

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC726

Date ISDS Prepared/Updated: March 29, 2004

**I. BASIC INFORMATION****A. Basic Project Data**

Country: Peru	Project ID: P078813
Project Name: Regional Transport Infrastructure Decentralization	Task Team Leaders: Aurelio Menéndez, Nicolas Peltier
Estimated Appraisal Date: November 16, 2004	Estimated Board Date: May 24, 2005
Managing Unit: LCSFT	Lending Instrument: Specific Investment Loan
Sector: Roads and highways (50%);General public administration sector (30%);General transportation sector (20%)	Theme: Decentralization (P);Rural services and infrastructure (S);Other trade and integration (S)
Safeguard Policies Specialists in the task team: Elizabeth Dasso, Sr. Social Development and Civil Society Specialist (LCCPE) Alonso Zarzar, Sr. Social Scientist (LCSEO) Marco Zambrano, Consultant – Environmental Specialist (LCSFT) Isabella Micali, Sr. Council (LEGLA) Keisgner Alfaro, Sr. Procurement Specialist (LCOPR) Patricia McKenzie, Sr. Financial Management Specialist (LOCA)	
Loan/Credit amount (\$m.): IBRD: 50	
Other financing amounts by source: (\$m)	
INTER-AMERICAN DEVELOPMENT BANK	50

**B. Project Objectives [from section 3 of PCN]**

The project development objective is to improve—through decentralization at the regional level—the prioritization, efficiency and effectiveness of regional transport interventions and, hence, their contribution to local development and poverty reduction in Peru. These features refer to:

- prioritization: better aligning transport investments to local needs as identified by participatory regional development plans and appropriate planning and evaluation tools;
- efficiency: strengthening the institutional framework in order to achieve the appropriate management of transport interventions at the regional level, with due consideration to environmental and social issues, including issues related to the Indigenous Peoples of Peru; and
- effectiveness: upgrading the quality of regional transport infrastructures and developing sustainable maintenance mechanisms.

The project's design would take place in the context of the decentralization agenda in Peru. In this respect, one of the key policy reforms to be pursued is the establishment of institutional frameworks in the participating regions to make a clearer link between investment and maintenance interventions and the related resource needs, encouraging incentives through the contributions from the central level (including those from the project) towards better resource mobilization and appropriate road asset management practices.

**C. Project Description [from section 4 of PCN]**

The project will include the following four components, each moving at different levels depending on the participating region:

***Component 1 : Through participatory planning, the identification of regional road segments which are critical to regional development (estimated cost US\$5 million of which US\$2 million would be financed by the Bank Loan).*** This component would finance the preparation of participatory regional road plans—aligned with the existing regional development plans—and elaborate a diagnosis of the sector in a particular region, analyze the supply and demand for transport services and infrastructure, and prioritize and evaluate road investment options, towards identifying the sub-project priorities that could be funded under the project. A prioritizing methodology, including a combination of both economic potential and poverty level criteria, would be elaborated as part of project preparation, with due attention paid to environmental issues. This methodology will build on other current experiences in the country (e.g., Peru Rural Roads or Pronasar) and proven modeling instruments (such as HDM-4 and RED).

***Component 2 : Improving mobility through the rehabilitation of about 3,000 km of regional roads (estimated cost US\$160 million of which US\$40 million would be financed by the Bank Loan).*** Regional governments would contract private enterprises to perform the rehabilitation works and engineering consultants to carry out the relevant supervision, with the technical support and oversight of the PVD. None of the works to be undertaken under this component will require resettlement or imply major impacts to the natural environment. Share of World Bank financing in this component (25%) could have been higher if the total loan amount were not constrained by current debt ceilings in the transport sector.

***Component 3 : Improving the efficiency and effectiveness of road maintenance through scaling-up the micro-enterprise maintenance mechanism (estimated cost US\$15 million of which US\$3 million would be financed by the Bank Loan).*** This component would finance the maintenance of the 3,000 km of roads rehabilitated under component 1, plus 2,500 km of regional roads transferred from the Rural Roads Program. Building on the successful experience of the Rural Roads projects I and II, maintenance would be performed by mechanisms similar to the micro-enterprise model. Particular attention will be paid to ensuring the sustainability of the model (i.e., that sufficient funding is dedicated by regional governments to maintenance and that micro-enterprises are contracted to perform such maintenance). This activities will follow environmentally sensitive approaches, following current practices in Peru and other Latin American countries.

***Component 4 : Strengthening the decentralization process and ensuring the sustainability of the project through institutional capacity building (estimated cost US\$20 million of which US\$5 million would be financed by the Bank Loan).*** One of the project's major challenge is to put in place a robust and agile institutional framework allowing regional governments to plan, manage and implement transport interventions in an efficient and sustainable manner. This component—to be managed centrally by PVD—is aiming at providing the technical assistance needed to upgrade regional governments' institutional capacity and will be built upon a comprehensive institutional assessment to be performed during project preparation. Critical issues include: (a) the merging between the RDDs (formerly with the Ministry of Transportation and Communication) and the RIMUs, newly-created as part of the organizational structure of the regional governments; (b) managing a transition from direct administration of road maintenance/rehabilitation to contracting it to the private sector; (c) clarification and assignment of responsibilities over the regulation of transport services and road safety; and (d) timetable of actions for the restructuring of the PVD. This component will also strengthen the management capacity of regional governments in dealing with environmental and social issues. Finally, this component will finance the project's administration and implementation' monitoring and evaluation system. Indicators to be used will focus on outputs (roads rehabilitated and properly maintained, contracting to the private sector), outcomes (mobility and regional institutional capacity), and impacts (local development and poverty reduction).

