Building Capacity for Sustainable Investment: Lessons Learned from WB in Peru

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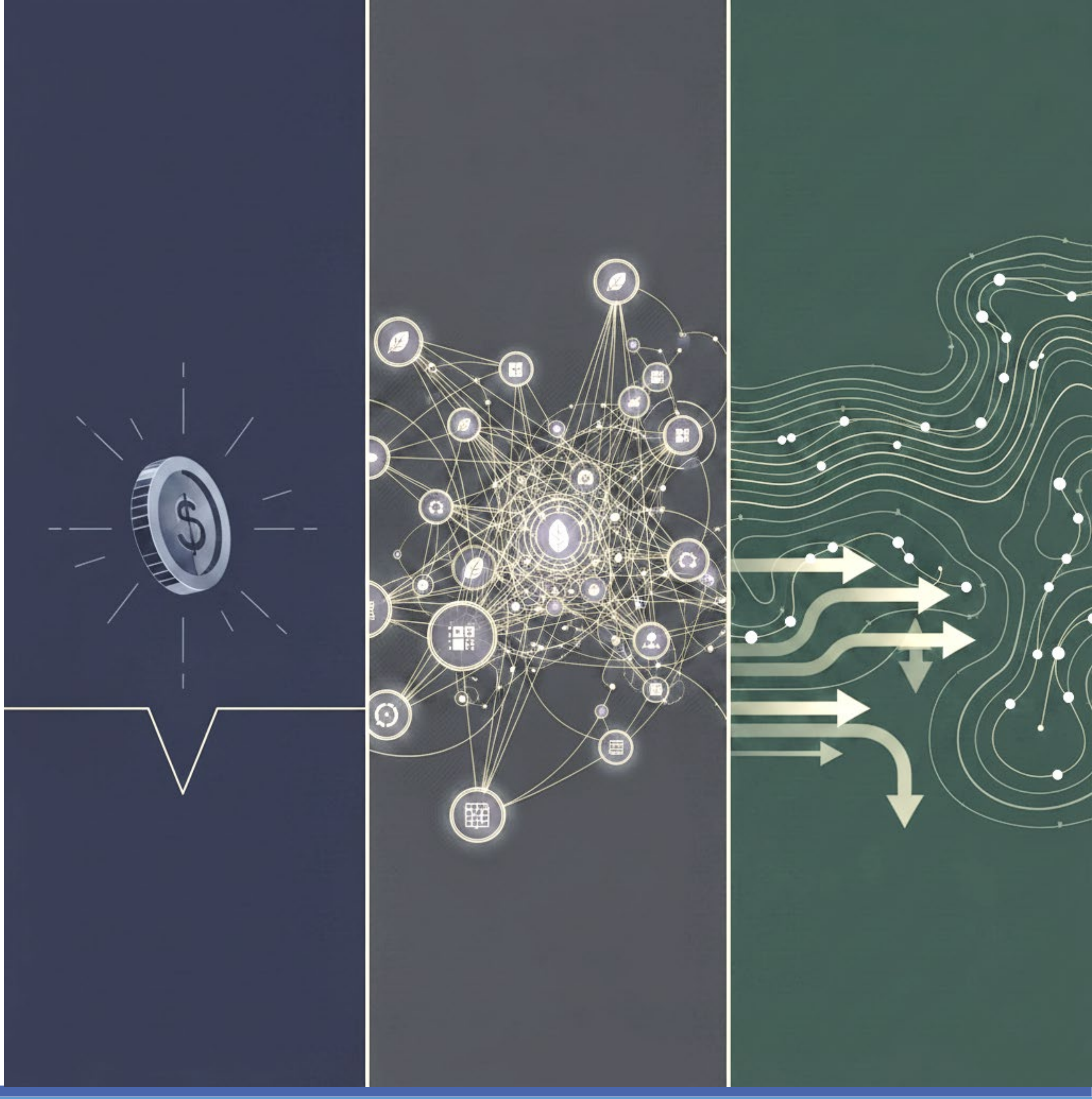
Agenda

