

**MÉXICO**  
**ME-X1002 / ME-L1017**  
**Project Profile (PP)**

**I. BASIC DATA**

<b>Project name:</b>	BANOBRAS Subnational Credit Line (SIIS)	
<b>Project number:</b>	ME-X1002 (CCLIP) ME-L1017 (First Program)	
<b>Project team:</b>	Jorge Luis Burgos (ICF/CMF); Francisco Demichelis (ICF/CMF); Luis Suarez (ICS/FMM); José Juan Gomes (ICF/CMF); José Ramón Gómez (INE/ENE); Carolina Piedrafita (ICF/FMM); Carlos Echevarria (INE/ENE); Huascar Eguino (ICF/FMM); Jose Brakarz (ICF/FMM); Juan Carlos Perez-Segnini (LEG/SGO); Maria Carina Ugarte (ICF/CMF); Nathalie Hoffman (ICF/CMF); and co-Team Leaders, Morgan Doyle (ICF/CMF) and Carlos Miranda (ICS/FMM).	
<b>Borrower:</b>	Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS)	
<b>Executing agency:</b>	BANOBRAS	
<b>Financing plan:</b>	IDB (CCLIP):	US\$ 1,200,000,000
	IDB (First Program):	US\$ 400,000,000
	Local:	US\$
	<b>Total:</b>	<b>US\$1,200,000,000</b>
<b>Safeguards:</b>	Policies triggered:	B.13
	Classification:	ME-X1002: N/A (CCLIP)
		ME-L1017: N/A (F/I)

**II. GENERAL JUSTIFICATION AND OBJECTIVES**

- 2.1 The proposed CCLIP seeks to leverage the IDB's long-standing relationship with BANOBRAS to provide a comprehensive package of technical and financial services to currently underserved Mexican subnational entities (SNEs)<sup>1</sup> to support the development and implementation of their Development Plans.<sup>2</sup> The strategic partnership with BANOBRAS will enable the Bank to provide support to SNEs that are constitutionally prohibited from seeking financing from non-Mexican institutions. The proposed CCLIP will also support BANOBRAS's efforts to provide financing for the National Infrastructure Program (NIP).

**A. Infrastructure in Mexico**

- 2.2 **Mexico faces urgent requirements to increase investment in infrastructure and to improve public service provision, particularly at the subnational level.** Consequently, the Government of Mexico (GOM) has placed a high priority on improving the quality and competitiveness of Mexico's infrastructure and public services, and plans to significantly increase the comparatively low outlays on

<sup>1</sup> State and municipal governments and autonomous local service providers (e.g., municipal water).

<sup>2</sup> These constitutionally mandated Plans include a series of activities in infrastructure, financial management, institutional strengthening, training, public service improvement, science & technology, etc.

infrastructure, which in 2006 totaled 3.2% of GDP.<sup>3</sup> The World Economic Forum (WEF) estimates that Mexico's infrastructure is currently ranked in 64<sup>th</sup> position out of 125 countries reviewed, and 7<sup>th</sup> in Latin America.<sup>4</sup> As detailed in the National Development Plan (PND), reducing Mexico's investment gap vis-à-vis comparable countries will entail marshalling resources from both subnational governments and the private sector. The estimates for required investment at the subnational level vary considerably, but are orders of magnitude greater than the outstanding debt of SNEs (US\$16bn). In short, Mexico suffers from under-investment in infrastructure and the provision of public services, a large portion of which should be financed and/or rendered by SNEs.

- 2.3 **The NIP seeks to increase the competitiveness of Mexico's infrastructure to place it among the top 20% of the countries in WEF's world ranking.** To this end, the Plan calls for investments of MXP\$2.5 trillion (US\$250bn) over the coming six years, an increase of nearly 50% in real terms vis-à-vis the previous Administration.<sup>5</sup> To achieve this, the NIP calls for a significant increase in private sector financing of infrastructure (58% of the total). While the NIP emphasizes the need to increase infrastructure finance, it also recognizes the central role of increasing the quality of project design, ensuring efficient use of public resources and high rates of social and economic return. Timely allocation of resources to prepare well-designed projects, with adequate technical studies, is a critical task. Moreover, SNE's will need to strengthen their managerial capacity to oversee the increased investment.

