

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 05/03/2013

Report No.: AC6920

1. Basic Project Data

Original Project ID: P086775	Original Project Name: HN Rural Infrastructure Project	
Country: Honduras	Project ID: P144324	
Project Name: HN RURAL INFRASTRUCTURE PROJECT (AF)		
Task Team Leader: Rigoberto Yopez-Garcia		
Estimated Appraisal Date:	Estimated Board Date: June 18, 2013	
Managing Unit: LCSEG	Lending Instrument:	
Sector: Rural and Inter-Urban Roads and Highways (30%);General water, sanitation and flood protection sector (27%);Transmission and Distribution of Electricity (23%);Sub-national government administration (12%);Other Renewable Energy (8%)		
Theme: Rural services and infrastructure (35%);Infrastructure services for private sector development (35%);Decentralization (15%);Public expenditure, financial management and procurement (15%)		
IBRD Amount (US\$m.):	0	
IDA Amount (US\$m.):	20	
GEF Amount (US\$m.):	0	
PCF Amount (US\$m.):	0	
Other financing amounts by source:		
<u>BORROWER/RECIPIENT</u>		0.00
		0.00
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input checked="" type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

2. Project Objectives

The objectives of the Project are: (a) to improve the access, quality and sustainability of infrastructure services (roads, water, sanitation and electricity) for the rural poor in Honduras; (b) to develop capacity and an enabling environment for locally-driven infrastructure service provision and planning; and (c) to improve the Recipient's capacity to respond promptly and effectively to an eligible emergency.

3. Project Description

The project will support the following five components:

Component (A) – Support participatory local planning for integrated infrastructure service delivery (US\$0.88 million); Component A would finance the costs of consultants, workshops and studies to: (i) further develop rural infrastructure diagnostics for each mancomunidad; (ii) expand existing strategic plans for development using participatory

planning; (iii) establish mechanisms and procedures to solve infrastructure challenges; (iv) provide follow up support and monitoring of the overall planning process in each mancomunidad.

Component (B) – Infrastructure service delivery (US\$ 16 million); Component B has the following subcomponents: (i) the program will focus on rehabilitation of rural roads, "just-in-time" repairs, support for the formation of microenterprises for road maintenance, and the kilometre municipal program; (ii) financing of design, feasibility studies, civil works, goods, and services related to the construction and rehabilitation of water and sanitation systems; (iii) grid extension, solar systems for homes and community buildings under the program PROSOL and small wind based electricity generation systems. This component will also include micro-financing support for acquisition of solar systems for households; and (iv) environmental remediation for the sub-projects executed in the first phase of the credit as needed.

Component (C) – Micro-finance services for SHS sub-programs (US\$ 0.29 million); This component will support the MFIs to maximize the development impact of the SHS Subprograms through the provision of commercially priced loans to on-lend to Micro-Finance Beneficiaries to finance electricity connections, purchase of photovoltaic systems, purchase of batteries and accessories for charging in centralized solar stations and for other business purposes.

Component (D) – Local capacity building (US\$0.89 million); Component D will finance consulting services, training, goods and other technical assistance to strengthen the implementation capacity of the implementing agencies at both the local (UTIs) and the central level (FHIS).

Component (E) – Project Management, monitoring and evaluation (US\$ 1.84 million); This component will ensure sufficient project coordination and management as well as safeguards compliance, monitoring and evaluation of the scaled-up project.

Component (F) – Immediate Response Mechanism (IRM, US\$0 million). This component will provide support to respond to an Eligible Emergency.

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

The project will continue to support infrastructure development in the six mancomunidades (Mambocaura, Chorti, Cra, Mamno, Mancepaz, Guisayote) selected in the parent project. The project may be expanded to at most two new mancomunidades and the selection of the new two mancomunidades will be done in accordance with the selection criteria in the operations manual of PIR. In addition, two indigenous communities in Mancepaz will be specifically targeted as direct beneficiaries.

5. Environmental and Social Safeguards Specialists

Ms Ruth Tiffer-Sotomayor (LCSEN)

Ms Kristyna Bishop (LCSSO)

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

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: The parent project and the Additional Financing are classified as Category B. The Safeguards Policies triggered in the parent project were OP/BP 4.01 and OP/BP 4.11 and in the AF two additional safeguards OP/BP 4.04 and OP/BP 4.36 are triggered. The Environmental and Social Management Framework (MGAS) was prepared in 2004 and it has been updated to include new safeguards triggered, new national environmental legislation applicable to the project activities, improvement of environmental instruments, and increased on-site supervision and environmental training, among other topics.

