

PROJECT IMPLEMENTATION REPORT (PIR) FY 2021

GEF - IDB

IMPORTANT: The reporting period is GEF Fiscal Year (July 1st, 2020 to June 30th, 2021)

of PIR: 3^d

PROJECT GENERAL INFORMATION

Project Name:	GEF Program for the Implementation of Prioritized ESC Projects in Three Mexican Cities		
Project's GEF ID:	9649	Project's IDB ID:	ME-G1012; GRT/FM-16409-ME
Project financial information:	Date of First Disbursement	07/24/2019	
	Total disbursements of GEF Grant resources as of end of June 30 th , 2021 (cumulative)	US\$ 2,172,408.00	
Project dates:	Agency Approval Date	10/18/2017	
	Effectiveness (Start) Date	12/07/2017	
	Original Last Disbursement Expiration Date ¹ (OED)	12/07/2022	
	Current OED	12/07/2022	
	Estimated Operational Close Date ² (EOC)	3/07/2023	
	Actual Date of EOC, if applicable	Click here to enter text.	
Project evaluation:	Mid-term Date	12/07/2020	
	Terminal evaluation Date (Expected)	12/7/2022	

¹ For the GEF, this is equivalent to the project's "Expected Completion Date".

² For the GEF, this is equivalent to the project's "Expected Financial Closure Date".

DEVELOPMENT OBJECTIVE RATING (DO) & ASSESSMENT

Make an overall assessment and provide a rating³ of “likelihood of achieving project objective” during the period (2020-2021). Describe any significant environmental or other changes attributable to project implementation.

OVERALL (DO) ASSESSMENT	RATING
The commitment showed by the executing agency and the three sub executing agencies to carry out the procurement processes, even with the restrictions imposed by the COVID-19 pandemic, has helped keeping the probability of achieving the project objectives. Therefore, the rating for this period is Satisfactory.	S

IMPLEMENTATION PROGRESS RATING (IP) & ASSESSMENT

Make an assessment and provide ratings⁴ of overall Implementation Progress, including information on progress, challenges and outcomes on project implementation activities from July 1st 2020 until June 30th, 2021. As applicable, please include **information on issues and solutions related to COVID-19**.

OVERALL (IP) ASSESSMENT	RATING
<p>During this period, the challenge of the COVID-19 pandemic continued to have an impact in the activities of project stakeholders and related institutions on the delay of some procurement processes. However, with the knowledge and experience gained by the stakeholders during the first three years of the project, the execution and contracting processes continued as planned.</p> <p>In relation to Component 3 of the Project, "Complete executive study for the sanitation of the Bay of Campeche", there was substantial progress in the 3 procurement processes that comprise it. Since the bidding processes were published, the expressions of interest and there are short lists of participants. The 3 contracts are expected to be awarded in the last quarter of 2021, for a total amount of US \$ 1,000,000 dollars.</p> <p>Regarding Component 2 of the Project, the contract for the "Acquisition of photovoltaic plants for public buildings in the city of La Paz" was signed and an execution of 80% was reached. During the second half of 2021, the procurement process of the second phase of the project is expected to start and be completed.</p> <p>Regarding Component 1, "Biodigester for the Xalapa solid waste management system", the Contract for the "Preparation of the Executive Project for the construction of the Xalapa Biodigestion Plant" was signed for an amount of approximately US \$ 306,000.</p>	S

³ See Annex 1: Definition of Ratings.

⁴ See Annex 1: Definition of Ratings.

With the completion of the detailed engineering of the biodigester, the public tender for the contracting of the “Construction of the Biodigestion Plant for the Municipality of Xalapa” was carried out. After receiving and evaluating proposals, it was concluded that due to the considerable differences in amounts, related mainly to market volatility due to COVID-19 the best decision was to declare the public tender void, and to make a restructuration of the original project. The new public tender will be launched during the second semester of 2021, and the municipality expects to award the contract by the end of 2021. In the meantime, the Services Contract for the preparation of the Environmental Impact Study was signed and executed and the Consulting Services Contract for the Technical, Financial and Legal Advisory for the Biodigestion plant was signed and executed as well.