## **B. Financing for Subnational Entities**

- 2.4 **Mexican subnational debt markets have developed in recent years, with modestly increased access, but continue to be inaccessible for most SNEs and wholly dependent on federal transfers.** The advent of the Master Trust in 2000 laid the basis for improved creditor protection as it allows for subnational entities to irrevocably allocate federal transfers for debt repayment.<sup>6</sup> As of end-2006, SNEs had outstanding liabilities of MXP\$160bn, up 30% in real term since 1994. The terms and conditions of the debt (loans and debt issuances) have improved in recent years as the subnational financing market has become more competitive. Despite modest broadening, subnational debt in Mexico continues to be highly concentrated; the five largest borrowers accounted for 67% of SNG debt at end-2006, and the vast majority (97%) of SNEs have no access.

## **C. Bottlenecks for closing infrastructure gap**

- 2.5 **Timely and effective design of specific investment projects continues to be a challenge for SNEs.** While large and technically sophisticated SNEs need support in designing complex infrastructure projects, smaller SNEs need considerably

<sup>3</sup> Empirical reviews have demonstrated a clear link between infrastructure and competitiveness, impacting significantly on economic growth while reducing income inequalities and poverty (see: Kessides (1993)).

<sup>4</sup> The Global Competitiveness Report, 2006-2007. World Economic Forum.

<sup>5</sup> In annual terms, this would represent an investment of approximately MXP\$422bn (US\$42bn).

<sup>6</sup> Most SNG revenues are *participaciones*, legally mandated transfers from the Federal Government



more assistance. Although commercial banks are willing to lend to a subset of SNEs on the basis of their federal *participaciones*, they provide no support for the design of technically and financially viable projects. Consequently, most recent commercial bank loans were for refinancing debt.

- 2.6 **Access to competitively priced long-term finance continues to be a problem for the majority of SNEs.** Subnational finance continues to be nearly exclusively backed by Federal transfers, limiting total financing available to SNEs. To date, there have been very few loans and debt issuances backed by future flows of own source revenues and *aportaciones*.<sup>7</sup> As of end-2006 SNEs had assigned half (49%) of the total annual *participaciones* for debt repayment, compromising their financial management. Private sector bank's lending is based solely on the willingness of SNEs to irrevocably assign a portion of their transfer revenues to the repayment, irrespective of the quality of the investment project.
- 2.7 **BANOBRAS is the only financial institution with national reach willing to work with all types of SNEs, providing TA and medium to long-term financing for their investment projects.** For larger SNEs (especially States), BANOBRAS provides assistance in the structuring of infrastructure projects, increasing the quality of such investments and providing fiduciary oversight. For the rest of the SNEs, BANOBRAS adds value through a combination of financial access, provision of long-term financing, assistance in structuring operations, diversification of repayment sources and client responsiveness.

#### D. BANOBRAS

- 2.8 **BANOBRAS is a well managed public financial institution tasked with promoting and financing subnational infrastructure and public services.** It recently sharpened its strategic focus (Strategic Plan 2007-2012) and intends to double the number of municipalities that receive financing (to 1200), increase its use of guarantees to facilitate financing from commercial sources, and serve as a catalyst for increased project financing. BANOBRAS is well capitalized and has significant franchise value. It offers a variety of financial products, which are especially valuable for less technically and financially savvy SNEs. These products include traditional finance for SNEs, technical assistance (for project preparation and evaluation), structured finance products for private sector participation in infrastructure projects, and guarantees. BANOBRAS finances a wide variety of infrastructure and public services projects in SNEs, particularly in water and sanitation, roads, public transportation, solid waste management, energy, cadastre, financial management, and institutional capacity.
- 2.9 **BANOBRAS has successfully executed 23 IDB financed programs (US\$4.2bn), has the capacity to oversee the execution of the proposed operation and meets the criteria for executing agencies under the CCLIP policy.** It is currently executing two operations under the State and Municipality Strengthening Program (FORTEM I & II) with US\$500mn approved. While

