

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC8278

**Date ISDS Prepared/Updated:** 26-Mar-2014

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### I. BASIC INFORMATION

#### A. Basic Project Data

<b>Country:</b>	Brazil	<b>Project ID:</b>	P147157
<b>Project Name:</b>	BRAZIL BAHIA SUSTAINABLE RURAL DEVELOPMENT PROJECT (P147157)		
<b>Task Team Leader:</b>	Maria de Fatima de Sousa		
<b>Estimated Appraisal Date:</b>	09-Apr-2014	<b>Estimated Board Date:</b>	30-May-2014
<b>Managing Unit:</b>	LCSAR	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General agriculture, fishing and forestry sector (40%), Agro-industry, marketing, and trade (30%), Water supply (20%), Information technology (10%)		
<b>Theme(s):</b>	Rural markets (40%), Technology diffusion (20%), Trade facilitation and market access (20%), Rural policies and institutions (10%), Gender (10%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	260.00	<b>Total Bank Financing:</b>	150.00
<b>Financing Gap:</b>	110.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			150.00
Total			150.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

#### B. Project Objectives

8. The proposed PDO is to support the Borrower's strategy for poverty reduction and shared prosperity in rural areas of the State of Bahia by: (i) promoting productive alliances and value chain integration in order to increase incomes of family farmers; (ii) making smart-agriculture investments

to improve, climate resilience, nutrition and food security; and (iii) expanding access to water and sanitation services, and complementary rural infrastructure.

### **C. Project Description**

11. In order to achieve the PDO, the Project will support Borrower efforts to:

- (a) Promote the conditions necessary for the generation and increase of employment and income for family farmers through increased productivity and greater market integration;
- (b) Strengthen delivery and quality of appropriate technical assistance and training for Project beneficiaries and their organizations;
- (c) Improve basic infrastructures required to support production and marketing (e.g. energy, logistics, water for production) and to improve the quality of life (e.g. WSS for improved public health, crop diversification for improved nutrition and food security);
- (d) Make investments needed for the restoration and conservation of cultural and environmental assets;
- (e) Promote the social and economic inclusion of women, youth, indigenous and other traditional communities.

12. Project Components would be organized in the following fashion in support of Borrower efforts:

13. Component 1: Productive Inclusion and Access to Markets (US\$ 221.9 million of which US\$ 120.4 million IBRD financing). This Component aims to reduce regional inequalities by increasing productive inclusion and access to basic infrastructure through the following Subcomponents.

14. Subcomponent 1.1 - Productive subprojects (US\$ 153.0 million of which US\$ 64.2 million IBRD financing), consisting of matching grants and technical assistance to selected producer organizations to: (i) increase levels of productivity, support their integration into eight priority value chains, and increase their access to markets (both private and public), resulting in increased levels of net revenues; and (ii) support nutrition, food security, environmental and cultural asset recovery, restoration and protection. Productive subprojects will be identified through participatory local development planning and selected based on a review of subproject proposals and business plans identifying beneficiary contribution (financial and/or in-kind), and presenting social environmental and economic sustainability analysis.

15. Subcomponent 1.2 - Basic Rural Infrastructure (US\$ 68.9 million of which US\$ 56.2 million IBRD financing) subprojects to (i) increase coverage of WSS systems in rural areas; (ii) support modernization and expansion of electricity provision for productive units; and (iii) improvement of rural access roads and bridges.

16. Component 2: Institutional Development and Technical Assistance (US\$ 19.4 million of which US\$ 19.4 million IBRD financing). This Component seeks to develop participatory methodologies and provide capacity building to Project beneficiaries and their organizations. It will also support capacity building of Project implementing agencies & partners, strengthen strategic analysis and planning capacities and the development of sub-project business plans. It will consist of the following sub-components:

- Subcomponent 2.1 – Research and Diagnostics
- Subcomponent 2.2 - Training and Capacity Building
- Subcomponent 2.3 – Communication

17. Component 3: Project Management (US\$ 18.8 million of which US\$ 10.3 million IBRD financing). This Component will strengthen capacities of the main project implementing agency CAR in both its central and regional offices to ensure effective Project management, monitoring and evaluation (M&E).

18. Methodologies for the identification of Project beneficiaries, targeting of investments and selection criteria for productive and infrastructure subprojects will be fully developed during Project

Preparation and outlined in the Project Operation Manual (POM). All subprojects will be required to prepare ex ante feasibility analysis demonstrating economic, social and environmental sustainability of proposed investments.