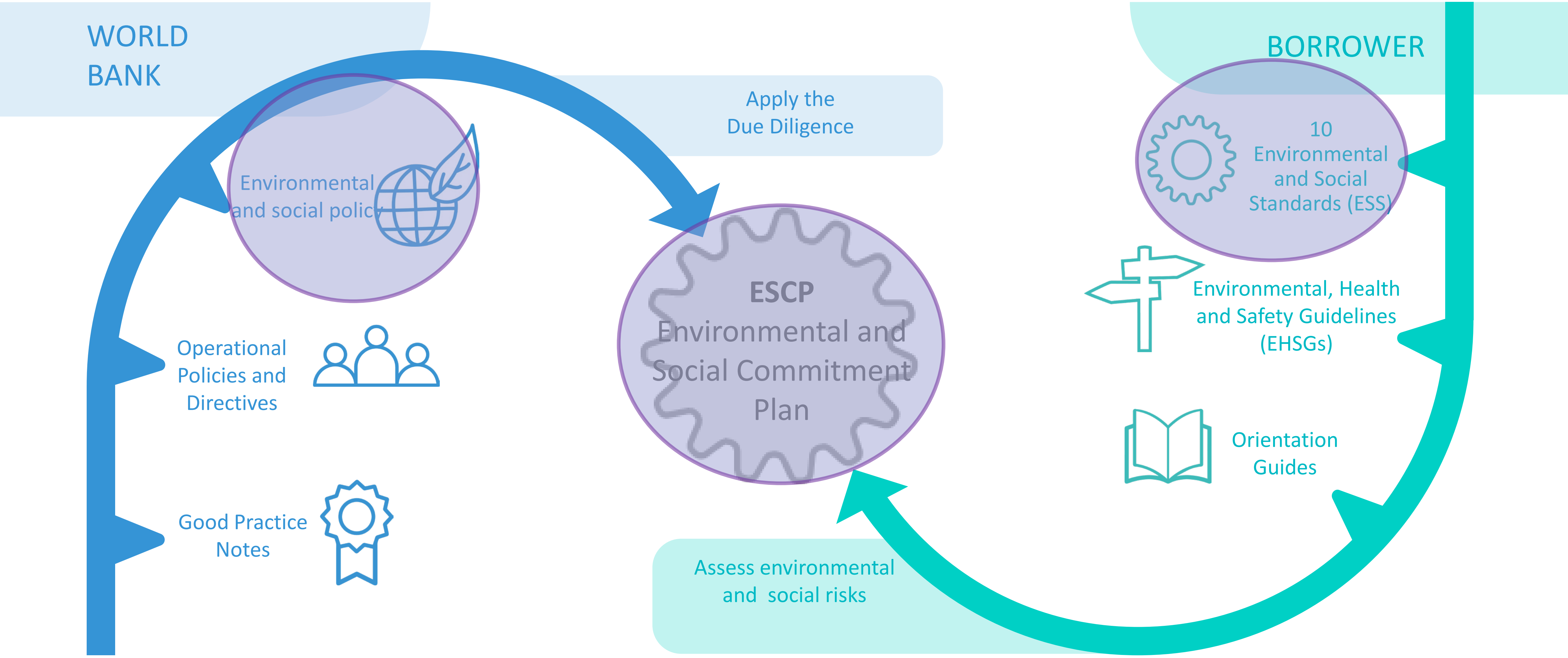
01	Background
02	Peru
03	Sample Projects
04	Lessons Learned

Background

- Sustainable Investment
- Invitation to think of it as a System process – not a product
- The clients are the borrower countries
- Environmental and Social Framework:
  - Bank: E&S Policy for Investment Project Financing
  - Borrower: Ten E&S Standards (Borrower)
  - Both: E&S Commitment Plan



How is the ESF applied?