<sup>7</sup> These include an issuance of debt backed by certain state taxes (gasoline tax and payroll tax) and other sources of revenue (e.g., fees for vehicle registrations). *Aportaciones* are federal sector-specific transfers.



fiduciary and risk reviews are underway, the ongoing Institutional Capacity Review (SECI) indicates a high level of institutional capacity.

### III. IDB STRATEGY FOR MEXICO

- 3.1 **The proposed operation is consistent with the Bank's current Country Strategy for Mexico.** Providing financing and TA for subnational provision of public services, infrastructure and enhanced institutional capacity is consistent with the strategic vectors of integration, improvement of private sector productivity, and modernization of the State.
- 3.2 **The subnational sector is critically important for the IDB in Mexico, and BANOBRAS is a strategically key partner.** As SNEs assume greater responsibilities in public sector investment and the delivery of public services, the Bank's support to SNEs will take on greater importance. BANOBRAS—the sole conduit through which the Bank can reach SNEs—is thus a critical strategic partner. BANOBRAS's new strategic plan is consistent with the IDB strategy for Mexico.

### IV. OBJECTIVES AND DESCRIPTION OF THE PROJECT

- 4.1 The proposed program seeks to improve public services delivery at the subnational level by increasing finance to SNEs. To this end, it will provide a CCLIP to BANOBRAS coupled with a TA facility (US\$10mn) to support the design and approval of projects with high social and economic return by its clients. The TA facility will cover a wide range of SNE requirements, prioritizing entities with greater needs. The line of credit will enable the Bank to fund most of the loan operations that BANOBRAS provides to SNEs or private sector-led operations arranged by subnational governments, provided they are consistent with previously agreed lending criteria.
- 4.2 The CCLIP will offer a non-committed credit line with specific basic operational rules, as well as financial, technical, environmental and social eligibility criteria and conditions. The CCLIP will also provide a vehicle for the design and approval of subsequent sector-specific programs. Each program under the CCLIP will be approved and disbursed by the Bank using simplified procedures. The present document seeks approval of a US\$400mn program to finance multi-sector loans for SNE's according to guidelines to be defined during project preparation.

### V. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 5.1 The design of the CCLIP benefits from several years of experience working with SNEs and BANOBRAS in Mexico. Studies under preparation include a fiduciary and risk review that will assess the risks associated with employing BANOBRAS's internal systems and controls for the approval of disbursement requests and internal audit functions. The team is preparing the following: i) demand assessment; ii) review of technical assistance products; iii) review of SNEs institutional strengthening needs; and (iv) development of credit regulations.

- 5.2 The principal challenges in structuring the CCLIP involve the need to generate both bankable projects and to provide financing that is acceptable to BANOBRAS. To this end, this operation will be coupled with the approval and funding of a technical assistance grant fund that will provide resources for the expeditious preparation of SNE projects. The Bank will have an active role in managing and delivering this TA, working directly with SNEs or with Banobras. The program will also train BANOBRAS's state-level representatives in the identification and development of new projects.
- 5.3 A second design challenge involves IDB procurement and financial policies. There are important challenges to mainstreaming use of IDB procurement policies for BANOBRAS's more than 700 clients. The Project team is working to identify mechanisms that are compliant with IDB policy and that enable the Bank to support small SNEs through BANOBRAS. Existing IDB loan charges contain certain aspects that constitute obstacles to working with Banobras. Specifically, the obstacles are: i) variable lending spread; ii) the credit fee (CF), both its existence—not a market practice in Mexico—and its unpredictability—subject to Board review each semester, not to exceed 0.75%; and iii) the inclusion (albeit waived) of the FIV in loan contracts—not to exceed 1.0%. The Project team will work with Banobras and FIN to propose solutions, such as: i) fix the lending spread on a pilot basis; ii) waive or fix/annualize the CF; and iii) eliminate FIV from loan contract.