19. The Project will adopt a dual strategy to achieve its objectives by encouraging integration of various public policies (including programs, projects and associated activities) that are operating in the Project's target areas; and by encouraging public-private partnerships (promoting productive alliances and using consortiums) in order to leverage resources and services. Moreover, this Project will be guided by the following considerations.

(a) Regional/territorial approach: Planning and coordinating interventions at the territorial level will aid in integration of various federal- and state-level programs to boost economic and social inclusion. Priority will be given to territories within the Semi-Arido region, which spans 69 percent of the territory, is the poorest and least developed region of the State, and accounts for the majority of family farmers.

(b) Linking agriculture with nutrition, food security and poverty reduction. The Project seeks to harness the potential of the agriculture sector in Bahia, particularly small-scale family farming for improving nutrition, food security and poverty outcomes.

(c) Climate-smart responses: The proposed project would stimulate innovations that jointly increase agricultural productivity, increase the efficient use of scarce water, and promote climate change resilience while reducing carbon emissions.

(d) Technology and innovation strategy: The Project will help rural producers adopt new technologies and access greater commercial intelligence in order to thrive in dynamic markets. This will require fresh learning approaches to stimulate a "rural innovation culture" conducive to competitiveness and capable of connecting education to jobs.

(e) Integrating producer organizations in value chains: Collective action among small-scale producers can reduce asymmetric bargaining power in markets dominated by intermediaries and reduce individual risk. Previous Bank-financed operations in Bahia have fostered community associations and cooperatives, mostly composed of small-scale producers who would be targeted under the proposed operation.

(f) Shared risk and benefits: At present, small-scale producers assume the typical risks of farming, as well as the risk of not selling their product, or selling it without recovering costs. Productive alliances provide a way for the different actors of a value chain to share both the production risks and associated revenues.

(g) Promoting public-private partnerships: Productive alliances bring private and public sector actors together to promote "win-win" market solutions. As well, economies of scale can be achieved through the use of inter-municipal consortiums to contract services or deliver infrastructures.

(h) Social inclusion: gender, youth and traditional communities: The project's inclusive design will also promote gender equity, women's empowerment, youth participation and the inclusion of indigenous, quilombola and other traditional communities. This will be achieved through a combination of targeted capacity building activities and social inclusion requirements in the process of subproject identification and selection.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

#### **F. Environmental and Social Safeguards Specialists on the Team**

Alberto Coelho Gomes Costa (LCSSO)

Maria Bernadete Ribas Lange (LCSEN)

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## II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>Based on the assessment of potential impacts under the proposed project, a Category B designation is proposed. The proposed project interventions will be small-scale, demand-driven investments (i.e., subprojects). These subprojects would not cause significant adverse environmental impacts, related mainly to infrastructure development (i.e., water, sanitation and rural roads), new agricultural practices (i.e., product diversification, conservation agriculture, promotion of value added products, and product certification). As the exact type and nature of subprojects to finance business plans and small-scale community infrastructure would not be known ex ante (i.e., prior to project appraisal), the Borrower would prepare an Environmental and Social Management Framework (ESMF). The ESMF would draw on lessons from previous operations implemented by CAR, including the Rural Poverty Reduction Project (RPRP). The ESMF will focus on Project-specific aspects, such as institutional arrangements and capacity, regulatory framework, environmental screening procedures and criteria and licensing.</p> <p>The ESMF will also provide guidance on: (i) identifying the potential social, environmental and distributive impacts associated with the typology of project investments; (ii) minimizing potential impacts for productive and infrastructure subprojects; (iii) specifying procedures to be used in assessing environmental and social impacts during the subproject design stage; and (iv) addressing identified impacts during subproject implementation. Additionally, the subprojects selection procedures will be consistent with (i) the national, state and local legislation concerning Brazilian Forest Code, natural habitats and protected areas (Law 4.771/65; SNUC - Law 9985/00, Decree 4340/02 and</p>

