INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Report No.: ISDSC8056

Date ISDS Prepared/Updated: 31-Jul-2014

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Peru		Project ID:	P147342
Project Name:	Peru: Investments for Environmentally Sustainable Development (P147342)			
Task Team Leader:	Ernesto Sanchez-Triana			
Estimated Appraisal Date:	17-Jun-2015		Estimated Board Date:	07-Aug-2015
Managing Unit:	GENDR		Lending Instrument:	Investment Project Financing
Sector(s):	Public administration- Energy and mining (21%), Public administration- Transportation (14%), Public administration- Water, sanitatio n and flood protection (11%), Urban Transport (28%), General industry and trade sector (26%)			
Theme(s):	Other public sector governance (5%), Municipal governance and institution building (11%), Other urban development (35%), Environment al policies and institutions (21%), Pollution management and environmental health (28%)			
Financing (In USD Million)				
Total Project Cost:	75.00		Total Bank Financing:	35.00
Financing Gap:	0.00			
Financing Source			Amount	
Borrower			40.00	
International Bank for Reconstruction and Development			35.00	
Total			75.00	
Environmental Category:	B - Partial Assessment			
Is this a Repeater project?	No			

B. Project Objectives

The project development objective (PDO) is to enhance environmental management through (i) increase the quality, availability and reliability of environmental data to decision makers and civil

society; (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.

C. Project Description

The ultimate goal of the proposed operation is to strengthen environmental management systems in Peru, particularly the national, regional and local governments' capacity for environmental management, with the long-term purpose of enabling: (i) the creation of an institutional and policy framework that will ensure environmental sustainability of key economic sectors, thus enhancing the country's competitiveness; (ii) a national system of environmental information to support decision making in investment and production activities; and (iii) targeted investments to bolster the demand side of good environmental governance that reduces social conflicts.

These goals will be met through an approach that combines five components: (i) investments in environmental information systems to support policy making and formulation, and production decisions in key economic sectors; (ii) investments in strengthening constituencies that can articulate demand for improved environmental governance; (iii) investments in building capacity of national, regional and selected local environmental management agencies, streamlining the environmental regulatory framework and a system of environmental certification to create a medium and long term sustainability framework for productive investments; (iv) investments in strengthening environmental management in regional governments aligned with national regulations and standards; and, (v) support for project implementation. Project components are summarized below.

Component 1. Investments in the National Environmental Information System

The main objective of this component is to set up a transparent system for environmental management in which the environmental dimension of policy decisions, investment and production activities, and public participation is based on hard and scientifically based data. The component will have three key elements, as described below:

1.   National Environmental Information System (SINIA). This sub-component will support investments in information systems for water quality, air, and soil management. The sub-component will enable the expansion of the air monitoring network in the most polluted urban areas; expansion of the water quality monitoring network; and design and implementation of systems for soil monitoring. The information systems to be established through this sub-component will facilitate the formation of an electronic depository of Environmental Impact Assessment (EIAs), linked to the EIA system, which will enable free and unrestricted access to this online information. The systems will further facilitate the articulation of different state entities in real time and at the least cost. The sub-component will also include the mapping of environmental quality of soils, water and air in priority areas to guide the processes of environmental evaluation and control.

2.   Reference Laboratories and Environmental Quality Control Assurance. This sub-component will support the development of a reference laboratory and a quality control assurance system for the accreditation and certification of laboratories that provide environmental analysis services in Peru.

3.   Continuous Improvement of Environmental Management. This sub-component will support policy improvements through the incorporation of new information, based on experiences, new scientific knowledge or exogenous changes in the context in which environmental policy is implemented. The sub-component will include investments in the establishment of mechanisms and

procedures to systematically evaluate monitoring data and to assess the impact of environmental management measures. In addition, the sub-component will support the development of procedures to periodically adjust management programs in response to feedback from monitoring plans and other impact assessment data.

Component 2. Investments in Fostering Demand for Good Environmental Governance

The main objective of this component is to set up a participatory system for environmental management by which stakeholders have access to channels to voice their opinions on the implementation of policies, investment and production activities that may have effects on the environment. The following sub-components would comprise this component:

1.   Strengthening Civil Society. Civil Society Organizations (CSOs). This can be a key mechanism for providing voice to those who are vulnerable to environmental damage (e.g. the poor, children, and subsistence farmers). This sub-component will support an institutional assessment of the context in which these organizations operate in Peru onmatters related to the environment, and it will support measures to strengthen their role. Specific measures will be determined after the assessment is completed, but it will likely involve supporting the regional environmental commissions (CARs), promoting environmental education, ensuring adequate representation of civil society at environmental planning and decision-making fora, timely notification of new regulations and policies, access to information, and others. These measures would be culturally appropriate to ensure that they are inclusive and foster participation of rural communities, indigenous peoples and other vulnerable groups.

2.   Investments in Managing Change, Enhancing Transparency and Environmental Awareness. The sub-component will focus on: (i) increasing public environmental awareness; (ii) strengthening accountability associated with governmental policies to reduce environmental degradation; and (iii) improving environmental performance as a result of community and market pressures generated by information disclosure. This sub-component will disseminate the information collected by the environmental information system on topics including wastewater discharges, industrial pollution emissions; and other environmental impacts from investment projects.

Component 3. Building Capacity of National, Regional and Selected Local Environmental Management Agencies

The main objective of this component is to bolster institutional capacity of environmental management agencies to strengthen the EIA system, streamline the environmental regulatory framework and establish a system of environmental certification to create a medium and long-term sustainability framework for productive investments. This component will comprise the following main elements:

1.   System for Environmental Certification of Investments. The system will be based on the recent modifications to the National Environmental Impact Assessment System (SEIA), including the establishment of the National Service of Environmental Certification for Sustainable Investments (SENACE). Activities under this sub-component would include: updating sectoral environmental regulations, updating and complementing environmental management instruments (including environmental quality standards-ECAs), mechanisms to prevent and resolve environmental conflicts, and harmonization of processes and procedures for EIA across sectors. An application (app) for registries of consultants and other relevant software will be also included. This sub-component would

also finance investments in the formulation of guidelines, protocols and quality control procedures, based on a review of existing guidelines and procedures, with the aim of optimizing service quality and efficiency.

