

**PRIVATE SECTOR INVOLVEMENT IN POTABLE WATER AND SEWERAGE IN  
SAN PEDRO SULA  
(TC9810070)**

**EXECUTIVE SUMMARY**

**Beneficiary and  
implementation agency:**

Municipality of San Pedro Sula.

**Project Specific Objectives:**

The objective of the operation is to ensure that the process of transition from potable water and sewerage services provided by the Municipality, to services provided by the private sector, is as smooth and trouble-free as possible. The activities to be financed by the operation can be split into two broad categories: a) project planning and control, as well as coordination of the different actors, to assist the Municipality of San Pedro Sula with the Project management of the entire operation, b) drafting of all legal and contractual documents required during and after the transition process, and c) the preparation of information.

**Project cost and financing:**

MIF (Window I):	US\$ 500,000
MIF (Contingent Recovery):	US\$ 250,000
Municipality of San Pedro Sula:	US\$ 325,000
Total:	<u>US\$ 1,075,000</u>

The MIF funds will be offered as a grant for the activities relating to planning and coordinating the conversion of DIMA into a private company. MIF funds related to the preparation of the concession document and the tendering process will be offered on a contingent basis and will be recovered from the private company formed from the municipal water division, *División Municipal de Agua*, DIMA, and a private operator. This company will have a concession from the Municipality to provide the potable water and sewerage services.

The term for implementation of the operation will be approximately 12 months, commencing in June, 1999.

Disbursement of the funds will be over a period of approximately 18 months.

**Special Contractual  
Conditions:**

None.

**Exceptions to IDB Policy:**

None.