The key E&S issues associated with the project are in the potential impacts of the Greenfield phase for the construction of telecommunications infrastructure such as antennas and stations. These include labor and working conditions (including employees' and contractor workers' occupational health and safety); pollution prevention and abatement for hazardous and non-hazardous wastes; impacts on biodiversity due to the potential need for opening new access routes in tropical rain forests to install antennas (towers) and other infrastructure. There is a possibility that certain towers will be installed in indigenous lands either in the Andean highlands or in the Amazon basin; given the ancient history of Peru it is always a possibility to find archaeological remains, as well as sacred sites that need to be taken into consideration when selecting sites for infrastructure. Therefore, site selection, workers camps and behavior, and routes to access the sites and community engagement are critical issues that need to be dealt with best practices.

1. General Information and Overview of Scope of IDB Invest E&S Review

This is a national project in scope that will be executed in the rural areas of the coast, highlands and Amazon of Peru, expecting to serve around 2 million people in 15,675 locations through the construction of antennas. The Greenfield phase of the project will entail installing antennas and associated infrastructure, including access routes and temporary small workers camps. It is expected that work will be carried out by 50 teams of workers for one year.

2. Environmental and Social Categorization and Rationale

Because E&S risks and impacts are expected to be limited and site-specific, and it is possible to avoid or mitigate any limited adverse impacts that might result, the proposed investment has been classified as a Category B project according to IDB-Invest Environmental and Social Sustainability Policy. IDB-Invest environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
PS 2 - Labor and working conditions
PS 3 - Resource Efficiency and Pollution Prevention
PS 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources
PS 7 - Indigenous Peoples
PS 8 - Cultural Heritage

PS 4 and PS 5 are not considered applicable given that a) no community health issues are expected, and no armed security guards are used in the project; and b) any new purchased or leasing of land for antennas (towers) and stations are expected to involve a willing buyer willing seller transaction.

3. Environmental and Social Context

The project will be implemented in the rural areas of the coast, the highlands and the Amazon basin of Peru where it is expected that towers will be installed during the Greenfield phase of the project. Several of these towers will be built in community lands of indigenous and non-indigenous peoples which will require special procedures align with our PS. In the Amazon basin the project has the potential to impact primary forest and affect biodiversity.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

The main environmental and social risks and impacts are the following:

Site selection and access routes (particularly if new) may have impacts in forested areas and indigenous communities in the Amazon basin but there is also potential for impacts in the

highlands.The main impacts are on biodiversity and local communities. However, these are not difficult to avoid or mitigate.

In the case of access routes, the project should prioritize already existing routes. If this is not possible and new access is needed the project should aim at secondary forest areas to access the sites.Primary forest should be avoided for access as well as for site selection.

When installing antennas in community lands the project will include special procedures to approach and engage the community, as well as a behavioral code for the workers to avoid unnecessary conflicts with the local people and to respect their livelihoods and human rights.

4.1 Assessment and Management of Environmental and Social Risks and Impacts

a. E&S Assessment and Management System
The main environmental and social risks are impacts of the Greenfield phase for the construction of telecommunications infrastructure such as antennas and stations; labor and working conditions (including employees' and contractor workers' occupational health and safety); pollution prevention and abatement for hazardous and non-hazardous wastes; impacts on biodiversity due to the potential need for opening new access routes in tropical rain forests to install antennas (towers) and other infrastructure. Furthermore, several of the expected towers will be installed in indigenous lands either in the Andean highlands or in the Amazon basin; given the ancient history of Peru it is always a possibility to find archaeological remains, as well as sacred sites that need to be taken into consideration when selecting sites for infrastructure. Therefore, site selection, workers camps and routes to access the sites are critical issues that need to be dealt with best practices.

IPT managers has an environmental and social management manual that responds to the requirements of ISO 140001 which will be applied to this project and its contractors. The project will have a dedicated E&S officer and eventually during construction of the Greenfield phase IPT will hire E&S specialists to supervise contractors.

IPT E&S management system will provide for legal permitting of sites, managing any electromagnetic impacts of its towers, site inspections, measures to ensure workers' use of personal protective equipment, procedures for waste management, and emergency preparedness and response. It also provides for training of company workers (including contractors) on occupational health and safety matters, including work at heights, accident prevention, fire and electrical safety, and management of any spills of fuel or other chemicals. IPT will screen for risks in any new infrastructure, such as towers or access routes.

IPT will engage contractors to perform core functions with safety risks in civil works including work at heights, work in confined spaces, electrical work, and tower maintenance. In the terms of agreements with core contractors and suppliers, IPT will require compliance with the company's procedures for such types of contractors and suppliers. To ensure compliance, documented audits across multiple parameters are undertaken by an IPT officer with designated responsibility for E&S issues. When deficient performance is identified, correction actions are requested, and suspension could be applicable; and when regular performance is identified, improvements are required as needed.