## **VI. SAFEGUARDS AND FIDUCIARY SCREENING (SEE ANNEX I).**

- 6.1 This operation does not generate negative environmental and social impacts. This program will be subject to the environmental and social requirements of the national legislation and IDB policies. Under directive B.13 of OP-703, CCLIPs and FIs are not classified. The environmental and social management strategy for the proposed CCLIP (ME-X1002) and the first operation (ME-L1017) will be based on an Environmental and Social Analysis, which will review the environmental and social management capacity of BANOBRAS, assess the current environmental management system, evaluate previous experience with Bank projects, and develop an environmental and social management system (ESMS). The ESMS will include at least a screening procedure, an exclusion list and supervision and monitoring system according to Bank policies and requirements. During project preparation the team will review the results of the Environmental and Social analysis and will support BANOBRAS also in the preparation of the following documents: i) Environmental and Social Analysis; ii) screening procedures; and iii) supervision and monitoring procedures.

## **VII. RESOURCES AND TIMETABLE**

- 7.1 The Project Team expects to have the POD completed by March 2008. During the identification mission (Dec/3-6), the team defined the studies to be carried out during preparation. An estimate of the resources required to prepare the program, the specific studies to be completed and the timetable are presented in Annex II.



## Annex I

**Safeguard Policy filter Report**  
**Mexico: BANOBRAS – Sub national Infrastructure and Institutional Strengthening**  
**Credit Line (ME-X1002)**

<b>PROJECT DETAILS</b>	<b>IDB Sector</b>	Capital Markets
	<b>Type of Operation</b>	Conditional Credit Line for Investment Projects (CCLIP)
	<b>Additional Operation Details</b>	
	<b>Country</b>	Mexico
	<b>Project Status</b>	Second Phase Operation or Repeat Loan
	<b>Investment Checklist</b>	Generic Checklist
	<b>Team Leader</b>	Morgan Doyle and Carlos Miranda
	<b>Project Title</b>	BANOBRAS Subnational Infrastructure and Institutional Strengthening Credit Line (SIIS)
	<b>Project Number</b>	ME-X1002
	<b>Safeguard Specialist(s)</b>	José Ramón Gómez
	<b>Assessment Date</b>	2007-12-05
	<b>Assessment Number</b>	2008-01171729-2
	<b>Additional Comments</b>	This operation does not generate negative environmental and social impacts. Taking into account the nature of the financial instrument and the Bank environmental and social compliance Policy, this program will be subject to the environmental and social requirements of the national legislation. The environmental and social management strategy for this CCLIP will include the development of an Environmental and Social Analysis, which will review the environmental and social management capacity of BANOBRAS, assess the current environmental management system, evaluate previous experience with Bank projects, and develop an environmental and social management system (ESMS). The ESMS will include at least a screening procedure, an exclusion list and a supervision and monitoring system according to bank policies and requirements.

<b>SAFEGUARD POLICY FILTER RESULTS</b>	<b>Type of Operation</b>	<b>Conditional Credit Line for Investment Projects (CCLIP)</b>	
	<b>Safeguard Policy Items Identified (Yes)</b>	The operation is designed to reform or affect policies and institutions in environmentally sensitive sectors such as water, forestry, and energy.	<b>(B.13)</b>
	<b>Potential Safeguard Policy Items</b>	No potential issues identified	
	<b>Recommended Action</b>	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. <b>No project classification required.</b> Submit Report and PCD (or equivalent) to CESI Secretariat; CESI meeting may be required. <i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i>	
	<b>Additional Comments</b>		

