

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 10/20/2014

Report No.: 92736

1. Basic Project Data

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|--|--|--|--|
| Country: Republic of Peru | | Project ID: P133287 | |
| Project Name: Optimization of Lima Water and Sewerage Systems – Additional Finance | | | |
| Task Team Leader: Patricia López | | | |
| Estimated Appraisal Date: October 27, 2014 | | Estimated Board Date: January 14, 2015 | |
| Global Practice: GWADR | | Lending Instrument: Additional Finance – Investment Project Financing (scale-up) | |
| Sector: Water supply (50%); Sanitation (50%) | | | |
| Theme: Access to urban services and housing (90%); other public sector governance (10%) | | | |
| IBRD Amount (US\$m.): | | 55.00 | |
| IDA Amount (US\$m.): | | 0.00 | |
| GEF Amount (US\$m.): | | 0.00 | |
| PCF Amount (US\$m.): | | 0.00 | |
| Other financing amounts by source: | | | |
| | | <u>Borrower</u> | <u>18.00</u> |
| | | | 73.00 |
| Environmental Category: B - Partial Assessment | | | |
| Simplified Processing | | Simple <input type="checkbox"/> | Repeater <input checked="" type="checkbox"/> |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies) | | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

2. Project Development Objective

To improve efficiency, continuity and reliability of water supply and sanitation services in the Northern Service Area of Lima.

3. Project Description

The Original project consists of three components addressing civil works, capacity building and institutional development as well as project management. The original project's physical investments were designed to serve four districts, namely, Comas, Independencia, San Martin de Porres and Los Olivos benefiting about 158,380 people in an area of 118 km².

- **Component 1: Rehabilitation of water and sewerage networks in Northern Service Area of Lima** (US\$61.2 million, of which US\$51.3 million is financed by the Bank loan). This component is rehabilitating water supply and sewerage systems to expand and enhance quality of service delivery, improving the

management of the rehabilitated networks and carrying out social interventions to complement the physical investments;

- **Component 2: Improving SEDAPAL’s Efficiency** (US\$2.3 million of which US\$1.88 million is financed by the Bank loan). This component supports a series of studies and technical assistance services to provide decision making tools to improve SEDAPAL’s institutional capacity and efficiency.
- **Component 3: SEDAPAL’s Project Management** (US\$1.4 million, of which US\$1.32 million is financed by the Bank loan). This component provides funding support for project management functions within SEDAPAL.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

The original Project consists of three components addressing civil works, capacity building and institutional development as well as project management. The project’s physical investments are designed to serve four districts, namely, Comas, Independencia, San Martin de Porres y Los Olivos, benefiting about 158,380 people in an area of 118 km2. The proposed AF will expand the geographic scope of the original Project in underserved areas that are located on or adjacent to the original Project scope namely in targeted sectors within the districts of Comas, Los Olivos and Carabayllo, benefiting around 239,000people.

5. Environmental and Social Safeguards Specialists

Mr. Raul Tolmos (GENDR)

Ms. Kimberly Vilar (GURDR)

| 6. Safeguard Policies Triggered | Yes | No |
|--|-----|----|
| Environmental Assessment (OP/BP 4.01) | X | |
| Natural Habitats (OP/BP 4.04) | | X |
| Forests (OP/BP 4.36) | | X |
| Pest Management (OP 4.09) | | X |
| Physical Cultural Resources (OP/BP 4.11) | X | |
| Indigenous Peoples (OP/BP 4.10) | | X |
| Involuntary Resettlement (OP/BP 4.12) | X | |
| Safety of Dams (OP/BP 4.37) | | X |
| Projects on International Waterways (OP/BP 7.50) | | X |
| Projects in Disputed Areas (OP/BP 7.60) | | X |

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:

Positive Environmental Impacts

Improvements in environmental and human health conditions. According to the Country Environmental Analysis, (World Bank, 2006), of all the impacts of environmental degradation in Peru, those related to health are the most significant. The study of the costs of degradation carried out as part of the Country Environmental Analysis estimated the annual damages from environmentally related sources at S/. 8.2 billion (US\$2.45 billion). Over 70 percent of that, around S/. 5.85 billion (US\$1.75 billion), is attributable to environmental health, arising from poor quality water supply, sanitation and inadequate hygiene. The project will directly improve environmental health conditions of population to be served. This full pressure, 24-hour service will also eliminate storage devices, change water use patterns and modify hygiene practices. This behavioral change will in turn eliminate fertile ground for water borne diseases such as dengue and gastrointestinal cases associated with lack of hygiene.

Potential Negative Impacts

Impacts will not be significant, irreversible or unprecedented. Negative environmental impacts have been fully mitigated by proper supervision and design and will also be mitigated by close supervision of construction and operation practices and by effective coordination among EGAm, the Contractor, the Supervisor and relevant Units within SEDAPAL (e.g. Equipo de Proyectos Especiales, former PROMESAL unit). No major environmental or social issues have occurred in the implementation of the original project. The minor impacts are expected to be the same in this AF as for the original Project.

