

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC5323

**Date ISDS Prepared/Updated: 06/01/2010**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Peru	Project ID: P117318
Project Name: Peru Vilcanota Valley Protection and Development Project (Vilcanota II)	
Task Team Leader: Ivo G.P. Imparato	
Estimated Appraisal Date: October 31, 2010	Estimated Board Date: March 1, 2011
Managing Unit: LCSUW	Lending Instrument: Specific Investment Loan
Sector: General transportation sector (30%);Solid waste management (30%);Flood protection (20%);Sub-national government administration (20%)	
Theme: Pollution management and environmental health (30%);Natural disaster management (25%);Access to urban services and housing (15%);Climate change (15%);Decentralization (15%)	
IBRD Amount (US\$m.):	40.00
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>30.00</u>
	30.00

**B. Project Objectives [from section 2 of PCN]**

The proposed PDO is to help preserve and enhance the environmental, cultural, and tourism infrastructure assets of the Province of Cusco and the Vilcanota Valley in Peru. This will be achieved by: (i) improving solid waste management, disaster risk management, and transportation infrastructure; (ii) protecting and enhancing key historic sites; and (iii) creating new capacity and instruments for tourism development and related planning.

**C. Project Description [from section 3 of PCN]**

The main components of the proposed project will be the following:

1. Component 1 # Ollantaytambo Road and Rail Bypass (US\$12 million). The road and rail bypass of the town of Ollantaytambo is critical to the survival and preservation of that town's historic center, currently being damaged by vibrations and pollution from the heavy traffic crossing it daily. The proposed bypass would divert commercial and tourism-related traffic, allowing for monument preservation, pedestrian safety, pollution reduction, and improved traffic

circulation, as well as making the center more walkable and pleasant for tourists and residents alike. This component will build on the diagnosis, feasibility studies (including the Environmental Impact Assessment, or EIA), and designs currently being financed under the Vilcanota I Project.

2. Component 2 # Solid Waste Management System for the Provinces of Calca, Cusco, and Urubamba (US\$15 million). The precarious dumps currently used for solid waste disposal by the Provinces of Calca, Cusco, and Urubamba, and the large amounts of uncollected waste in the region, have a negative impact on public health, the environment, the local landscape, and tourism. This component will build on the diagnosis, feasibility studies (including the EIA), and designs currently being financed under the Vilcanota I Project, to support the implementation of a new regional system of solid waste collection, transportation, and disposal.

3. Component 3 # Disaster Risk Management and Preparedness (US\$21 million). The town of Machu Picchu Pueblo (also known as Aguas Calientes) has a high level of exposure to natural disasters, due to its peculiar geophysical location. The area is under further stress, as the main access to the Historic Sanctuary of Machu Picchu (HSMP). The town has a poor record of protection by national and local institutions. Building on the work begun under Vilcanota I, the DRM work under this component will include an early warning system for flash floods, an evacuation plan, enhancement of medical facilities for trauma patients, selected public works for risk mitigation, public information campaigns and regular preparedness drills, etc. This part of Component 3 will build on the diagnosis, feasibility study, and designs currently being financed under the Vilcanota I Project. Disaster risk management and preparedness needs in Cusco and the broader Vilcanota Valley will also be assessed during project preparation, and a program of investments developed, including the strengthening of essential structures, such as schools and hospitals.

4. Component 4 # Improvement and Access to Historic and Heritage Sites (US\$16 million). Important heritage sites around Cuzco and the Vilcanota Valley, such as Maras, Moray, Tipón, Huchuy Qosqo and Patapata, will receive restoration works under this component. Also, pedestrian pathways and access roads to these monuments will be paved or improved. Better preservation and better access will make these archeological sites more attractive and easier to visit, diversifying options for tourists and potentially lengthening their stays in the area. This is a key objective of the national and regional tourism authorities, as it directly boosts the local service economy.

5. Component 5 # Project Management, Studies, and Capacity Building (US\$6 million). This component will include project management support, institutional capacity building, and all studies to be undertaken under Vilcanota II. These studies will include comprehensive tourism planning to improve services for tourists (e.g., tourist information offices), and to ensure pro-poor tourism development, so as to allow poor local communities to equitably participate in the benefits of the business and job opportunities arising from tourism. Appropriate institutional arrangements for tourism development will be developed in dialogue with local municipalities, so as to avoid potential conflicts, redundancies, and overlap.

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

Province of Cusco and Vilcanota Valley, Cusco Region, Peru.