The parent project has had several environmental issues related to internal capacity to perform supervision of subprojects, knowledge among the staff, contractors and field consultants of the Environmental safeguards instruments set for the project, compliance with the national legislation. Some of the common impacts are related to excavations, health and safety, lack of grievance mechanisms. For instance, irreversible impacts occurred at the construction of an access road in a mini-hydro project (85kW) which caused significant impacts in the sedimentation of streams and in private land. The project is currently implementing a Remediation Action Plan to restore conditions and compensate impacts.

Also, about 100 subprojects were built without the required environmental studies and permits. In some cases the process was initiated but not concluded, or in other cases was never initiated. About 30 of these subprojects were built within protected areas. An environmental consultant was hired to perform a review of 38 subprojects which lack permits to determine if there are any negative or irreversible impacts that will need remediation. If necessary, the client has already agreed on a budget to be use in the implementation of a Remediation Action Plan during the AF implementation.

Social

The parent project had a Resettlement Framework (RF) and an Indigenous Peoples Planning Framework (IPPF) and these were reviewed and improved as part of the preparation of the Additional Financing. As with the parent project, the proposed operation does not contemplate any physical resettlement or land acquisition but it is anticipated that some of the works such as road improvement will require restriction of access during construction and these will be managed by the Resettlement Policy Framework. Improved supervision by the executing agency and the responsible mancomunidad will be prioritized during the implementation of the Additional Financing in order to manage and mitigate impacts during construction and ensure compliance with the Bank's safeguard policies and local legislation. In particular, a social development specialist will be hired for the full project execution period and will participate in implementation support missions. An Indigenous Peoples Plan will be prepared for each of the sub-projects that will be implemented in the two indigenous communities in order to address their specific needs and concerns and ensure their participation in project design and implementation.

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

Environment:

The improvement of roads and electricity access, especially in forested or protected areas can increase land use changes of the areas and increase demand for agriculture and pasture land. It is difficult to determine if indirect and long term impacts will occur, since subprojects and their location will be known only during implementation. The EMF will include measures to prevent, mitigate or compensate impacts following OP 4.01 and national legislation as well as defined grievance mechanisms.

Social

Overall social impacts are expected to be positive; increasing availability and affordability of rural energy and water and sanitation as well as improving safety and efficiency of rural road transportation. Indirect social impacts relating to restrictions on access to sections of the road during construction and inconveniences such as dust and debris during construction will be managed following measures defined in the MGAS and by a social communication strategy and increased supervision by the executing agency.

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

Environment:

As subprojects are municipality demand driven, there are few alternatives to consider such as for instance the installation of electrical lines, road improvements, or solar panels. In the case of water systems, sometimes different potential water sources can be considered. Also alternatives can be considered when defining the location of treatment plants, water tanks and pipelines which is mainly determined by the availability of municipal land or the local agreements.

Social:

The lesson learned from the parent project is that social communication is very important for ensuring continued community support for the sub-project, reducing social risks to members of the communities and in order to ensure appropriate project design and long term sustainability of the investments. As a result, the Additional Financing will focus more heavily on social communication as a deliberate strategy for community engagement rather than ad hoc community meetings held to address complaints. A social communication strategy will be prepared by the social development consultant hired by the executing agency who will also monitor its implementation. Also, the EMF defines procedures to engage communities in the supervision of works by local committees and periodic meetings with the contractor and project staff (UTI, PIR).

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.

Environment:

To address the environmental risks observed during the implementation of the parent project, the environmental unit of PIR will prepare a revised Environmental Management Framework (EMF) for the project which will include checklists for supervision, protocols to comply with the OP4.01, OP 4.04, OP 4.11 and OP 4.36, consultation and grievance mechanisms, environmental clauses for contractors, new environmental legislation, and reporting, among other things. The Operations Manual will also be reviewed and updated for the AF to ensure project compliance with the Bank Safeguards Policies and national legislation.