Institutional Arrangement

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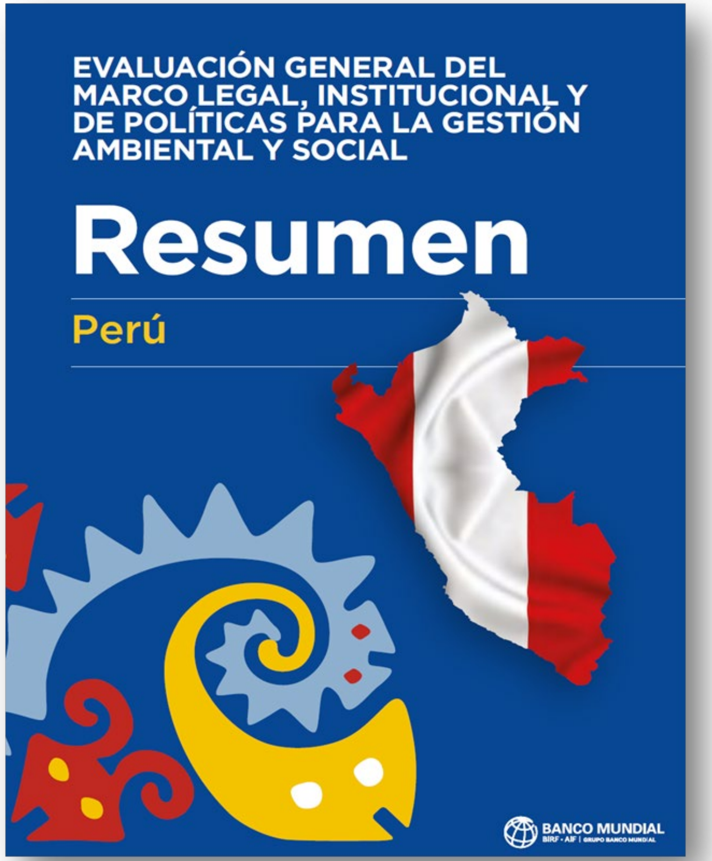
- Ministry of Economy and Finance
  - Ministry of Housing Water and Sanitation
    - National Urban Sanitation Program
      - Water and Sanitation Utilities
    - Safe Water Program for Lima and Callao
  - Ministry of Foreign trade and Tourism
    - Regional Directorate of Foreign Trade and Tourism
  - Ministry of Environment
    - National Forest and Wildlife Service
    - National Forest Conservation Program

Previous experience with the Bank and E&S safeguards/ESF

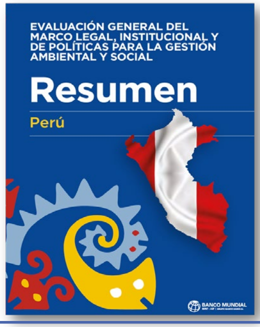
(blue)	No
(grey)	Some
(purple)	Yes

Peruvian E&S Framework

- Can the WB can rely on the country systems?
- Overview Assessment of Peruvian legal, institutional and E&S policy frameworks.
- Analysis of consistencies and gaps
- Recommendations to strengthen regulatory frameworks
- Identify opportunities for institutional improvement and capacity building



Peruvian E&S Framework



Color	Meaning
	Significant gap — critical focus required for implementation
	Notable gap — prioritized attention needed
	Partial gap — improvements needed but foundations exist

EAS Standard	Legal & Regulatory Framework	Institutional Capacity	Implementation & Enforcement	Community Participation	OVERALL PRIORITY
EAS1 — Risk & Impact Assessment					
EAS2 — Labor & Working Conditions					
EAS3 — Resource Efficiency & Pollution Prevention					
EAS4 — Community Health & Safety					
EAS5 — Land Acquisition & Resettlement					
EAS6 — Biodiversity & Natural Habitats					
EAS7 — Indigenous Peoples					
EAS8 — Cultural Heritage					
EAS10 — Stakeholder Engagement & Disclosure					

Peruvian E&S Framework

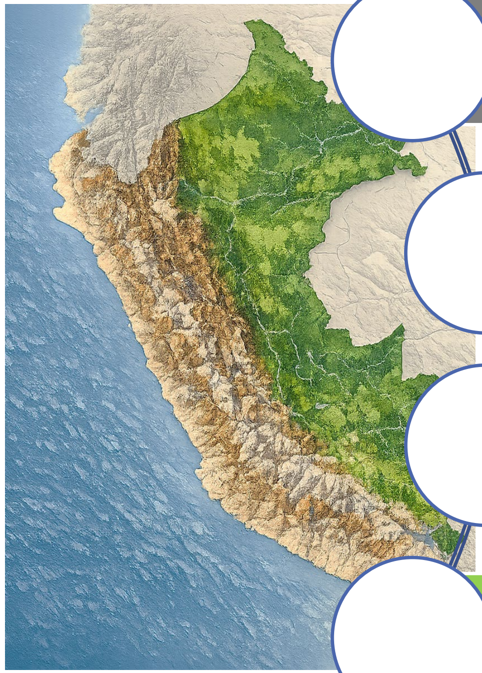
Peru's deepest E&S gaps are not normative. They are operational.

