

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Support to Rural Water and Sanitation Development
▪ TC Number:	ME-T1458
▪ Team Leader/Members:	RIQUELME, RODRIGO (INE/WSA) Team Leader; GARZA CORTINA, MIRIAM (VPC/FMP); GORDON, PAOLA LISETTE (INE/WSA); DE GYVES SANDOVAL, ALEJANDRO (CID/CME); MIRANDA MONROY, EDNA (CID/CME); BARRIOS NUNEZ, URIEL (CID/CME); SANMARTIN BAEZ, ALVARO LUIS (LEG/SGO); GUERRERO RIVERA, MARILYN IVETTE (INE/WSA); SUBER, STEPHANIE ANNE (INE/ENE)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	10 May 2022
▪ Beneficiary:	Conagua
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$250,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/WSA - Water & Sanitation
▪ Unit of Disbursement Responsibility:	CID/CME - Country Office Mexico
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 The objectives of this Technical Cooperation (TC) are: (i) to develop all the necessary climate change studies to support the submission of the Funding Proposal to GCF (ii) to develop the socio-economic studies for the IDB program Prossapys 5 and (iii) to design an execution scheme for Prossapys 5. The TC is additionally consistent with the institutional priorities of the 2025 Vision: Reinvest in the Americas, specifically in the priorities of a primary focus on (i) reactivating the productive sector, promoting investment in better quality and digital connectivity; (ii) promoting social progress, ensuring access and quality of public services, coverage of basic needs and investment in human capital; (iii) strengthen la good governance and institutions ; and (iv) strengthening gender equality, diversity and climate change, and prioritizing a second focus to improve the value proposal of the IDB group.
- 2.2 Mexico has become the second largest destination for foreign direct investment in the region, after Brazil. Nonetheless, per capita economic growth has been weak (1.5% on average since 1996) and poverty rates are high (42% in 2018). This is partly the result of gaps in access to social services, labor market deficiencies, and weak investment growth, all against a backdrop of persistent regional disparities. The country had made little progress in reducing poverty over the last 10 years, in 2020 poverty affected 44% of the population. Gaps in water and sanitation (W&S) services,

among others, affect people of all ages but have the greatest impact on the low-income population, women, children, the elderly, and indigenous communities. In addition to this, climate events tend to exacerbate inequality as they have a greater impact on vulnerable groups. Regarding climate change, from 2004 to the present, national average temperature anomalies have been registered above the 1981-2010 climatological average. Also, during 2020, for the second consecutive year, the total annual rainfall was deficient at the national level. The impacts caused by climate change on the natural dynamics of ecosystems and watersheds pose new challenges to be faced by all stakeholders, which cannot be served if the environmental dimension of the problem and the care of critical ecosystems for the hydrological cycle are ignored. The objective of the new IDB Rural Program for Water and Sanitation (PROSSAPYS 5) (\$100 mill) is to enhance the resilience of marginalized rural communities in Mexico to the effects of climate change by implementing systemic solutions for water and sanitation access and building sub-national capacities for the implementation of climate adaptation measures.

- 2.3 The program will be co-financed by the Green Climate Fund (GCF). A Concept Note was already submitted to GCF and it is in the process of review. After eligibility is granted, a Funding Proposal (FP) will be submitted to GCF. The program is consistent with the Institutional Strategy Second Update (UIS) 2010-2020 (AB-3190-2) and aligns with the challenges of (i) Social inclusion and equality: by progressively guarantee the human right to W&S - with special emphasis on the most vulnerable populations; (ii) Productivity and Innovation: by strengthening research and development activities around the co-development of climate-resilient infrastructure. It also aligns with the cross-cutting area of (i) Gender equality and diversity: The program emphasizes the need to focus on indigenous and Afro-Mexican people, by strengthening the measures to prevent destruction from hydrometeorological phenomena and to adapt to climate change, in order to reduce vulnerability. It also will provide the space needed for an increment in the gender balance between men and women within water committees in rural communities; (ii) Climate change and environmental sustainability; through solutions that mitigate water stress and alternatives to unlock climate vulnerable infrastructure and to contribute to achieve Mexico's NDC through using low carbon technologies and solutions. The loan is also consistent with the Country Strategy 2019-24, specifically for the climate change sector. In addition, it is consistent with the 2025 vision on promoting social progress, gender equality and diversity and focusing on immediate opportunities on climate change, by helping countries foster resilience and mitigation.

III. Description of Activities and Outputs

- 3.1 **Component I: Climate Change Studies to Support the FP to be submitted to GCF.** This component will carry out all the required activities to estimate climate change impacts on adaptation and mitigation of the program. This will include appraisals on resilience capacity of new/rehabilitated infrastructure from a program representative sample and its impact on water security. The component will also include mitigation estimates for new infrastructure and its impact on greenhouse emissions.
- 3.2 **Component II: Socio Economic studies.** This component will include the development of socio-economic studies from a representative sample of interventions. The studies will include surveys, beneficiary estimates, construction and operation costs, economic model, and social rate of return estimate. Also, this component will provide the expected estimations of social and health, and economic co-benefits, including a gender sensitive analysis.
- 3.3 **Component III: Design of Execution Scheme.** This component will include the development of an execution scheme for Prossapys 5. Based on previous programs

and its lessons learned, an innovative execution scheme will be developed. The scheme will include all the relevant institutional stakeholders and other relevant parties including Conagua, State Water Commissions (CEAs), municipalities, water boards, indigenous groups and civil society among others.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Climate Change Studies to Support the FP to be submitted to GCF.	US\$120,000.00	US\$0.00	US\$120,000.00
Socio Economic studies.	US\$80,000.00	US\$0.00	US\$80,000.00
Design of Execution Scheme.	US\$50,000.00	US\$0.00	US\$50,000.00
Total	US\$250,000.00	US\$0.00	US\$250,000.00

V. Executing Agency and Execution Structure

- 5.1 The Loan will be executed by Conagua. However, due to federal budgetary reasons in the country the TC will be executed by the bank. The tendering documents will be agreed with Conagua and the execution will be co-supervised with Conagua's International Cooperation office.
- 5.2 The Bank will contract individual consultants, consulting firms and other services in accordance with current Bank procurement policies and procedures. Specifically, Section AM-650 of the Administrative Manual "Complementary Workforce" will be applied in the case of individual consultants, the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1) and its Operational Guidelines (OP-1155-4) for hiring consulting services of intellectual nature and the Corporate Procurement Policy (GN-2303-20) for other services." Monitoring will be carried out by the Bank's technical team with the support of the Country Office and individual consultants, through the review of the progress and final reports prepared by the consultants contracted to carry out the activities of this TC. This will be a permanent process through the execution of the TC. The progress will be promptly reported in the Bank's system (Convergence) with details on product achievement, technical notes and press cuts. This will be done at least each semester

VI. Project Risks and Issues

- 6.1 The major risk during the execution of this TC is the potential delay in execution of the consulting services due to a lack of coordination between Conagua, states, municipalities and water boards. Several lessons learned about coordination in rural projects have been acquired by IDB and Conagua which will mitigate this risk.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".