The client has agreed to take the following actions before the project closes in June 2013: (i) Perform an environmental review of a selected group of projects built without the country environmental permits and build within protected areas; (ii) obtain the environmental licenses for about 80 projects pending from the National Environmental Agency (SERNA); (iii) perform an environmental audit of 25 subprojects built that did not request its environmental permits to SERNA; (iv) if impacts are found in the revised and audited projects, implement mitigation or compensation measures; (v) increase environmental supervision by the Environmental Specialist of the PIU, the Regional Mancomunidades Technical Units (UTI) and Municipal Environmental Units (UMA); (vi) develop environmental capacity building activities for the PIR staff, UTIS, UMA and local communities; (vii) initiate water quality monitoring of final effluents from treatment plants in operation; (viii) review the participation of local vulnerable people in the construction of financed works to address safety concerns.

PIR will strength its capacity by i) including in the Procurement Plan a) the hiring of an additional environmental specialist for the Environmental Unit in order to support supervision of subprojects, implement capacity building activities, carry out monitoring and evaluation; etc; (b) a budget to support the Environmental Remediation Action Plan which will cover the cost of mitigation and compensation measures for environmental and social impacts caused by subprojects build during the implementation of the parent

project, and c) cost of environmental training activities for the PIR, UTI and Municipalities; (ii) definition and delegation of responsibilities for the environmental management and monitoring of subprojects among PIR, UTIs, UMAs staff, contractors, supervisors and local communities, (iii) to ensure a budget in each of the subprojects for the environmental prevention, mitigation or compensation of impacts as required by the OP/BP 4.01, others.

Social:

In order to better support the social communication strategy and other safeguard issues during implementation, FHIS has agreed to hire a social specialist to provide the following: i) Support for the implementation and monitoring of the IPPF and RPF (screening, preparation of IPP or RP, reporting, presentations regarding progress, participate in Bank missions); ii) On-going training in social safeguard compliance for FHIS, UTI and community level staff involved in project implementation; and iii) Development and implementation of the social communication strategy. FHIS has also agreed to designate a member of their project core team to be a counterpart for the Bank team.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Environment:

The key stakeholders are the water users, rural communities, municipalities, Mancomunidades, and UTIS (regional technical units for the Mancomunidad). During project preparation consultations were held at several Mancomunidades and safeguards documents were disclosed on the Bank website (Infoshop) and in the country by the FHIS website on December, 2004. During the first stages of the project, consultations were performed as part of the preparation of "Rural infrastructure action plans" for each participatory Mancomunidad. Since projects are community and municipality demand driven, communities are well informed of the subprojects and are in fact awaiting investments in such basic services for decades. In the case of the construction of water drinking systems, community participation is very ample, since they are expected to work in the construction of the systems and be responsible for their operation and maintenance. Also, environmental education material has been prepared to enhance hand washing, conservation of water resources, solid waste management. In the revision of the EMF additional actions for community consultation and participation will be included as well as clear grievance mechanisms.

Social: A social communication strategy will be developed during early implementation as a deliberate strategy for community engagement rather than ad-hoc community meetings held to address complaints. This strategy will include all affected stakeholders and will be managed by the social safeguards specialist in FHIS in collaboration with the responsible staff in the UTI. In addition, the development of the Indigenous Peoples Plans for the beneficiary communities in Mancepaz will be undertaken with the full participation of the members of these communities and their broad community support

for the contents of the Plan will be required before they are finalized and project implementation moves forward.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04/29/2013
Date of "in-country" disclosure	05/02/2013
Date of submission to InfoShop	05/02/2013
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04/24/2013
Date of "in-country" disclosure	04/24/2013
Date of submission to InfoShop	04/24/2013

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04/22/2013
Date of "in-country" disclosure	04/22/2013
Date of submission to InfoShop	04/22/2013

Pest Management Plan:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

*** 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.**

If in-country disclosure of any of the above documents is not expected, please explain why:

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

OP/BP/GP 4.01 - Environment Assessment

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?	No
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.04 - Natural Habitats

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
OP/BP 4.11 - Physical Cultural Resources	
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
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
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes
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?	Yes
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes
Does the project design include satisfactory measures to overcome these constraints?	Yes
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	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

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Mr Rigoberto Yopez-Garcia	04/26/2013
Environmental Specialist:	Ms Ruth Tiffer-Sotomayor	04/26/2013
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Ms Kristyna Bishop	04/26/2013
<i>Approved by:</i>		
Regional Safeguards Coordinator: Comments:	Mr Glenn S. Morgan	05/02/2013
Sector Manager: Comments:	Mr Malcolm Cosgrove-Davies	05/03/2013