What Fails
Political transitions reset institutional memory
Subnational governments lack E&S specialists
National EIA insufficient for E&S international standards

Why It Fails
Insufficient budgets
Limited specialized staff
Weak inter-institutional coordination

Peru: Sample Projects

Four projects at different stages: preparation, implementation, closure.



- Water supply and Sanitation services
- Wastewater Management
- Tourism destination in Arequipa
- Resilient, Inclusive and Sustainable Forestry

Water and Sanitation

- A closed project, under safeguards.
- National and subnational level.
- Incidents during implementation: a person falling into an open trench, archaeological chance finds, difficult negotiations over easements and compensation with communities.
- Post-Closure Action Plan as a mechanism to ensure continuity of E&S commitments after financial closing.

Image cretaed with mAI

Wastewater management

- 5 wastewater treatment plants, 1 for a major city
- 3 in Indigenous areas
- Lake Titicaca (protected area, UNESCO)
- Substantial E&S risk
- high social & political sensitivity + active misinformation
- Existing environmental license under national legislation
- Institutional fragmentation, low capacity

Image cretaed with mAI

Tourism Project

- Five (6) sectors of intervention: transport, health, WSS, tourism, culture, and environment.
- 33 subprojects: diverse EIA instruments and sector authorities.
- Cultural heritage due to the rehabilitation of historic churches
- Natural Protected Area
- Road and water/sanitation works with potential land impacts and resettlement.
- Two communities requiring consultation processes and FPIC.
- Subnational Government: low institutional capacity of the implementing agency

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Resilience in Forestry

- Works on rehabilitation of degraded ecosystems, Permanent Production Forests (BPP) under a landscape approach (3.7 million has).
- Enhancing the productivity of forestry communities
- Engaging with over 100 communities of indigenous peoples (Andes and Amazonia): intercultural approaches
- Natural and Community protected areas
- Multiple institutional actors, and donors
- The project faces very complex contextual risks, including illegal logging, informal mining, drug trafficking in buffer zones, land invasions, weak forest governance.


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How does investment project financing (IPF) operate in these cases and contribute to capacity building?