**Safeguard Policy filter Report**  
**México: BANOBRAS – Sub national Infrastructure and Institutional Strengthening**  
**Credit Line (ME-L1017)**

<b>PROJECT DETAILS</b>	<b>IDB Sector</b>	Capital Markets
	<b>Type of Operation</b>	Conditional Credit Line for Investment Projects (CCLIP)
	<b>Additional Operation Details</b>	
	<b>Country</b>	Mexico
	<b>Project Status</b>	Second Phase Operation or Repeat Loan
	<b>Investment Checklist</b>	Generic Checklist
	<b>Team Leader</b>	Morgan Doyle and Carlos Miranda
	<b>Project Title</b>	BANOBRAS Subnational Infrastructure and Institutional Strengthening Credit Line (SIIS)
	<b>Project Number</b>	ME-L1017
	<b>Safeguard Specialist(s)</b>	José Ramón Gómez
	<b>Assessment Date</b>	2007-12-05
	<b>Assessment Number</b>	2008-01171729-2
	<b>Additional Comments</b>	<p>This operation does not generate negative environmental and social impacts. Taking into account the nature of the financial instrument and the Bank environmental and social compliance Policy, this program will be subject to the environmental and social requirements of the national legislation. The environmental and social management strategy for this CLLIP will include the development of an Environmental and Social Analysis, which will review the environmental and social management capacity of BANOBRAS, assess the current environmental management system, evaluate previous experience with Bank projects, and develop an environmental and social management system (ESMS). The ESMS will include at least a screening procedure, an exclusion list and a supervision and monitoring system according to bank policies and requirements.</p>



<b>SAFEGUARD POLICY FILTER RESULTS</b>	<b>Type of Operation</b>	Conditional Credit Line for Investment Projects (CCLIP)	
	<b>Safeguard Policy Items Identified (Yes)</b>	The operation is designed to reform or affect policies and institutions in environmentally sensitive sectors such as water, forestry, and energy	<u>(B.13)</u>
	<b>Potential Safeguard Policy Items</b>	No potential issues identified	
	<b>Recommended Action</b>	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. <b>No project classification required.</b> Submit Report and PCD (or equivalent) to CESI Secretariat; CESI	
	<b>Additional Comments</b>		

**Annex II**  
**BANOBRAS – Sub national Infrastructure and Institutional Strengthening Credit Line (ME- L1017)**  
**Resources and timetable**

Item	January 2008		February 2008	March - May	June 2008	July 2008	August 2008
Preparation of Project Profile (PP)	1 - 18						
PP Distribution to QRR		18					
PP Distribution to ESR		18					
Quality and Risk Review Meeting (QRR)		25					
ESR review and final minutes		28					
Q&A Report		28					
Distribution for VPS/VPC approval of PP			11				
Orientation Mission			18 - 22				
Preparation of the Proposal for Operation Development (POD)							
Analysis Mission							
POD Distribution to QRR							
POD Distribution to ESR							





### Additional Resources needed for Project Preparation

Consultant	Fund/US\$	Expected Date Final Report
Review of Institutional Capacity (SECI)	No cost	30/jan/08
Fiduciary Risk Evaluation	No cost, just the cost of one mission	28/feb/08
Demand Evaluation	In house	15/mar/08
Evaluation of TA products	In house	
Evaluation of SNE strengthening needs	No cost	
Support in the design of guarantee	Infrafund/ US\$40,000	30/jun/08

Missions	Fund/US\$	Expected Date
Fiduciary Risk Mission (2 staff)	ADM/ \$4,500	15/feb/08
Analysis (5 staff, 1 consultant)	ADM/ \$30,000	15/mar/08



**Annex III**  
**BANOBRAS – Sub national Infrastructure and Institutional Strengthening Credit**  
**Line**  
**Risk Assessment PTRT III**