Specifically, related to social safeguards, SEDAPAL prepared an Involuntary Resettlement Policy Framework in 2011 during the preparation of the original project which was adopted as SEDAPAL's institutional policy on resettlement that has since been applied consistently to self-financed as well as internationally financed investments. During the original project, no resettlement action plans were prepared related to investments in the World Bank project area. The framework was applied to investments financed by other financial sources in one case. This case was properly mitigated and documented (and recorded in the December, 2013 World Bank mission Aide Memoire) according to the institutional policy.

No impacts are expected under the AF, given that all new works will be located within the public right of way and will not affected private property or informal settlements. No resettlement action plans are expected to be prepared unless design plans are modified during implementation. In this highly unlikely case, plans would be prepared in compliance with the institution's resettlement policy disclosed in February, 2011.

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

None

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

The alternative considered other than AF was to complete planned investments through SEDAPAL's own resources. Given the extent of financing needed, SEDAPAL has developed a program to rehabilitate water and sewerage networks in the Northern Service Area of Lima that will be financed in parallel through this AF, JICA, KfW and SEDAPAL's own resources.

The AF investments themselves will be located within the public right of way without any impacts to private property or informal settlements. This design incorporated social sustainability considerations given the highly consolidated construction in the area.

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.

In the case of the original project (Lima Norte 1), SEDAPAL's environmental management team (EGAm) supervised preparation of the semi-detailed EIA prepared by NIPPON KOEI and reviewed the EIA report approved by the MVCS. EGAm has also permanently reviewed monthly environmental reports submitted by contractors to PROMESAL. Based upon information contained in these reports and random visits to the works, EGAm undertook technical assessments to verify implementation of environmental measures established in the semi-detailed EIA approved by the MVCS. Findings of these assessments were shared with PROMESAL which in turn coordinated with contractors to implement corrective actions. As an effective coordination mechanism, EGAm coordinated with the works supervision firm (NIPPON KOEI) and the contractor (SADE) to electronically receive the inspection report and provide technical corrective recommendation in the short term.

SEDAPAL has a well-established social supervision team in place who will oversee the consulting firm that will actually implement the social supervision plan currently being developed. The plan will provide guidance and mitigation actions to project beneficiaries affected by temporary environmental disturbances described above before, during and after project completion.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

On October 12th, 2014, SEDAPAL conducted a community consultation with 78 community members, representatives from neighborhood organizations and local political leaders from Los Olivos (with a 87% attendance rate), as well as SEDAPAL and Consorcio Ingenieria Lima Norte II staff. The objective of the meeting was to share details regarding the scope of works, expected environmental and social impacts and the plans that SEDAPAL has in place to monitor and mitigate these impacts. The community concerns expressed during the meeting were documented in detail as were the utility's responses to each concern. In sum, the participants expressed support for the

project, interest in participating in community monitoring initiatives to ensure proper water disposal and compliance with the proposed environmental mitigation plan.

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|---|-------------------------|
| B. Disclosure Requirements Date (N/A) | |
| Environmental Assessment/Audit/Management Plan/Other: | |
| Was the document disclosed prior to appraisal? | |
| Date of receipt by the Bank - | October 3, 2014 |
| Date of "in-country" disclosure – | October 21, 2014 |
| Date of submission to InfoShop - | October 21, 2014 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | |
| Resettlement Action Plan/Framework/Policy Process: | |
| Was the document disclosed prior to appraisal? | |
| Date of receipt by the Bank: | February 16, 2011 |
| Date of "in-country" disclosure: | February 16, 2011 |
| Date of submission to InfoShop: | February 16, 2011 |
| Indigenous Peoples Plan/Planning Framework: N/A | |
| Was the document disclosed prior to appraisal? | |
| Date of receipt by the Bank | 3/29/2002 |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |
| Pest Management Plan: N/A | |
| Was the document disclosed prior to appraisal? | |
| Date of receipt by the Bank | |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |
| <p>* If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</p> <p>If in-country disclosure of any of the above documents is not expected, please explain why:</p> | |

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report? Yes
 If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report? N/A
 Are the cost and the accountabilities for the EMP incorporated in the credit/loan? N/A

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property? Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? Yes, a framework was prepared in 2011 for the Original project, which became the utility's official policy on land acquisition and involuntary resettlement. The same policy will be enforced during the Additional Financing.

If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan? Yes.

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

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?

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? Yes.

Have costs related to safeguard policy measures been included in the project cost? Yes.

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? Yes.

D. Approvals

| <i>Signed and submitted by:</i> | <i>Name</i> | <i>Date</i> |
|--|--------------------|--------------------|
| Task Team Leader: | Patricia López | October 24, 2014 |
| Environmental Specialist: | Raúl Tolmos | October 10, 2014 |
| Social Development Specialist | Kimberly Vilar | October 23, 2014 |
| <i>Approved by:</i> | | |
| Practice Manager: | Wambui G. Gichuri | November 7, 2014 |
| Comments: | | |