Operational Commitment: ESCP

E&S commitments and actions
→ What the Borrower is required to do

Implementation timeline
→ When the actions must be completed

Monitoring and reporting
→ Progress is tracked

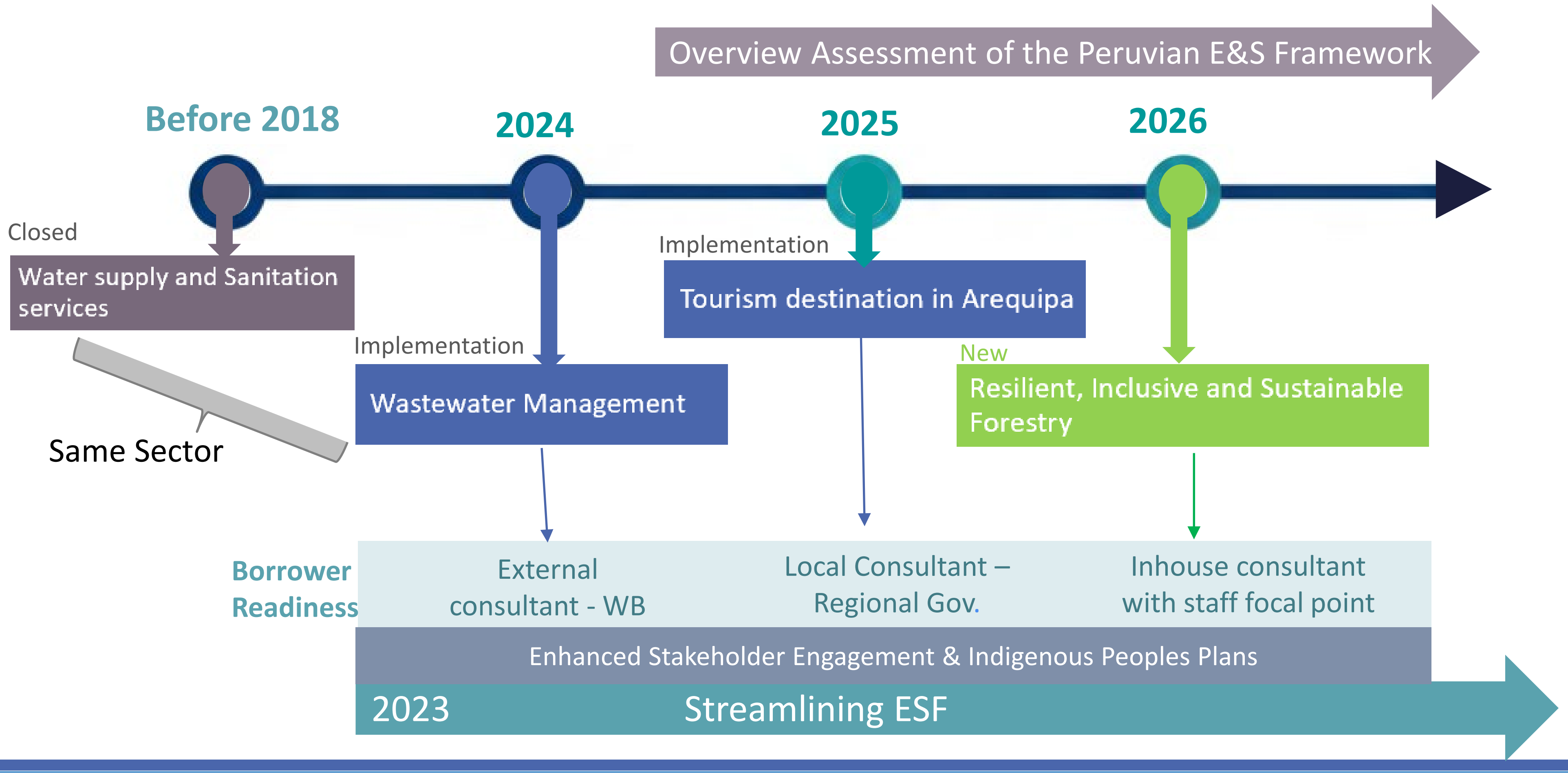
Institutional arrangements and responsibilities
→ Who is responsible

Capacity building measures
→ How implementation will be ensured (training, staffing, resources)

Integration with the project cycle and legal framework

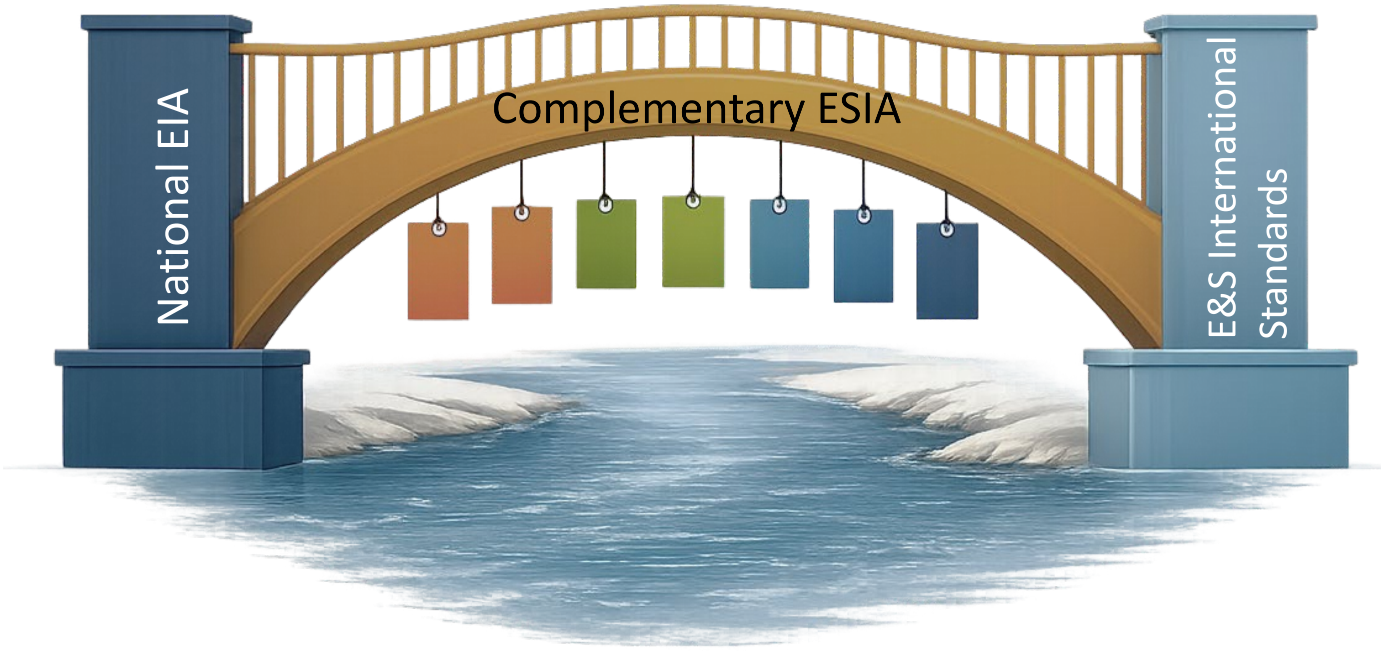
Adaptive management
→ ESCP is adjusted in response to changes or emerging risks