2.   Enhanced Environmental Impact Assessment Capacity. This sub-component will support the acquisition of improved skills in environmental impact assessment through technical assistance, on-the-job training, and behavioral change programs aimed at staff in the Ministry of Environment (MINAM), SENACE, eight sectoral ministries and regional governments. This will include South-South exchange with acknowledged leading countries in environmental assessment.

3.   Support for the setting-up of SENACE. This sub-component may supportthe recently created SENACE by providing for the acquisition or construction of a building, equipment and vehicles. It would also finance an investment in an IT platform to implement the one window for environmental certification where specialists could work online and simultaneously in the review of impact assessment studies. Environmental applications (apps) on communication and security will be also developed.

Component 4. Organizational Strengthening

1.   Establishment of environmental priorities at the regional level. This sub-component would support development of capacities to estimate the cost of environmental degradation at the national and regional levels to inform priority setting, as well as the preparation of public surveys on environmental quality. To this end, this sub-component will include investments in estimations of environmental degradation, benefit-cost analysis of alternative interventions, and a process to build consensus to address environmental priorities.

2.   Investments for environmental decentralization. This sub-component would enable alignment of national, regional and local environmental management systems with the legal and regulatory framework. This will require investments that satisfy the needs of each region through the implementation of regional plans in line with national requirements and standards, which would include updating regional environmental regulations; formulation of guides, guidelines, protocols and other instruments; and, training, exchange and learning tours on new environmental management mechanisms.

Component 5. Project Implementation

MINAM will have overall responsibility for project implementation. Mechanisms for intersectoral coordination and project implementation will be defined during project preparation.

One option is to establish mechanisms that provide policy guidance, monitor project implementation and results, and provide overall operational support during project implementation in MINAM. Another option is to establish a Project Coordination and Implementation Unit (PCIU) that is responsible for important administrative functions, including progress monitoring and reporting for project components, quality control, developing and implementing procurement plans, conducting financial audits, and preparing financial reports in compliance with Peruvian laws and the provisions of the credit. Such a PCIU could convene regular stakeholder meetings to chart progress, troubleshooting when impediments arise, liaising with the regional governments and other involved agencies, gathering information, and reporting regularly to the Bank and other stakeholders. A thirdoption would be to establish an inter-institutional and inter-sectoral coordinating organization

for the project. This organization would ensure cooperation among the sectoral, regional and technical organizations that are critical for project success such as the Water National Authority (ANA), the Environmental Evaluation and Fiscalization Agency (OEFA), regional governments and other stakeholders.

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

The project will support a series of investments to strengthen environmental management systems in Peru, at the national, regional and local levels. These investments will target identified environmental priorities, including air quality in urban areas, indoor air pollution, water and sanitation, deforestation and overfishing. The project would also bolster the capacity of environmental authorities to design, assess, implement, and monitor and evaluate interventions to address such environmental priorities. In addition, by supporting increased quality, availability and reliability of environmental data and strengthening constituencies that can articulate 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 works that may be supported by this project comprise the infrastructure works for the construction or acquisition of a building for the recently-created SENACE and, the infrastructure works for the reference laboratory. The project would also support the expansion of the air, soil and water quality monitoring networks. The precise location of these works is unknown, and it will be determined based on further analysis of the existing infrastructure and the identification of priority areas to be monitored.

E. Borrowers Institutional Capacity for Safeguard Policies

The agency in charge of preparing and implementing the operation happens to be the highest environmental authority in Peru - MINAM. This Ministry 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. Therefore, MINAM has the institutional capacity required for the safeguards policies.

F. Environmental and Social Safeguards Specialists on the Team

Ernesto Sanchez-Triana (GENDR)

Jose Vicente Zevallos (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

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 may include the acquisition or construction of a building for SENACE and the establishment of infrastructure for the reference laboratory. The project would also support the expansion of the soil, water quality and air monitoring networks. Thus, a Category B is proposed and MINAM will prepare an Environmental and Social Management Framework (ESMF), including social and environmental assessments, to provide guidance on potential issues that could arise during Project implementation. The ESMF would also assess and provide guidance on handling and disposal of chemical reagents and samples. 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. The ESMF will be submitted for the Bank's approval, consulted with key stakeholders before appraisal, and disseminated locally through MINAM and other relevant websites.
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 will include 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 will include 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 will be 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 or minor remodeling works. The ESMF will include specific screening provisions for evaluating potential impacts on cultural resources and guidance on chance finds procedures.
Indigenous Peoples OP/BP 4.10	No	Project implementation will not affect indigenous peoples, so the policy is not triggered.
Involuntary Resettlement OP/BP 4.12	TBD	The project may require to acquire land for the building of SENACE and the reference laboratory and, require small areas for the installation of air quality or hydro-meteorology stations. The project will review the procedures used by MINAM and SENACE to gain access to these areas in order to determine if the project triggers OP 4.12.
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.

III.   SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 22-Apr-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing[1] should be specified in the PAD-stage ISDS:

The ESMF will be produced from August to November, 2014.

IV. APPROVALS

Task Team Leader:	Name: Ernesto Sanchez-Triana
Approved By:	

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[1] 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.

Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 06-Aug-2014
Sector Manager:	Name: Emilia Battaglini (SM)	Date: 24-Sep-2014