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

The executing agency for Vilcanota II will be Plan COPESCO, the Regional Government of Cusco's implementing agency for tourism-related infrastructure, which has existed for over 40 years (first under the Peruvian National Government and, for the last five years, under the Regional Government of Cusco). Plan COPESCO is the agency already executing Vilcanota I, under which it has benefited from extensive training in fiduciary and safeguards aspects. In fact, the Vilcanota I Restructuring was essentially conceived as a Project Preparation Facility for an eventual follow-on project, of precisely the type now being proposed as Vilcanota II. This preparatory safeguards work can be seen as having covered five steps:

1. Determine and Agree on Applicable Policies and Principles. An analysis was made of national laws, policies, and practices, gaps with Bank safeguards policies and international best practice standards identified, and gap-filling measures developed and implemented. A specific example is the application of the concept of #Indigenous Peoples# in a socio-cultural context in which this term has very different connotations from those intended in the Bank Policy (the term *campesino* being much more applicable). There was also general agreement during the Restructuring among key Project stakeholders (including Plan COPESCO) that the Project be re-categorized as an #A,# that it follow the higher standards of an Indigenous Project, and that it take a far more rigorous approach to safeguards overall than is common in most Bank-financed operations, including the staffing, equipping, and training of a dedicated Project Safeguards and Communication Team, to work in close consultation with the Bank safeguards specialists, and to develop the capacity and experience to necessary to oversee the safeguards aspects of future operations under a sub-national lending portfolio.

2. Impact and Stakeholder Analyses. A Strategic Environmental Assessment (SEA) for the Cusco Valley was conducted under the original Project. Intended in part as an analytical input to the solid waste system, this SEA provides a comprehensive regional analysis of the likely medium- to long-term environmental impacts on the Vilcanota Valley and HSMP from tourism, industrial activity, agriculture, and related demographic and resource use patterns. Environmental Impact Assessments (EIAs) for the Ollantaytambo Bypass Road and Solid Waste Management System are being financed under Vilcanota I. A Stakeholder Analysis was conducted as part of the activities of the Strategic Communication Plan (PEC), and discussed with various Project stakeholders at a SAT-sponsored safeguards workshop held in February 2009.

3. Stakeholder Consultations. Extensive consultation was undertaken under Vilcanota I, and is reviewed in the Project Paper for the Restructuring. Consultation activities have been further intensified under the Restructuring, with the operationalization of the new Project Safeguards and Communication Team. Consultations of the Terms of Reference for the EIA, as well as of the initial draft, are planned for later this year. The methodologies followed in these consultations have followed, and will continue to Bank best practice standards, with the close involvement of the Task Team.

The ToR for the Ollantaytambo Road and Rail Bypass feasibility studies, for example, were publicly consulted in March 2008. The team has also carried out a workshop for the Cuzco press on safeguards work under the Project, attended by some 60 journalists in December 2009.

#### 4. Implementation Frameworks and Action Plans

Based on agreed principles, impact and stakeholder assessment, and results from the consultation process, the Environmental, Social, and Cultural Management Framework (MASC) was developed under Vilcanota I by the Project Safeguards and Communication Team, in close interaction with the Bank safeguards specialists. The MASC will be modified as necessary to cover the new activities proposed under Vilcanota II. Construction guidelines for contractors will be included as part of the revised version of the MASC, to ensure that all Disaster Risk Management and other works are conducted in full compliance with Bank policy. Under Vilcanota II, the revised MASC will be the instrument intended to ensure that all safeguards triggered under the Project are properly addressed. An RPF # and, wherever possible, specific RAPs # will also be prepared for the new Project, before Appraisal, based on the work already done.

#### 5. Capacity Needs Assessment and Strengthening

Plan COPESCO's performance to date in executing its assigned activities under Vilcanota I, including the ensuring of safeguards compliance Project-wide, has been successful, with demonstrable benefits for the Project overall. Vilcanota II will allow Plan COPESCO to build on its advances under Vilcanota I, including its ongoing improvements in institutional capacity.

Under Vilcanota I, COPESCO created, staffed, and trained a dedicated team of qualified safeguards specialists (i.e., an Environmental Specialist, a Social Specialist, a Communication Specialist, and a Community Facilitator), who are currently working in close collaboration with Bank safeguards staff and consultants. Safeguards capacity building for the dedicated team, as well as for the COPESCO and broader Project teams overall, has been extensive and ongoing, including several training events designed and led by SAT. Hands-on experience, with the active involvement of Bank safeguards specialists # such as during the development of the MASC # are another integral part of the capacity building process.

Vilcanota I also created a series of specific multi-institutional Technical Coordinating Groups (Grupos Técnicos de Coordinación), in the areas of Environment, Cultural Heritage, and Risk Management. Their purpose is to facilitate the execution of subcomponents by enhancing inter-agency coordination, enabling joint reviews of Terms of Reference, consultant outputs, etc.