**Sector & Operation-specific Risks**

Risk factors	Description of risk	Rating <sup>a</sup> of risk	Level of analysis <sup>c</sup>	Mitigation measures	Rating <sup>a</sup> of residual risk
Country ownership and priority for project	The country's appropriation of the operation could be at risk	1	Existing Work	Continuing dialogue with the BANOBRAS	1
Governance and political environment of sector	Lack of participation of municipal governments	1	Existing Work	Combination of attractive financing and TA provided by the program	1
Sector policies and institutions	Investment policies for infrastructure sectors changes with rotation in SNG administrations	2	Study for project	Structure SNG support to align with electoral cycle	1
Technical/design	No specific risk identified	1	Study for project completed	Not required	1
Implementation capacity and sustainability:	BANOBRAS will implement the program directly. It has been responsible for providing access to finance to SNEs for decades.	2	Study for project		1
Financial management & auditing	No specific risk identified—BANOBRAS has strong fiduciary and oversight systems in place	1	Study for project	None	1
Procurement	BANOBRAS procurement process is inconsistent with Bank policies	1	Study for project	Joint supervision of loans in portfolio	1
Social and environmental safeguards <sup>d</sup>	Projects funded through this line do not comply with Bank social and environmental standards	2	Study for project	Providing TA to BANOBRAS and independent verification by IDB	1
Other <sup>b</sup>					

## Overall Risk (including Reputational Risks)

**Memo items:** 1. Most recent fiduciary assessment

2. Most significant existing work consulted for analysis of risk

- a. Rating of risks on a four-point scale according to the probability of occurrence and magnitude of adverse impact.  
1: Negligible risk; 2: Modest risk; 3: Substantial risk and 4: High risk
- b. Other examples include cost escalation, prevalence of failures in similar projects, adverse external developments affecting costs/benefits of the project, and risks specific to operations in conflict-affected areas.
- c. Three levels of analysis of risk in ascending order: Informed judgment; existing work; study for project completed/proposed
- d. Summarize result of safeguard strategy



**BANOBRAS Subnational Credit Line (SIIS) (ME-X1002)**  
**Primera operación bajo la línea CCLIP (ME-L1017)**  
**PERFIL DE PROYECTO (PP)**

**Revisión de Calidad y Riesgo (QRR) – Informe de Resultados y Procedimientos**

**A. PROCESO QRR**

El Perfil del Proyecto fue distribuido al QRR solicitando comentarios el 18 de enero de 2007. Los comentarios recibidos así como acciones posteriores han sido documentados en este Informe de Resultados y Procedimiento. Se realizó reunión presencial el día 25 de enero, en las instalaciones del Banco, a la cual asistieron: Gina Montiel (CID/MGR); Vicente Fretes (ICF/FMM); Maria Eugenia Nepote-Cit (LEG); Larry Harrington (CME); Morgan Doyle (ICF/CMF); Carlos Miranda (ICF/FMM); Jose Brakarz (ICF/FMM); Carolina Piedrafit (ICF/FMM); Huascar Eguino (ICF/FMM); Luis Suárez (ICF/FMM); Jorge Burgos (ICF/CMF); Juan Carlos Perez-Segnini (LEG); José Ramón Gómez (INE/ENE); Victor Salgado (SCF/INF); Alejandra Eguiluz (ICF/CMF); Francisco Demichelis (ICF/CMF) y Kurt Focke, quien lo presidió.

