

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA17593

Date ISDS Prepared/Updated: 07-Oct-2016

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Peru	Project ID:	P147342
Project Name:	Peru: Investments for Environmentally Sustainable Development (P147342)		
Task Team Leader(s):	Ismael Fernando Loayza Careaga, Ernesto Sanchez-Triana		
Estimated Appraisal Date:	11-Oct-2016	Estimated Board Date:	20-Dec-2016
Managing Unit:	GEN04	Lending Instrument:	Investment Project Financing
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	70.41	Total Bank Financing:	40.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			30.41
International Bank for Reconstruction and Development			40.00
Total			70.41
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The objective of this project is to generate and share information for environmental quality control at the national level by supporting the Government of Peru to improve its environmental monitoring and analytical capacity, increase public access to environmental quality information, and promote informed public participation in environmental quality management.

3. Project Description

To achieve its project development objective the project will (i) improve the regulatory framework for controlling environmental quality, (ii) increase environmental monitoring and analytical capacity

and practice, (iii) modernize information disclosure and interactive services with the public, and (iv) provide free access to reliable environmental quality data. This is an important first step to enhance environmental governance. Successful implementation of this project will lay a solid foundation for the country to move into the next stage with follow-up actions to reduce costs of environmental degradation through an empowered civil society, improved decision making in environmental policy and management, and better enforcement of environmental regulations.

The proposed project has three components: (a) Environmental Monitoring and Analysis; (b) Information Disclosure and Public Participation; and (c) Project Management. The details of each component is summarized below.

Component 1: Environmental Monitoring and Analysis. This component will support MINAM and OEFA to carry out their responsibilities in air, water and soil monitoring and analysis based on an enhanced regulatory framework, the development of capacities and infrastructure for effective environmental monitoring, and the strengthening of analytical and quality control/quality assurance capacities. The component has three subcomponents: (1.1) Environmental Quality Standards and Guidelines; (1.2) Monitoring and Analytical Capacity Building; and (1.3) Monitoring and Analysis.

More specifically, Subcomponent 1.1: 'Environmental Quality Standards and Guidelines' will support DGCA of MINAM to strengthen the regulatory framework. It will also support the preparation of technical standards, protocols and guidance for ambient monitoring and analytical activities and, for preparing and implementing actions plans, as needed; Subcomponent 1.2: Monitoring and Analytical Capacity Building will support OEFA to better monitor air and water quality in priority air-sheds and watersheds of the country; and Subcomponent 1.3 Monitoring and Analysis will support OEFA to construct, equip and operate a state-of-art national environmental analysis laboratory to be accredited with ISO/IEC 17025:2006 (General requirements for the competence of testing and calibration laboratories). This laboratory will have two separated sections. The section that will cover the analytical demand of OEFA and another section, the validation and settlement laboratory, that will cover the need for quality control of public and private laboratories. This section will perform the functions of a reference laboratory. OEFA will also promote the adoption of Laboratory Good Practices and oversee compliance with these practices. It periodically will publish the list of the laboratories with good practices and the associated risks of using data generated in laboratories that do not have good practices to induce a gradual upgrade of the validity and reliability of environmental data in Peru

Component 2: Information Disclosure and Public Participation. This component will support (2.1) interconnection of existing environmental quality databases; (2.2) improvement of SINIA's capacity to manage environmental quality data; (2.3) development and deployment of user-friendly IT platforms accessible to the public but tailored to the information needs of different stakeholders/ audiences; (2.4) development and deployment of effective communication tools for public inputs on environmental quality management issues; and (2.5) improvement of stakeholders' capacity to use the new environmental information tools. As a result, this component will enable MINAM to improve SINIA's capacity to properly collect, store and share environmental quality information generated by various agencies at the national and local levels and to develop and deploy public participation platforms to facilitate the dissemination of environmental quality information and public participation in environmental quality management.

Component 3: Project Management. This component will support MINAM and OEFA to properly

implement the agreed project activities, through provision of goods, consultants' services and operating costs. Special attention will be given to the close coordination of project activities under Components 1 and 2 to generate synergies to effectively achieve the PDO.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will support a series of investments to strengthen environmental quality monitoring and the national system of environmental information of Peru. By supporting increased quality, availability and reliability of environmental data and strengthening with user friendly and easily accessible information the demand for improved environmental governance, the project would enhance accountability associated with governmental policies to reduce environmental degradation, promote improved policy making, and give a voice to groups potentially affected by environmental degradation, thus contributing to minimize social conflict. As a result, the project is anticipated to have positive environmental effects.