Taking into account the aforementioned points, and despite the delays generated by the void tender for Component 1, the rating of the Implementation Progress for this period is considered Satisfactory.

RISK RATING & ASSESSMENT

Make any adjustments necessary to the assessment ratings⁵ of overall Project Risk⁶ that you provided in the last PIR (2019-2020). Please include details and remedial measures for High and Substantial Risks, specifying who will be responsible for these measures.

OVERALL RATING FOR PROJECT RISK	RATING
<p>During the reporting period, there were no high-level risks associated with the project. The mid-level risks continued to be monitored. Most of them are related to coordination between stakeholders and delays in procurement processes. The risks related to procurement processes have been mitigated through the strengthening of procurement areas within the sub executing agencies. The IDB continues to support the sub-executing agencies through external consultancies to minimize these risks.</p> <p>On the other hand, during this period, a risk related to changes in the governments of the three cities participating as sub executors was detected. This risk, derived from the elections held in 2021, implies that a period of adaptation of the new teams may be required, which could generate delays in the project schedule. In Baja California Sur, the new state government will be from a different political party than the current one. In the municipality of Campeche, the new local government will also change parties as of 2022. In the municipality of Xalapa, the same political party will continue, although there may be changes in the municipality's teams.</p> <p>Therefore, there is the risk that the new local governments may have different priorities than the previous ones in terms of policies and projects. To mitigate these risks, the executing and sub-executing agencies have made significant progress in the procurement processes necessary to ensure that the main contracts for each</p>	M

⁵ See Annex 1: Definition of Ratings.

⁶ These should include risks identified at CEO Endorsement AND any new risks identified during implementation.

Component are awarded in 2021. Likewise, the executing agency and the IDB will keep the dialogue with the new authorities, so they understand and take ownership of the projects. Considering the aforementioned comments, the Project Risk is classified as Modest.

GENDER

Please add information on any progress, challenges and outcomes with regards to any and all gender-responsive measures that were undertaken in the project's activities during the 2020-2021 GEF Fiscal Year. Also: Were indicators on gender equality and women's empowerment incorporated in the project's results framework? (Yes/No). If applicable, include the indicator with its baseline, target and current value (2020-2021).

The project did not consider gender equality indicators in its results matrix.

STAKEHOLDER ENGAGEMENT

Please add information on any progress, challenges and outcomes with regards to stakeholder engagement, based on the project's activities during its implementation through the 2020-2021 GEF Fiscal Year. As applicable, please include **information on issues and solutions related to COVID-19.**

The direct involvement of the three local governments was fundamental for the progress on stakeholder alignment. This helped to keep a fluid dialogue with the Executor of the Program (BANOBAS) and more expedite procurement processes were carried out. Besides the general manager of the program at BANOBAS changed, there wasn't any change in the flow's execution of the program. The transition had been smooth and the officers below the manager's line are very committed with the deliverables and the impact of the program.

The commitment of all the stakeholders (BID, BANOBAS, Municipalities) for the deliverables and the impact of the projects of the program has been of high relevance for achieve the results gained until now. There is a lot of other important programs going on, specially to respond to the social and economic crisis due to Covid 19 and to respond to others delicate situations that cities are facing as flooding; but all the stakeholders including the mayors of the cities are convinced of the relevance of the program and they have been very engaged with the execution of it and willing to move forward despite the difficulties that they are facing.

In order to keep the work going during the restrictions for COVID-19, virtual meetings have been carried out and official paperwork that usually is delivered to each office, now are delivered via email.

KNOWLEDGE

Please add information on knowledge activities and products developed in relation to the project (with GEF or non-GEF resources), with special emphasis on activities carried out during the 2020-2021 GEF Fiscal Year. As applicable, please include **information on issues and solutions related to COVID-19.**

The development of knowledge products was expected to begin in 2021. However, due to the impact of COVID-19 pandemic, this has been delayed. The team expects to start the design of dissemination products in the first semester of 2022. This will include technical materials designed to train officers of governmental institutions on designing projects on domestic solid waste disposal, wastewater regulatory framework, solar energy for urban services and the assessment of mitigation measures to contribute to CO2 reduction.

