process:</b>	
Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	06/11/2010
Date of "in-country" disclosure	07/20/2010
Date of submission to InfoShop	06/11/2010
<b>Indigenous Peoples Plan/Planning Framework:</b>	
Was the document disclosed <b>prior to appraisal?</b>	Yes
Date of receipt by the Bank	04/25/2007
Date of "in-country" disclosure	05/08/2007
Date of submission to InfoShop	05/03/2007
<b>Pest Management Plan:</b>	
Was the document disclosed <b>prior to appraisal?</b>	N/A
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	
* <b>If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

*C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)*

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	No
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	N/A
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	N/A
<b>OP/BP 4.04 - Natural Habitats</b>	
Would the project result in any significant conversion or degradation of critical natural habitats?	No
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
<b>OP/BP 4.11 - Physical Cultural Resources</b>	
Does the EA include adequate measures related to cultural property?	Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes
<b>OP/BP 4.10 - Indigenous Peoples</b>	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector	No

Manager review the plan?  
 If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager? N/A

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? Yes  
 If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan? No

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop? Yes  
 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

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? Yes  
 Have costs related to safeguard policy measures been included in the project cost? Yes  
 Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? Yes  
 Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? Yes

***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Mr David Michaud	09/16/2010
Environmental Specialist:	Ms Ana Nunez Sanchez	09/16/2010
Social Development Specialist	Ms Kimberly Vilar	09/16/2010
Additional Environmental and/or Social Development Specialist(s):		
<b><i>Approved by:</i></b>		
Regional Safeguards Coordinator:	Mr Glenn S. Morgan	09/16/2010
Comments:		
Sector Manager:	Mr Guang Zhe Chen	09/09/2010
Comments:		