INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE

Date ISDS Prepared/Updated: August 2, 2003

I. BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country: Peru</th>
<th>Project ID: P082625</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name: Vilcanota Valley Rehabilitation Program</td>
<td>Task Team Leader: Roberto Chavez</td>
</tr>
<tr>
<td>Estimated Appraisal Date: November 20, 2003</td>
<td>Loan/Credit amount ($m.): IBRD: 5</td>
</tr>
<tr>
<td>Estimated Board Date: January 21, 2004</td>
<td>Sector: Solid waste management (45%); Sub-national government administration (45%); Flood protection (10%)</td>
</tr>
<tr>
<td>Managing Unit: LCSFU</td>
<td>Lending Instrument: Specific Investment Loan (SIL)</td>
</tr>
<tr>
<td>Safeguard Policies Specialists in the task team: Horacio Terraza and Alonso Zarzar</td>
<td></td>
</tr>
<tr>
<td>Other financing amounts by source:</td>
<td>Theme: Access to urban services for the poor (P); Municipal governance and institution building (P); Civic engagement, participation and community driven development (P); Environmental policies and institutions (P); Other urban development (P)</td>
</tr>
<tr>
<td>BILATERAL AGENCIES (UNIDENTIFIED)</td>
<td>($m.) 1</td>
</tr>
</tbody>
</table>

B. Project Objective

To alleviate poverty through the sustainable preservation and development of the human, social, natural, cultural, and historical assets of the Vilcanota river basin. The objectives will be attained through: (i) launching an ongoing consultation campaign among all stakeholders to establish a shared vision of Machu Picchu (HSMP) and the Sacred Valley in 2011, and to devise a strategy for the sustainable management of the Vilcanota valley (ii) piloting off-grid services for indigenous communities and tourist facilities, supporting the operation and improvement of critical sewerage and solid waste management; and, (iii) applying and enforcing the SHMP master plan adopted by the National Institute for Natural Resources (INRENA), through capacity building, technical assistance and key investments.
C. Project Description

(i) Establish vision and strategy for the sustainable preservation and development of the Vilcanota valley: launch (a) a broad and ongoing consultation process among all stakeholders to arrive at a shared vision of the SHMP and the Sacred Valley to the year 2011; and, (b) develop a strategy for the sustainable preservation and exploitation of the valley’s unique assets;
(ii) Enhance tourist management: develop and disseminate (a) the improved tourist guidelines and content for the sustainable use of the HSMP and the Sacred Valley, aiming at tourists visiting the site for a various reasons like: historical, cultural, ecological and trekking; (b) develop similar guidelines and content for Peruvian schoolchildren and adult tourist sector workers (guides, porters, agencies); (c) construction of pilot of interpretation/visitors service center and sanitary and solid waste recycling units along the Inca Trail;
(iii) Provide urban services to the poor in the valley: (a) design of a simple addressed-based geographic information system for project planning, monitoring and evaluation, as well as for local fee collection and revenue generation; (b) start-up and operate an existing waste water treatment plant and build local capacity in Machu Picchu Pueblo; (c) undertake detailed engineering and construction of a pilot or prototype interpretation / visitors service center and of sanitary and solid waste recycling units along the Inca Trail; (d) pilot off-grid, green technologies-generated electricity for delivery of services for rural communities; and, (e) finance a study for the comprehensive management of solid waste in the Vilcanota Valley; and
(iv) Relocate about 100 vulnerable families: (a) undertake a participatory action plan to resettle 60 vulnerable families living in Machu Picchu Pueblo and 40 peasant families living within the eastern boundary of the Sanctuary; (b) elaborate detailed engineering for resettlement; and c) build new settlement in Piscaycuccho or nearest adequate location.

D. Project location (if known)
The project is located in the Vilcanota Valley, in the region of Cusco, Peru

E. Borrower’s Institutional Capacity

Institutional capacity of the borrower in the areas we are dealing with is good to excellent. Coordination problems among agencies remain, but there is a true willingness by key institutions to work together on the proposed project. The main institutions involved are CODESCO, the Peru UNESCO Commission, the Institute of Culture (INC) and National Institute for Natural Resources (INRENA);

II. SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Applicable?</th>
<th>Safeguard Policy</th>
<th>If Applicable, How Might It Apply?</th>
</tr>
</thead>
<tbody>
<tr>
<td>[x]</td>
<td>Environmental Assessment (OP/BP 4.01)</td>
<td></td>
</tr>
<tr>
<td>[x]</td>
<td>Natural Habitats (OP/BP 4.04)</td>
<td></td>
</tr>
</tbody>
</table>
III. ACTIONS DURING PROJECT PREPARATION

A. What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?

The project is preparing an Environmental Framework Report which (i) proposes screening criteria and procedures for ensuring compliance with Bank safeguards policies for each of the small scale works to be undertaken during project implementation; (ii) outlines the main environmental and social issues that would have to be discussed in each of the Environmental Impact Assessment (EIA) reports; and (iii) outlines the procedures for review and clearance of safeguard policies.
At the same time a comprehensive revision and adaptation to Bank requirements of the existing EIA for the construction of the sewerage treatment system is being carried out. This specific full EIA is expected to be finished before appraisal.

In addition, the Resettlement Action Plans (RAPs) will also be ready prior to appraisal of the project.

An environmental and a social specialist have been included as part of team being in charge of the supervision of the above mentioned activities. Project implementation will include a Regional Environmental Assessment (REA). The TORs for the REA are under preparation.

Terms of reference and timing for the Indigenous Peoples Development Plan (IPDP) will be discussed with a view to having the IPDP ready prior to appraisal. The IDDP will be prepared to address the implementation of the pilot-off grid services component.

**B. How might consultation and disclosure requirements be addressed?**

Stakeholder consultations were begun by Bank staff during ID mission. Consultations on a shared vision of Machu Picchu in the year 2011 will be launched during project preparation, and consultation, stakeholder participation, and community action planning will be observed throughout the life of the project.

Regarding disclosure requirements, the full EIA for the sewerage system, the Environmental Framework Report for small works and the RAP, and the IPDP, will be disclosed at the World Bank Infoshop, the internet site ayudaurbana.com (were most project-related materials have been posted since the ID mission) and the local environmental authority publication. Each additional future EIA, if needed, will similarly be made available to the public as indicated above.
IV. AGREEMENTS REACHED ON SAFEGUARDS AT PCN REVIEW

- The above described strategy in terms of how to address the safeguard application has been agreed, i.e.:
  (i) full EIA adapted to World Bank requirements for the existing waste water facility prior to appraisal,
  (ii) Environmental Framework Report for small works to be identified during project implementation prior to appraisal.
  (iii) The elaboration of a Regional Environmental Assessment during project Implementation
  (iv) Two resettlement Action Plans prior to appraisal.
  (v) Indigenous Peoples Development Plan prior to appraisal

- The project triggers the following safeguards: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04) due to the location of the project; Involuntary Resettlement (OP 4.12), Indigenous Peoples (OD 4.20) and Cultural Property (OPN 11.03)

- Environmental and social specialists have been included as part of the team

Agreed target date for Quality Enhancement Review: To be determined