

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 05/10/2012

Report No.: AC6693

1. Basic Project Data

Original Project ID: P089989	Original Project Name: Nicaragua Rural Telecom	
Country: Nicaragua	Project ID: P129264	
Project Name: Nicaragua Rural Telecom Additional Finance		
Task Team Leader: Arturo Muenta Kunigami		
Estimated Appraisal Date: May 7, 2012	Estimated Board Date: June 14, 2012	
Managing Unit: TWICT	Lending Instrument: Sector Investment and Maintenance Loan	
Sector: Telecommunications (100%)		
Theme: Rural services and infrastructure (70%);Rural markets (30%)		
IBRD Amount (US\$m.):	0	
IDA Amount (US\$m.):	5	
GEF Amount (US\$m.):	0	
PCF Amount (US\$m.):	0	
Other financing amounts by source:		
<u>BORROWER/RECIPIENT</u>		0.00
		0.00
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input 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 Objectives

The objective of the proposed additional financing (AF) credit, in an amount of SDR3.25 million (US\$5 million equivalent) to the Republic of Nicaragua for the Rural Telecommunications Project (P089989, Cr.4168), is to finance the costs associated with scaling-up activities for providing telecommunications services in Nicaragua's Caribbean costal region and the Department of Rio San Juan, both regions being of high priority for the Government of Nicaragua.

The total cost of the current project is US\$10.2 million, of which US\$7 million is provided by IDA and US\$3.2 million by the Government of Nicaragua. The Project's Development Objective (PDO) is to: "increase access to and reduce costs of telecommunications services in rural areas of Nicaragua". Specific objectives include the following: (i) to benefit rural areas where some of Nicaragua's poorest and most isolated inhabitants live; (ii) to build critical infrastructure at a very low cost compared with other infrastructure projects; (iii) to use infrastructure built by the project in other important government initiatives in the finance, decentralization, education and public health sectors, and to also support more transparent and accountable governance; and (iv) to

promote increased private sector investment and facilitate communications and remittances to rural populations from Nicaragua's sizable immigrant communities in the U.S. and Costa Rica, among others.

The Project is progressing well overall. Telecommunications services and infrastructure have been extended to rural areas, and prices for internet access in rural areas have been reduced dramatically. The project is being successfully managed by the Institutional Development Unit (IDU), a small, highly specialized unit embedded in TELCOR (Telecommunications and Postal Institute of Nicaragua). The Project's original closing date was June 30, 2011. After initial delays in declaring the project effective (due to changes in Government personnel), project performance has steadily improved. In recognition of this history, a one-year extension was granted until June 30, 2012.

Including Nicaragua's Caribbean coastal region and Rio San Juan would offer telecom coverage to most of rural Nicaragua, thereby filling a significant gap in access. The AF will include the expansion of activities under all three components: (1) expansion of telecommunication infrastructure in rural areas; (2) institutional strengthening of the sector regulator and technical assistance to rural communities; and (3) project management and auditing. The AF will also include the revision of project indicators, to include, among others, core ICT indicators as required by current guidelines and changes in targets to take the scaled-up activities into account. The new activities would be fully consistent with the Development Objectives of the ongoing Rural Telecommunications Project (Cr.4168).

3. Project Description

Consistent with the Government's Caribbean Coast Development Strategy (Plan de Desarrollo de la Costa Caribe) to increase access to telecommunication services in the region by at least 40 percent, in October 2011 the Government requested US\$5 million in Additional Financing for new activities to amplify the impact of the ongoing Rural Telecommunications Project (with Government co-financing of US\$1.5 million). In this context, no changes are proposed to the existing PDO.

The activities to be financed under the proposed AF would be implemented over a period of thirty-six months. The AF is expected to bring ICT infrastructure and the skills to use technology to rural and low-income areas that currently do not have (or have only limited) access to telecom services, thus contributing to social and economic development of the targeted regions. The AF would extend activities under all three existing project components:

Component 1: Rural Access (US\$2.6 million, of which IDA \$2.6 million) - The objective of this component is to stimulate the demand and supply of broadband internet, mobile coverage, public payphones, and telecenters in underserved rural communities in Caribbean coastal region and Rio San Juan using competitive mechanisms (such as output-based aid or OBA) for private sector operators to build and operate shared infrastructure. The OBA tender process has proven a successful mechanism for private sector involvement in installing, operating, and maintaining telecommunications infrastructure

under the ongoing Project. Activities under this component will seek to provide telecommunication infrastructure and services to at least forty underserved communities concentrated in twenty municipalities in RAAS and RAAN, as well as six municipalities in the Department of Rio San Juan. These activities are expected to benefit over 200,000 people . In addition, activities under this component will continue to offer incentives such as competitive pricing for private sector telecommunications services to increase coverage of mobile networks on a commercially-sustainable basis. This approach will better enable public entities (including national and regional government institutions), individual consumers, and businesses to become internet and phone subscribers. Furthermore, the Project will continue to expand the network of telecenters in the Caribbean coastal region and Rio San Juan using the successful business model of local ownership (including Municipal Governments, NGOs, local private sector, and capacity building) established under the ongoing Rural Telecommunications Project.