PROJECT MODIFICATIONS

Please report any significant modifications made to the project design since July 1st, 2020. (The basis for comparison is the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.) This should be based on the Project Results Framework Matrix included in the original Request for CEO Endorsement Document.

CHANGE MADE TO	YES/NO	DESCRIPTION OF CHANGE AND EXPLANATION
Objective	No	N/A
Outcome	No	N/A
Output/Activities	No	N/A
Other	No	N/A

Has the project been granted any extension or other modification covered by the OA-420 from July 1st, 2020 until June 30th, 2021? If yes, please explain below. As applicable, please include **information on issues and solutions related to COVID-19.**

No

LESSONS LEARNED / BEST PRACTICES

*If the project generated any lessons learned or best practices during the 2020-2021 GEF Fiscal Year, please provide a short description. **As applicable, please include information on issues and solutions related to COVID-19.***

TOPIC/THEME	LESSONS
Budget / planning	During the execution of the program, we have experienced two situations: the decrease of the technology's costs for solar panels, and the increase of technologies cost for biodigesters. Including a sufficient contingency budget line for unexpected crises or opportunities might facilitate the execution of the projects. Therefore, it will help to take advantages of the opportunities to accomplish or even increase the results and the impact of the program.
Technical assistance	Close technical assistance facilitated from the IDB has been key for the development of the program and particularly to encourage the quality of the projects. Since the projects of the programs require the implementation of cutting-edge technologies, the support and accompaniment of IDB specialists have helped municipalities to have a better understanding of all the technical issues to be considered for the adequate structuration, supervision, and execution of the contracted systems. On the other hand, the experienced government officials responsible of the projects has been useful to understand the policies and norms of the municipalities.
Commitment of sub-execution agencies.	The commitment of all the stakeholders (BID, BANOBRAS, Municipalities) for the deliverables and the impact of the projects of the program has been of high relevance for achieving the results gained until now. There is a lot of other important programs going on, specially to respond to the social and economic crisis due to Covid 19 and to respond to other delicate situations such as flooding. However, all the stakeholders including the mayors of the cities are convinced of the relevance of the program and they have been very engaged with the execution of it and willing to move forward despite the difficulties that they are facing.
Commitment of sub-execution agencies.	Commitment of the sub-execution agencies and the personnel in charge of the project is relevant as turnover of human resources and government authorities might happen. The smoothest program transition to the new personal occurs if the agencies have well-designed procedures to do so or, at least, if the people in charge of the project are really committed to achieve the results of the program, even if they no longer are part of the organization.
Procurement and IDB's policies.	The standard training on procurement and bank policies (IDB) was not enough for the sub-executing agencies since they were working with the IDB for the first time. IDB recruited external expertise to give permanent support to the agencies resulting in a considerable improvement on the tendering processes.

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

1. **Highly Satisfactory (HS):** Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
2. **Satisfactory (S):** Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.
3. **Marginally Satisfactory (MS):** Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.
4. **Marginally Unsatisfactory (MU):** Project is expected to achieve **some** of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.
5. **Unsatisfactory (U):** Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.
6. **Highly Unsatisfactory (HU):** The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Implementation Progress Ratings

1. **Highly Satisfactory (HS):** Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
2. **Satisfactory (S):** Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.
3. **Marginally Satisfactory (MS):** Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.
4. **Marginally Unsatisfactory (MU):** Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action.
5. **Unsatisfactory (U):** Implementation of **most** components is not in substantial compliance with the original/formally revised plan.
6. **Highly Unsatisfactory (HU):** Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Risk ratings

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

1. **High Risk (H):** There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
2. **Substantial Risk (S):** There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.
3. **Modest Risk (M):** There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.
4. **Low Risk (L):** There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.