

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC1195

Date ISDS Prepared/Updated: January 6, 2005

I. BASIC INFORMATION

A. Basic Project Data

Country: Mexico	Project ID: P091695
Project Name: MX Water Supply & Sanitation Technical Assistance	Task Team Leader: Gustavo Saltiel
Estimated Appraisal Date: March 15, 2005	Estimated Board Date: May 17, 2005
Managing Unit: LCSFW	Lending Instrument: Technical Assistance Loan
Sector: Water supply (50%);Sewerage (50%)	Theme: Regulation and competition policy (P);Corporate governance (S);Infrastructure services for private sector development (S)
Safeguard Policies Specialists in the task team: TBD	
Loan/Credit amount (\$m.): IBRD: 25	
Other financing amounts by source:	GOM: \$15m

B. Project Objectives

The proposed project objectives are: (i) to assist with the modernization of Mexico's water supply and sanitation sector through strengthening the sector policies at the federal and state level and (ii) to develop and execute a series of demonstrative projects to promote sustainability, efficiency and improved access to these services in middle size municipalities.

C. Project Description

The proposed Project will provide funding for specific studies and activities covering different areas where technical assistance is needed. The total project cost is estimated at US\$ 40 million (Bank's contribution, US\$ 25 million; Borrower's contribution US\$ 15 million). The project's components and activities are as follows:

1. Institutional Development (up to US\$ 5 million)

- support the implementation of recent changes to the Water Law, including possibly through studies on the implementation of the Water Financial System;
- strengthen and expand the existing national water and sanitation information system;
- support State Water Commissions in their planning and regulatory functions;

2. Utilities Management (US\$ 35 million or more)

- supporting the development of replicable models for an efficient and sustainable provision of water supply and sanitation services (“success cases”); and
- contributing to the existing efforts to promote the training at managerial and operational levels of the personnel of the sector.

D. Project location

The activities under Component 1 (essentially studies and training) will be undertaken at the national level and in States that remain to be selected.

The list of municipal service providers to be included under Component 2 remains to be finalized. Currently it has been proposed to carry out the activities in Guaymas (Sonora), Ciudad del Carmen (Campeche), Colima-Villa de Alvarez (Colima), Puerto Vallarta (Jalisco) and Hermosillo (Sonora). This list may be further adjusted during appraisal. In the case of Hermosillo, it is envisaged to include only activities related to the strengthening of the governance of the utility and to user participation. In the other cities, in addition to capacity building and institutional strengthening, modern commercial systems will be introduced. Furthermore, equipment will be provided and small-scale works will be undertaken to reduce leakage in the distribution system (mainly by replacing house connections) and to improve efficiency. The project will not include any works to provide additional bulk water or to treat wastewater.

E. Borrower’s Institutional Capacity for Safeguard Policies

The implementing agency, the *Comisión Nacional del Agua* (CNA), currently implements two other Bank-funded projects: the Water Resources Management Project (P007713, PROMMA) and the Irrigation Modernization Project (P035752, PMIR). The PAD of PROMMA of 1996 indicates that two safeguard policies apply to that project: Environmental Assessment and Safety of Dams. Compliance with these safeguards has been satisfactory. The PAD of PMIR of 2003 indicates that six safeguard policies apply to that project: Environmental Assessment; Natural Habitats; Pest Management; Cultural Property; Safety of Dams; and Projects in International Waterways. Compliance with these safeguards has been satisfactory. Both projects are Category B projects. Given the earlier positive track record of CNA to comply with Bank safeguard policies and the limited expected impact of the proposed project (Category C), the borrower’s institutional capacity for safeguard policies is estimated to be sufficient.

In addition, a Strategic Environmental Assessment (SEA) for the water and sanitation sector in Mexico was funded under a PHRD grant in preparation for a sector adjustment loan that has now been postponed. The Bank will strongly encourage CNA to undertake a SEA that meets Bank standards. The Bank’s Mexico water team will seek the most appropriate way to support a SEA through one of its projects in the water sector.

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
<input type="checkbox"/>	<u>Environmental Assessment (OP/BP 4.01)</u>
<input type="checkbox"/>	<u>Natural Habitats (OP/BP 4.04)</u>
<input type="checkbox"/>	<u>Pest Management (OP 4.09)</u>
<input type="checkbox"/>	<u>Involuntary Resettlement (OP/BP 4.12)</u>
<input type="checkbox"/>	<u>Indigenous Peoples (OD 4.20)</u>
<input type="checkbox"/>	<u>Forests (OP/BP 4.36)</u>
<input type="checkbox"/>	<u>Safety of Dams (OP/BP 4.37)</u>
<input type="checkbox"/>	<u>Cultural Property (draft OP 4.11 - OPN 11.03)</u>
<input type="checkbox"/>	<u>Projects in Disputed Areas (OP/BP/GP 7.60)*</u>
<input type="checkbox"/>	<u>Projects on International Waterways (OP/BP/GP 7.50)</u>

Environmental Assessment Category:

A B C FI TBD (to be determined)

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: January 19, 2005.
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS. N.A.
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS. N.A.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

IV. APPROVALS

<i>Signed and submitted by:</i>			
Task Team Leader:	Gustavo Saltiel	<i>Gustavo Saltiel</i>	January 6, 2005
<i>Approved by:</i>			
Regional Safeguards Coordinator:	Jean-Roger Mercier	<i>JR Mercier</i>	January 7, 2005 <i>01/16/05</i>
Comments			
Sector Manager:	for Jose-Luis Irigoyen (Acting)	<i>JL Irigoyen</i>	Date January 6, 2005
Comments		<i>N. GAUTIER</i>	

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.