Component 2: Regulatory Capacity Strengthening and Technical Assistance to Communities (US\$2.0 million, of which IDA \$1.0 million) - This component aims to strengthen the institutional capacity of TELCOR to design projects by conducting detailed pre-feasibility studies and preparing tender documents. In addition, this component will continue to provide relevant training to TELCOR and local government staff in targeted ICT areas. Finally, activities under this component will help to establish a Regional e-Government Data Center for the Caribbean Coastal area to support the design and implementation of at least four e-Government applications such as distance learning programs to strengthen productive capacity and programs to improve the quality of education, as well as health and disaster prevention services. The Center will help to foster the region's transition into a knowledge-based economy. Internet or mobile applications and capacity-building activities will be chosen by TELCOR and local regional authorities based on proposals made by national and local government agencies, private sector, NGOs, and academic institutions.

Component 3: Project Management, Audit and Contingencies (US\$1.9 million, of which IDA \$1.4) - This component will finance the provision of technical assistance, equipment, training, and operating costs needed to establish, operate, and strengthen the Institutional Development Unit (IDU/TELCOR). Additional funding will enable these units to more effectively coordinate, monitor, and evaluate implementation of project activities (including periodic audits).

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

The proposed additional credit would help to finance the costs associated with scaling-up activities to enhance the impact the project in Nicaragua's Caribbean coastal region-- which includes the North Atlantic Autonomous Region (RAAN), South Atlantic Autonomous Region (RAAS) – and the Department of Rio San Juan, both regions being of high priority for the Government of Nicaragua. The scope of the project will include Biological Reserves of Indio Maíz and the Bosawás Biosphere Reserve and Indigenous and Afro-Nicaraguan peoples living in these areas are expected to benefit from the project activities.

5. Environmental and Social Safeguards Specialists

Mr Jason Jacques Paiement (LCSSO)

Mr Abdelaziz Lagnaoui (LCSEN)

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: The environmental category of the project will continue to be “B”. That is, the environmental and social impacts of the project expected to be minimal and manageable to an accepted level. The AF will continue to trigger OP4.01 on Environmental Assessment. In addition, the AF will trigger OP 4.04 on Natural Habitats, OP4.10 on Indigenous Peoples, OP/BP 4.11 on Physical Cultural Resources, and OP4.12 on Involuntary Resettlement.

As the Original Project did not take place in indigenous territories, OP 4.10 was not triggered in the Original Project. Consequently, the recipient has carried out Social and Environmental Impact Assessments, which include a series of free, prior and informed consultations in indigenous and afro-descent communities that are expected to become beneficiaries of the project. The assessments have also taken into account compliance with safeguards requirements during implementation of the parent phase. The assessments confirmed the adequate implementation of the tools prepared by IDU/TELCOR, including the “Environmental Screening Framework” as well as the “Social Framework and Communications Manual (SFCM)”, which were used for consultations in the 37 sit where the telecommunications towers were installed. The assessment concluded the adequate and appropriate use of the manual in carrying out free and informed consultations prior to construction of the infrastructure financed during the Original Project. The assessment acknowledges the positive impact it had in mitigating social conflicts and for ensuring social and operational sustainability of the project.

Given the results of the assessments and the location of the current projects’ investments, an Indigenous Peoples Planning Framework (IPPF), Resettlement Policy Framework (RPF) and an Environmental Management Framework (EMF) have been prepared and disclosed in Nicaragua and the Bank’s InfoShop.

The Social and Environmental impacts of the Nicaragua Rural Telecom Project are expected to be manageable given the type of planned interventions under this project.

The Indigenous Peoples Planning Framework (IPPF) will ensure that the current project adequately consults the communities living in the project area and ensures genuine broad community support as well as any additional measures required to maximize their culturally appropriate benefits and/or avoid potentially adverse impacts. The study had overall satisfactory results, which include some of the following:

a. The people surveyed considered telecommunications services to be a real need that will bring significant efficiencies to their daily activities and help to reduce costs. For example, use of a phone by a fisherman to keep informed about market demand, or the transaction cost savings made by making a call as opposed to taking a two-hour boat ride into town; in the latter case, both the monetary cost (boat fare) as well as the time cost can be considerable. In addition, the vast majority of the people surveyed considered the installation of ICT infrastructure (towers and antennas) as harmless.

b. The social impacts derived from the Project can be managed adequately during the phases of design, construction, and operation by following the Social Framework and Communications Manual summarized in the Social Assessment (SA).