Peru: Sample Projects



Peru: Sample Projects

- Complementary ESIA designed to address the **gaps** of the national EIA with the WB E&S standards.
- Important insights gained from the combined use of the GRM, corrective action plans, and systematic monitoring of the ESMP: **learning by doing**.
- Application of early **community** engagement models and communication strategy.
- Enhance **governance** of environmental and social aspects within the executing agency.
- Same **Executing Agency** enables continuity of **institutional knowledge** and integration of lessons learned.



What challenges still persist?

Challenges

- ESIA actionability gap
- Institutional barriers
- Misinformation

What lessons have been learned?

Lessons learned

Shift focus

Reduce reporting and increase field E&S supervision

Ownership

Better outcomes occur when ESS are fully integrated within the institution

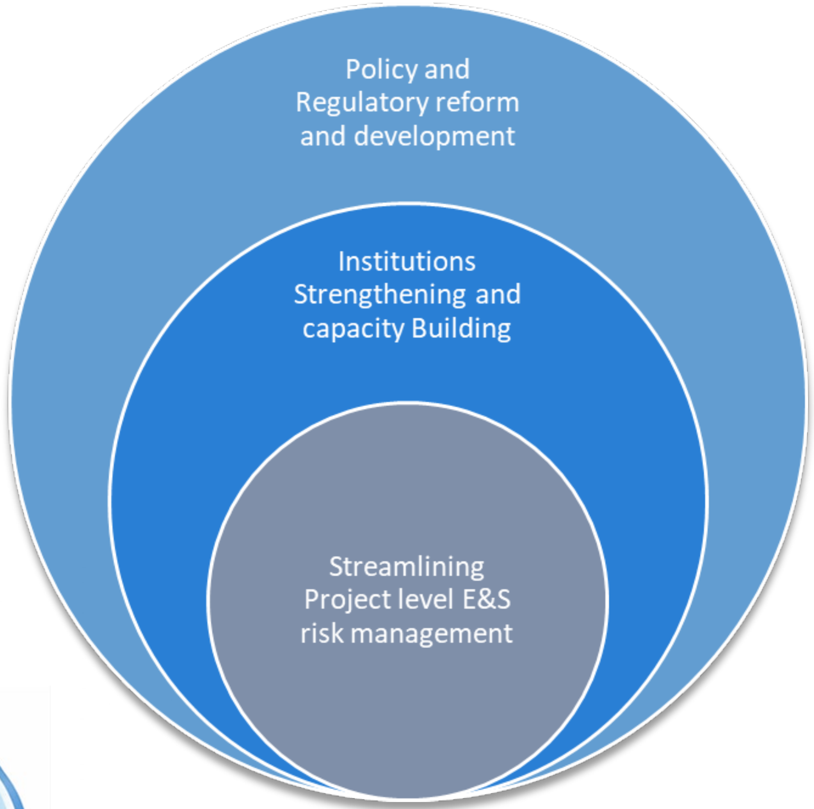
Place a stronger focus on **project implementation** and Borrower support.

Build on **lessons learned**: proactive field supervision, swift incident response, ongoing monitoring, empowered teams with the authority to take action.

Strengthen Borrower E&S **capacity and systems**

Facilitate and promote **cross-fertilization** across actors and sectors.

Closing remarks



Let's continue the conversation!

Message me your questions or comments in the IAIA26 app.

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