Given the particular focus of the project on strengthening the decentralization process in Peru, the importance of institutional reforms is emphasized in all components. Institutional issues are particularly critical in component 1 (participatory planning), component 3 (transition from “in-house” maintenance to contracting micro-enterprises) and component 4 (capacity building, particularly on environmental and social management).

#### D. Project location (if known)

The project will focus on several or all regions of Peru. Regional coverage is still under discussion. Alternatives that are considered include (1) focusing on all regions (with a risk of diluting the impact) ; or (2) focusing on only a few regions selected according to criteria to be determined.

#### E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

The project takes place within a decentralization context at the regional level. The institutional framework is still new (regional governments were created in 2002) and a critical aspect of the project is to ensure a timely transfer of responsibilities to regional governments together with the transfer of the required financial resources and of sufficient technical expertise. Thus, a large part of the proposed program focuses on building an appropriate institutional capacity (including that for the management of safeguards).

Important concrete examples of the capacity building process with implications for safeguards include:

- The elaboration of the prioritizing methodology used to prepare the participatory regional road plans (see component 1). This methodology will combine economic potential and poverty level criteria but will also take into account environmental aspects.
- Institutional capacity building activities for regional governments with respect to the procurement of road maintenance contracts (performed under component 3) and regarding social and environmental issues (performed under component 4).
- The preparation of a strategic environmental evaluation (during preparation phase) allowing to implement a proper framework for environmental management since the earliest stages of the project cycle (i.e., since the beginning of the planning process), in coordination with the national environmental entities (the CONAM and the socio-environmental unit of the Ministry of Transport). This is considered an efficient option to addressing environmental issues for each road segment rehabilitated under the project.
- The preparation of comprehensive institutional assessments of regional governments (during preparation phase with support from a PHRD grant). These assessments will particularly investigate regional government's planning capacity with due attention to social and environmental issues, their situation and strategy for human resource management (including training), and the contracting and procurement capacity.
- The preparation of the operational manual (during preparation phase with support from a PHRD grant). The manual will describe how the project will be administered at both central and regional levels. Elements of the manual which are relevant for safeguards include (1) institutional requirements for regional governments to qualify under the project (including regarding capacity to implement safeguard policies) ; (2) participatory methodology to be applied at regional level to identify roads to be rehabilitated ; (3) technical standards for road rehabilitation and maintenance; and (4) contracting procedures with the private sector (including micro-enterprises).

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
[X]	<b>Environmental Assessment (OP/BP 4.01)</b> <b>The Program does not foresee significant environmental impacts that could jeopardize the natural environment of its influential area. Therefore has anticipate temporal and directs impact that will be prevent, mitigate and compensate the environmental impacts, to ensure the environmental sustainability of the Program. In this sense will be necessary to include the Environmental Assessment Policy to define the environmental studies to be required in this preparation phase.</b>

<input type="checkbox"/>	<a href="#">Natural Habitats (OP/BP 4.04)</a>
<input type="checkbox"/>	<a href="#">Pest Management (OP 4.09)</a>
<input type="checkbox"/>	<a href="#">Involuntary Resettlement (OP/BP 4.12)</a>
<input checked="" type="checkbox"/>	<a href="#">Indigenous Peoples (OD 4.20)</a> Because this a national project subject to the demand of the regions, we do not know where the project will be implemented and therefore cannot anticipate if Indigenous Peoples will be affected by project activities. An Indigenous Peoples Development Framework will be prepared during project preparation to address potential impacts on Indigenous Peoples.
<input type="checkbox"/>	<a href="#">Forests (OP/BP 4.36)</a>
<input type="checkbox"/>	<a href="#">Safety of Dams (OP/BP 4.37)</a>
<input checked="" type="checkbox"/>	<a href="#">Cultural Property (draft OP 4.11 - OPN 11.03)</a> Chance Find Procedures will be included in the EMP.
<input type="checkbox"/>	<a href="#">Projects in Disputed Areas (OP/BP/GP 7.60)*</a>
<input type="checkbox"/>	<a href="#">Projects on International Waterways (OP/BP/GP 7.50)</a>

**Environmental Assessment Category:**

A  B  C  FI  TBD (to be determined)

If TBD, explain determinants of classification and give steps that will be taken to determine that EA category (mandatory):

**III. SAFEGUARD PREPARATION PLAN**

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared.

January 2005

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS

C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS.

Launching: July 2004. Completion: January 2005.

**IV. APPROVALS**

<i>Signed and submitted by:</i>		
<b>Task Team Leaders:</b>	<b>Aurelio Menendez, Nicolas Peltier</b>	<b>Date</b>
<i>Approved by:</i>		

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

<b>Regional Safeguards Coordinator:</b>	<b>Juan D. Quintero</b>	<b>Date</b>
<b>Comments</b>		
<b>Sector Manager:</b>	<b>Jose Luis Irigoyen</b>	<b>Date</b>
<b>Comments</b>		