The Resettlement Policy Framework (RPF) outlines the principles and procedures for possible resettlement and/or compensation of subproject-affected people, and establishes standards for identifying, assessing and mitigating negative impacts of program supported activities. In addition, the RPF will guide the preparation and implementation of resettlement action plans (RAPs) for each individual sub project that triggers the involuntary resettlement policy.

The Project triggers the policies on Environmental Assessment (OP/BP 4.01), on Natural Habitats (OP 4.04) and on Physical Cultural Resources (OP/BP 4.11) to address the potential environmental and social impacts related to site selection, construction and operation of the telecommunication facilities. An Environmental Management Framework (EMF) was prepared to screen, assess, and mitigate environmental impacts related to the triggered policies (OP 4.01, OP 4.04 and OP/BP 4.11). The EMF also outlines the process to prepare the necessary Environmental Management Plans (EMP) for each investment activity.

The Environmental Assessment (EA) concluded that the expected impacts of the proposed AF are manageable provided that the recommendations provided in the Environmental Management Framework (EMF) are taken into account when preparing the site specific Environmental Management Plans (EMPs) each investment activity during implementation. The EMP requirements will be translated into bidding and contract documents to ensure that mitigation and other requirements are clearly communicated to contractors; equally, that competent environment inspectors monitor performance of the contractor responsible for installing, operating, and maintaining the telecommunications systems.

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

No potential indirect and or long term impacts are anticipated as a result of the proposed civil works. These consist of relatively small civil works which are not expected to generate significant environmental impact. But in light of the fact that Central America

is a natural disaster-prone area, site selection and tower design and installation will take into the specific natural constraints to minimize risks to the public and environment. Towers construction will be designed to withstand major natural disasters (i.e. earthquakes, floods, landslides) and provide adequate opportunity to lay down or remove in case of hurricanes to avoid injury to the public. As appropriate, each civil works contract would specify the required structural safety and exposure to natural hazards to be considered in the design and construction of tower and telecommunication facilities. A rigorous monitoring and quality assurance procedure will be included in the contracts to ensure compliance with environmental health and safety standards as outlined in the EMF. Consideration has also been given to migratory and marine birds that could be in the area of influence of the project infrastructure. Design criteria have been considered in the EMF in this regard to minimize impacts.

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

Not applicable.

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. The borrower in collaboration with the project preparation team (including consultants) has prepared the necessary safeguards instruments, notably the Indigenous Peoples Planning Framework (IPPF), Resettlement Policy Framework (RPF) and the Environmental Management Framework (EMF), which were finalized and disclosed prior to appraisal. The recommended and agreed follow-up activities as stated in the Project Operational Manual would be implemented during the project life. At each supervision mission stage and mid-term review stage the process would be reevaluated and necessary adjustments will also be made as appropriate to the prevalent conditions.

Overall technical capacity at TELCOR is high however the Implementation Unit needs support to implement environmental and social aspects of the projects. This capacity is being strengthened by the hiring of environmental and social specialists to follow up on activities and provide the necessary support during implementation. These specialists will be in charge of coordinating and implementing all the activities related to the environmental and social safeguards, including the IPPF, RPF, and EMF and associated EMPs. This has been included in the activities financed by the Project.

Additional support will be provided to these specialists by the Bank supervision team as needed.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. The IPPF, RPF and EMF have been disclosed on TELCOR's website and at the WB's Infoshop. During preparation of these safeguards instruments, consultations with key stakeholders were held at six representative sample locations in the RAAN, RAAS and Rio San Juan. The Draft documents have been disclosed for public comments that will be documented in the final disclosed versions. Several meetings were held among team

members and local stakeholders to coordinate and understand the objectives of the assessments. Interviews were held with mayors, vice-mayors, administrators, and project technicians, authorities, and people in randomly selected urban and rural communities. Further, consultation workshops will be carried out locally in the areas of influence of each subproject on a needs basis.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04/27/2012
Date of "in-country" disclosure	05/09/2012
Date of submission to InfoShop	05/09/2012
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?	Yes
Date of receipt by the Bank	04/24/2012
Date of "in-country" disclosure	05/09/2012
Date of submission to InfoShop	05/09/2012

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	04/24/2012
Date of "in-country" disclosure	05/09/2012
Date of submission to InfoShop	05/09/2012

Pest Management Plan:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

*** 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.**

If in-country disclosure of any of the above documents is not expected, please explain why:

N/A

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?	Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes
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 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	N/A
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
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?	Yes
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
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?	Yes
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:	Mr Arturo Muenta Kunigami	05/09/2012
Environmental Specialist:	Mr Abdelaziz Lagnaoui	05/09/2012
Social Development Specialist	Mr Jason Jacques Paiement	05/09/2012
Additional Environmental and/or Social Development Specialist(s):		
<i>Approved by:</i>		
Sector Manager:	Mr Doyle Gallegos	05/09/2012
Comments:		