#### **F. Environmental and Social Safeguards Specialists**

Ms Maria Elizabeth Dasso (LCSSO)  
 Ms Nicole Andrea Maywah (LCSEN)  
 Mr Peter Cohen (LCSSO)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
EA OP 4.01 is triggered, as the Ollantaytambo Road and Rail Bypass, Solid Waste			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
Management System, Disaster Risk Management interventions and access roads components will all have environmental impacts. However, no significant adverse impacts are expected to result from any Project Components (in fact, they are all expected to have overall positive impacts). The proposed Ollantaytambo Road and Rail Bypass will divert commercial and tourism-related traffic from the historic town center, which it is currently in the process of damaging. The Solid Waste Component is expected to improve the environmental sustainability of solid waste management in the Valley, but will involve some potential Category A impacts. The Disaster Risk Management Preparedness Component is intended to mitigate potential natural disasters, but may finance some works with potential environmental impacts. Finally, the roads components will just improve existing roads rather than creating new roads. There will be potential, albeit limited, environmental impacts.			
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
OP 4.04 is triggered, as the Disaster Risk Management Preparedness Component is expected to finance selected works in and around the town of Aguas Calientes, which is part of a natural and cultural protected area (i.e., the Historic Sanctuary of Machu Picchu, or HSMP, which covers Machu Picchu itself). No Project components are expected to directly or indirectly cause any significant conversion of or loss to any existing natural habitats.			
<b>Forests (OP/BP 4.36)</b>		<b>X</b>	
OP 4.36 is not triggered because, although the HSMP is a protected area, it is not a forest. Vilcanota I did not trigger this policy, and no Project components are expected to directly or indirectly cause any significant negative impacts to the health or quality of any forest, nor to the rights or welfare of any people dependent on a forest.			
<b>Pest Management (OP 4.09)</b>			<b>X</b>
OP 4.09 may be triggered, as pesticides may be used in the maintenance of the right-of-way for the Ollantaytambo Road and Rail Bypass. The Environmental Impact Assessment (EIA) will determine whether or not the Project will trigger this policy. There may also be implications for the Solid Waste Management System; again, the Solid Waste Management System EIA will determine whether the Project will trigger this policy.			
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>X</b>		
OP 4.11 is triggered, as the Project area is close to the UNESCO World Heritage Site of Machu Picchu and Physical Cultural Resources (PCRs) are ubiquitous in the area. One of the main reasons for the Ollantaytambo Road and Rail Bypass Component is to stop current damage to PCRs in and around that town stemming from the heavy traffic that currently crosses it. Through the updated MASC, Vilcanota II will ensure that all Project investments are consistent with any Physical Cultural Resource Plans and that all available information and expertise on the location and status of PCRs is reviewed, both as part of the EIA scoping exercise, and in the impact analysis itself. Where any potential PCR impacts were to be identified, specific plans would be developed to ensure their mitigation and/or management, so as to ensure the preservation of the affected sites. All construction contracts would include specific language to address chance finds of PCRs and measures for their protection, relocation, mitigation, and/or management as needed, according to the potential impacts involved. The three archeologists working on Vilcanota I were trained on the World Bank Physical Cultural Resources Safeguard Policy in January 2010. Vilcanota II will undertake similar measures to ensure that staff working on the project know and understand the Policy and how the MASC implements it.			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
As under the Restructured Vilcanota I Project, OP 4.10 will be applied to Vilcanota II on a Project-wide basis. No stand-alone Indigenous Peoples Plan (IPP) is thus required. Rather, the policy's superior standards of engagement with local stakeholders will continue to apply to the entire Project (as in the earlier Vilcanota I Project) in a blanket manner, including such core principles as equitable benefit sharing and free, prior, and informed consultation, leading to broad community support.			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
As several Components (e.g., Solid Waste, Disaster Management, and the Ollantaytambo Road and Rail Bypass) will involve works that may have potential resettlement impacts as defined under OP 4.12, that policy is triggered. As many of the specific sites of intervention at which these impacts may occur may not be known by Appraisal, a Resettlement Policy Framework (RPF) will be prepared and disclosed, to guide the preparation of any future Resettlement Action Plans (RAPs), where such specific impacts are determined. In each case in which resettlement impacts are known before Appraisal (e.g., the Ollantaytambo Road and Rail Bypass), a specific RAP will be prepared and disclosed prior to Appraisal.			
<b>Safety of Dams (OP/BP 4.37)</b>			<b>X</b>
It is not yet clear whether OP 4.37 is triggered, as the selected public works under the Disaster Risk Management Component have not yet been specified and may potentially include dams. Disaster risk management and preparedness needs in Cusco and the Vilcanota Valley will be assessed during Project preparation. The Environmental Assessment (EA), conducted as part of the MASC, will determine whether or not the Project will trigger this policy			
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	

**Environmental Category:** A - Full Assessment

### III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 08/01/2010
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A
- 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.  
The Ollantaytambo Bypass Road EIA and the Solid Waste Management System EIA should be drafted by 31 October 2010, in time for disclosure prior to appraisal.

<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.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Mr Ivo G.P. Imparato</b>	<b>04/15/2010</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Mr Glenn S. Morgan</b>	<b>04/15/2010</b>
<b>Comments:</b>		
<b>Sector Manager:</b>	<b>Mr Guang Zhe Chen</b>	<b>04/15/2010</b>
<b>Comments:</b>		