The main physical work supported by this project will be the construction of a laboratory for OEFA. The project will also support the enhancement of the air monitoring network in Lima-Callao and the expansion of air quality monitoring networks in Trujillo, Chiclayo, Huancayo, Cusco, Piura and Iquitos and a water quality monitoring network in the River Rimac basin. The precise location of these works is unknown, and it will be determined based on further design studies considering the specific requirements of the areas to be monitored.

5. Environmental and Social Safeguards Specialists

Alonso Zarzar Casis (GSU04)

Juan Carlos Enriquez Uria (GENDR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed Project consists essentially of investments to strengthen Peru's environmental management framework. The Project is expected to have a positive impact on the environment as it seeks to: (i) increase the quality, availability and reliability of environmental data; (ii) improve mechanisms to identify and address environmental priorities at the regional and national levels; and (iii) improve mechanisms for opening up decision making on environmental aspects to public scrutiny. Notwithstanding these positive impacts, the proposed Project will include the construction of a laboratory for OEFA. The project would also support the expansion of the water quality and air monitoring networks. Thus, it triggers the environmental assessment policy with a Category B that includes the preparation of an Environmental and Social Management Framework (ESMF), including social and environmental assessments, to provide guidance on potential issues that could arise during Project implementation. Following, Physical Cultural Resources OP/BP 4.11, the ESMF includes specific screening provisions for evaluating potential

		impacts on cultural resources and guidance on chance finds procedures. The ESMF also assessed and provides guidance on handling and disposal of chemical reagents and samples. Potentially adverse social and environmental impacts are expected to be minor, as they will be avoided or minimized through appropriate preventive and mitigation measures, as well as through adequate project design. The ESMF was submitted for the Bank's approval.
Natural Habitats OP/BP 4.04	No	This policy is not triggered as the project is not anticipated to result in the loss or degradation of any Critical Natural Habitats. However, the ESMF includes screening criteria to ensure that no investments which support the significant conversion of critical natural habitats will be supported.
Forests OP/BP 4.36	No	This policy is not triggered as the project will not finance any investment of: (a) projects that have or may have impacts on the health and quality of forests; (b) projects that affect the rights and welfare of people and their level of dependence upon or interaction with forests; and (c) projects that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned. However, the ESMF includes screening criteria to ensure that investments which could have significant potential impacts on forests will not be supported by the project.
Pest Management OP 4.09	No	This policy is not triggered as the project will not finance the procurement or significant use of pesticides.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered because of potential chance finds of physical cultural resources - especially those of archaeological significance - that could be found during installation of air quality monitoring networks, laboratory construction and minor remodeling works. The ESMF includes specific screening provisions for evaluating potential impacts on cultural resources and guidance on chance finds procedures.
Indigenous Peoples OP/BP 4.10	No	The Project has no impacts and implementation will not affect indigenous peoples, so the policy is not triggered.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered. One of the project's investment activities - construction of the national environmental laboratory - will require acquisition of a vacant commercial lot of 6,000 m ² from a private owner. The team social specialist visited the possible site to be acquired by OEFA during project preparation and found no resettlement issues. However, at this stage there is no

		<p>guarantee that the identified area for the construction of the laboratory will be the final one. This is due to the fact that the borrower has to have the project approved first in order to purchase this land, and there is no guarantee that by then this area will still be available. For this reason the borrower has agreed with the Bank that no land will be purchased if there are third parties interests involved, such as disputed property rights, or presence of illegal occupants, and most importantly, land that could trigger OP 4.12 Involuntary Resettlement Policy will not be considered.</p> <p>OEFA carried out a market study to identify the best technical and economic alternative of the land plot required for the laboratory. The study included publication through newspapers of a request for proposals. OEFA received fifty-two proposals and evaluated their compliance with municipal regulations for the construction of laboratories, availability of public utilities, safety, and absence of physical and legal liabilities. As a result of the evaluation, OEFA selected two proposals from which the least cost option is located in the province of Callao. OEFA cannot progress further in the acquisition of the land until the project approval.</p> <p>This is a ➤(willing buyer/willing seller) situation, where proposals for supplying the land were invited and submitted. Also, the selected site is not the only one that can be used as alternatives are available and will be sought if for any reason the land is not available when needed. There is no prospect of the land being expropriated for project purposes if the owner chose not to sell. As the client committed to follow the same principles should a different plot be selected in the future, OP 4.12 was not triggered.</p> <p>The installation of air quality and hydro-meteorology stations in Lima, Trujillo, Chiclayo, Piura, Iquitos, Huancayo and Cusco will require small areas likely in fiscal lands. As such, the project does not trigger the Bank's OP 4.12 Involuntary Resettlement Policy.</p>
Safety of Dams OP/BP 4.37	No	This policy is not triggered since the project will not finance any dams nor will it rely on the operations of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered since the project will not affect any international waterways as defined under the policy.

Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the project will not work in any disputed areas as defined under the policy.
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II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

As noted above, the project will support a series of investments to strengthen the generation and dissemination of environmental quality data and information in Peru. This will lay a solid foundation to the country's good environmental governance by promoting transparent and inclusive environmental quality management and, therefore, it is expected to bring positive environmental impacts. The investment activities, i.e. construction and operation of the OEFA environmental laboratory may generate negative environmental impacts that would be local to the surrounding environment. As such, the project triggered the Bank's OP/BP 4.01 Environmental Assessment policy. The project also triggers OP/BP 4.11 Physical Cultural Resources because of potential chance finds of physical cultural resources, especially those of archaeological significance that could be found during installation of air quality monitoring networks, construction of the national environmental laboratory and minor remodeling works.

The project has been identified as environmental safeguards category B. The potentially adverse social and environmental impacts are expected to be small, as they will be avoided or minimized through appropriate preventive and mitigation measures, as well as through adequate project design. No other Bank policies are triggered for this project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The project is not expected to have potential indirect and/or long term due to existing or anticipated future activities.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The ESMF identifies the following preventive actions for the construction phase, to ensure minimized adverse impacts:

- Locate the laboratory in an industrial area
- Comply with the ECAs and LMPs
- Laboratory design to meet the national building standards
- Follow the LEED standards
- Obtain archaeological certification (CIRA in Spanish) to prevent negative impacts on physical cultural resources
- Build green areas within the site

In addition, it sets the following actions as important measures to reduce adverse impacts:

- Prohibit the use of lead paint
- Promote efficient use of natural light
- Promote efficient use of wind
- Promote efficient use of water and recycled water
- Appropriate treatment of wastewater
- Promote use of natural gas for operation including shower and baths

<ul style="list-style-type: none"> - Promote use of clean energy including solar power and other energy efficient technologies <p>During operation the Environmental Management Plan (EMP) will include protocols and guidelines to properly manage wastewater and solid waste during the operation stage. The ESMF identifies the following important actions during operation:</p> <ul style="list-style-type: none"> - Promote responsible handling of chemicals - Promote use of organic products - Promote recycling of materials and equipment and reducing overconsumption - Avoid purchase of obsolescent products
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>
<p>An Environmental and Social Management Framework (ESMF) has been prepared to guide how potential environmental and social issues will be managed during the project implementation. The ESMF was submitted by the client for the Bank's review and approval.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>The agencies in charge of preparing and implementing the operation happens to be the highest environmental authorities in Peru - the Ministry of Environment (MINAM) and the Environmental Evaluation and Enforcement Agency (OEFA). MINAM coordinates core areas of environmental management, including environmental licensing, the review process of EIAs for large projects, and its overarching coordinating role with key sectors and regions on environmental issues. OEFA is a technical specialized public agency, which is in charge of the oversight, supervision, control and penalties on environmental matters. OEFA's functions include the supervision of the application of the common regime of environmental oversight and control, and the incentive regime provided for in the Law No. 28611, General Law of the Environment, as well as to directly supervise and control the observance of the activities included within the scope of its jurisdiction. It also oversees the performance of authorities with environmental responsibilities. Therefore, MINAM and OEFA have the institutional capacity required for safeguards policies.</p> <p>OEFA and MINAM disclosed in their websites the ESMF and invite also through their web portals the public to join a public hearing on the project and the ESMF. The ESMF was published through the Infoshop by the Bank. On October 7, OEFA and MINAM held a public hearing. The results of the discussions, comments and recommendations of the public hearing will be documented through minutes, which will include the names of the participants in the meeting. Based on these minutes the ESMF would be adjusted, if required. If OEFA and MINAM cannot accommodate recommendations received during the public hearing, the reasons for this rejection will be stated in the minutes of the meeting.</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	24-Aug-2016
Date of submission to InfoShop	26-Sep-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

"In country" Disclosure	
Peru	26-Sep-2016
<i>Comments:</i> The ESMF was disclosed through the OEFA and MINAM websites, including the invitation for the public consultation scheduled on October 7, 2016.	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Ismael Fernando Loayza Careaga, Ernesto Sanchez-Triana
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<i>Approved By</i>		
Practice Manager/ Manager:	Name: Raul Ivan Alfaro Pelico (PMGR)	Date: 08-Oct-2016