**B. Asuntos no resueltos**

Ninguno

**C. COMENTARIOS**

Nombre/Dept.	Tema	Comentarios	Respuestas
Gina Montiel/ CID/CID  Vicente Fretes/ ICF/FMM	Estrategia de la operación	<ul style="list-style-type: none"><li>Se recomienda recalcar la trascendencia de esta operación para la estrategia del Banco en México y enfatizar la relación entre la estrategia de Banobras y nuestro apoyo a dicha entidad.</li><li>Se recomienda aclarar la importancia de la relación estratégica entre el Banco y Banobras y la capacidad que tiene esta institución para manejar la operación propuesta.</li></ul>	El documento revisado y el POD reflejarán esta recomendación
Vicente Fretes/ ICF/FMM	Alcance de la operación	<ul style="list-style-type: none"><li>Se recomendó enfatizar en el documento que el programa será diseñado para atender distintos tipos de clientes y que incluirá mecanismos para identificar y fortalecer la demanda de los mismos.</li></ul>	El documento revisado y el POD reflejarán esta recomendación

Nombre/Dept.	Tema	Comentarios	Respuestas
Gina Montiel/ CID/CID Ellis Juan/ CID/CME	Condiciones financieras	<ul style="list-style-type: none"> <li>Se recomienda destacar en el documento los temas de la estructura de cobros y comisiones de los productos financieros del Banco que representan obstáculos para que Banobras tome los recursos del Banco en aras de elevar este tema a consideración de la Alta Administración. En particular se destacó como factores que afectan adversamente la competitividad del Banco: i) la comisión de crédito—su existencia y la variabilidad de la misma; ii) la inclusión como figura dispensada en los contratos de la Comisión por Inspección y Vigilancia (FIV); y iii) la impredecibilidad del margen (<i>loan spread</i>).</li> </ul>	<p>La versión revisada del documento destacará claramente los elementos de la política financiera del Banco que representan obstáculos y formulará una propuesta de cambios al respecto. Para ello, el equipo de proyectos realizará reuniones con FIN, LEG y CID para discutir las dificultades con la estructura de costos actual y alternativas disponibles.</p>
Vicente Fretes/ ICF/FMM	Objetivos de la operación	<ul style="list-style-type: none"> <li>Se recomienda aclarar que el objetivo de la operación es mejorar la provisión de servicios públicos a la vez que se mejore la gestión de los GSN. En este contexto se favorecerá la participación de entidades subnacionales donde el retorno socioeconómico sea mas alto.</li> </ul>	<p>El documento revisado y el POD reflejarán esta recomendación</p>
Maria Eugenia Nepote-Cit/ LEG Larry Harrington/ CID/CME	Asistencia Técnica	<ul style="list-style-type: none"> <li>Se recomienda esclarecer la estructura y ejecución de este componente; aclarar las fuentes y funciones de asistencia técnica (AT) contempladas; e insertar un resumen de las cooperaciones técnicas ya aprobadas por el Banco para Banobras;</li> </ul>	<p>El documento revisado reflejará esta recomendación</p>
Maria Eugenia Nepote-Cit/ LEG	Adquisiciones	<ul style="list-style-type: none"> <li>Se recomienda aclarar la sección sobre adquisiciones para reflejar que este tema es uno de los retos del diseño y que el equipo estará trabajando con Banobras para definirlo.</li> </ul>	<p>El documento revisado reflejará esta recomendación</p>
Maria Eugenia Nepote-Cit/ LEG	Estructura de CCLIP	<ul style="list-style-type: none"> <li>Se recomienda aclarar que se está proponiendo la aprobación del CCLIP (por US\$1.2 mil millones) y de la primera operación (por US\$400 millones) con este documento.</li> </ul>	<p>El documento revisado reflejará esta recomendación</p>

Anexo: Minutas ESR

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**MINUTE OF THE ENVIRONMENT AND SOCIAL IMPACT REVIEW (ESR)**

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Meeting ESR 03-08, January 25, 2008

**ME-L1017- BANOBRAS Subnational Credit Line (SIIS) (CCLIP ME-X1002)  
Project Profile Review**

- 1. 1st Project Classification under CCLIP: N/A [FI]**
- 2. Type of assessment required: none**
- 3. Next action: none**
- 4. Agreements reached:**

The team revised the document to include the information on the environmental classification of the first program (an FI).

This revised version is approved as presented.