The company's environmental management system will be based in the certification to meet the requirements of ISO 14001.

b. Policy
IPT will have an environmental and social policy and will issue an environmental and social

management manual that complies with ISO 14001 requirements. IPT also has a management energy policy and a policy of responsible businesses. These policies states IPT commitments to sustainability.

c. Identification of Risks and Impacts
The manual for environmental and social management and its procedures is the main tool IPT has for addressing risks and impacts.

d. Management Programs
The manual for environmental and social management contains all the required programs and procedures.

e. Organizational Capacity and Competency
IPT will include an E&S officer devoted to this project and will eventually hire E&S specialists as needed.

f. Emergency Preparedness and Response
A procedure is included in the environmental and social manual ISO 140001

g. Monitoring and Review
The infrastructure works are expected to last at least one year. Therefore, we expect IPT to issue three reports on E&S management of the Greenfield phase.

h. Stakeholder Engagement:

(i) Stakeholder Mapping/Analysis and Engagement Planning (and ongoing)
The environmental and social management manual contains a section on stakeholder mapping and engagement. In the case of this project which has a national scope, the final sites for the locations of the towers cannot be determined much in advance and the number of expected sites makes stakeholder mapping an impossible task.

(ii) Informed Consultation and Participation
IPT will develop a process or protocol to inform the local communities about the works that will be carried out as well as about the project benefits. This protocol will be reviewed by IDB-Invest.

(iii) Indigenous Peoples
Several of the sites are expected to be in indigenous lands either in the highlands or the Amazon basin of Peru. The project is not expected to have adverse impacts on these communities but rather it will benefit the IP communities by providing access to internet. The protocol mentioned above will be fully implemented in the case of these communities.

(iv) Grievance Mechanism for Affected Communities
IPT will develop a specific grievance redress mechanism to be applied in sites where the antennas will be installed. Although the time for infrastructure building is very short in each site (15 days in average), it is recommended to have such a field mechanism.

4.2 Labor and Working Conditions

a. Working Conditions and Management of Worker Relationships
IPT will develope and implement a set of human resources policies and procedures consistent with IFC Performance Standard 2. They promulgate a reasonable limit on working hours; and they promote the fair treatment, non-discrimination, and equal opportunity of its employees, regardless of race, gender, religion, nationality, language, age, sexual orientation, civil status, handicapped

status, or socio-economic status. The company provides for freedom of association (the right to unionize) of its workers. IPT will implement procedures in place to ensure that grievances of workers, including contractor workers, are generally resolved within 30 days, with measures to ensure confidentiality and a channel for appeal.

IPT policies and procedures will require the deployment of appropriate measures for life and fire safety at the company's offices, operational sites, and switching centers. They ensure that both the company's own employees and those employed by contracted firms performing work related to core functions of IPT are provided a safe and healthy work environment, including appropriate training, protective clothing and equipment.

4.3 Resource Efficiency and Pollution Prevention

a. Pollution Prevention
At project sites, construction will inevitably generate some waste materials, and, during operations, there will be a need for properly disposing of items such as waste oil and used batteries. For these purposes, IPT will have policies and procedures for waste management consistent with Section 1 of World Bank Group EHS Guidelines for Telecommunications. IPT is committed to reduce its use of natural resources over time, including through reuse and recycling. Notably, Telefónica collects used batteries and used mobile phones for reuse or recycling and recycles paper and cardboard.

IPT sites will generally use power from the electric grid, with backup power provided by batteries wherever possible, thereby limiting the use of fuel tanks, generators, and associated noise and potential fuel leaks.

IPT will include terms in its agreements with contractors that cover pollution prevention and abatement. IPT monitors compliance with terms in its agreements with contractors and seeks improvement if non-compliance is identified.

4.4 Biodiversity Conservation and Natural Habitats

Access routes to the sites and opening new sites for antenna construction are the main impacts in biodiversity in the case of the tropical rain forest. IPT will avoid opening access routes and new sites in primary tropical rain forest. On a case by case basis, to mitigate this impact IPT will select already existing routes. If this is not feasible, secondary forest will be prioritized.

4.5 Indigenous Peoples

The project is expected to benefit indigenous communities that will be served by the antennas being built in the Greenfield phase. No adverse impacts are expected.

For community communication and engagement IPT will develop a protocol to be of mandatory use by all contractors. The protocol will include a section on a code of conduct for the workers involved in the Greenfield phase.

4.6 Cultural Heritage

IPT will comply with the Peruvian legislation that requires a CIRA (Certificado de Inexistencia de Restos Arqueológicos). A chance find procedure will be included in the contracts with contractors.

Site selection will consider the local community views to avoid building in sites considered sacred as well as in cemeteries.

Contact Information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.