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		<p>Decree 5758/06); (ii) Law 12.334/2010; and (iii) World Bank safeguards policies.</p> <p>The ESMF would present a budget and implementation schedule, both of which would be integrated into the overall project operating plan.</p>
Natural Habitats OP/BP 4.04	Yes	<p>While activities are not planned for Protected Areas (PA); Areas of Permanent Preservation (APP), and Legal Reserves (LR), activities under the project components should nonetheless lead to positive impacts on natural habitats, through the direct protection and rehabilitation of these areas, following the provisions of the Brazilian Forest Code. Nevertheless, OP 4.04 is triggered and all planning activities that may affect natural habitats must follow World Bank policies, identifying monitoring and management activities to prevent or mitigate any possible negative impact.</p> <p>The Project has provisions to regenerate and reforest water-producing systems (mainly riparian vegetation), benefiting also local biodiversity preservation and restoration. Subprojects resulting in any significant conversion or degradation of critical natural habitats will not be eligible.</p> <p>Springs and river margin areas are classified as Permanent Preservation Areas (APP), and legally protected by the Brazilian Legislation (Federal Law 12.651/2012). APP use for water systems development, intake and pipelines, requires specific permitting, mitigation and regeneration measures. Despite the expected positive impacts, the ESMF should include clear guidance regarding direct and indirect impacts on natural habitats.</p>
Forests OP/BP 4.36	Yes	<p>It is not expected that Project implementation will have negative impacts on forest resources. Subprojects with the potential for conversion or degradation of natural forests or other natural habitats that are likely to have significant adverse environmental impacts which are sensitive, diverse, or unprecedented, are ineligible. The Project also excludes activities that require commercial forest harvesting, wood extraction or firewood use in the production</p>

		<p>chain.</p> <p>Activities resulting in deforestation and loss of native vegetation cover will not be allowed. The project would contribute to conserve and restore natural vegetation, generating positive impacts through the maintenance and/or recovery of natural vegetation on rural private land holdings on steep slopes, along water courses (up to a certain distance from the riparian margin) or in the vicinity of springs. Additionally, the project would contribute to conserve and/or restore a set aside area called Legal Reserve (Reserva Legal - RL) in these private holdings. As already mentioned, the subproject selection procedures would be consistent with the Brazilian Forest Code. Typical activities should support mainly conservation and restoration activities, and should be planned and executed in such a way to minimize or prevent negative impacts on forest areas.</p>
Pest Management OP 4.09	Yes	<p>The project would not finance any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, minor amounts of pesticides would probably continue to be used in the short term by a small portion of targeted small-scale farms. The project would encourage and support technical assistance for the adoption of organic agriculture and of proven, economically- and environmentally-sustainable Integrated Pest Management (IPM). This approach would increase farmer productivity (i. e., yields), reduce input costs and human health risk, and minimize adverse environmental impacts through the virtual elimination of pesticide use. The IPM approach further improves the sustainability of agro-ecosystems by focusing on the knowledge and skills of farmers to better enable natural resource management.</p> <p>The need to use pesticides or herbicides should be indicated in each subproject, as well as the IPM measures to be adopted. When the use of pesticides or herbicides is justified, an analysis of potential negative impacts resulting from the use of these chemicals and the risks associated with the inappropriate handling or storing of their containers should be conducted. The</p>

		<p>subprojects should also include measures to reduce those risks, in compliance with Law No. 7802/89.</p> <p>A Pest Management Plan (PMP) will be prepared and incorporated into the ESMF and the Project Operational Manual. The PMP would make use of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva: WHO 1994-95). The PMP would also exclude finance under the proposed project for formulated products that fall in WHO classes IA and IB, or formulations of products in Class II, if: (a) the country lacks restrictions on their distribution and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly.</p>
Physical Cultural Resources OP/ BP 4.11	Yes	<p>Project implementation would not cause any negative impact on known physical cultural resources (PCR). Proposed subprojects with expected direct and negative impacts on known archeological, paleontological, historical or other culturally significant sites will not be eligible.</p> <p>The State of Pernambuco State has many historical and archeological sites. Brazil has a well-developed legislative and normative framework, which is under Federal oversight by the National Institute for Protection of Historical and Archeological Sites (IPHAN). Pernambuco also has the State Agency, Fundação do Patrimônio Histórico e Artístico de Pernambuco (FUNDARPE), tasked with the identification, restoration and protection of PCR in the State.</p> <p>The "chance findings" procedures would be included in the Project Operational Manual for guidance during project implementation, particularly in regions with PCR sites already mapped by FUNDARPE. SEDAR may engage FUNDARPE or other entities with proven experience to implement "chance findings" procedures.</p>

Indigenous Peoples OP/BP 4.10	Yes	<p>Indigenous peoples are a priority target of this project as they are overrepresented among the poor rural population of the state of Bahia. According to FUNAI (the Brazilian Agency of Indigenous Affairs) there are 16 Indigenous Peoples in the state of Bahia (Arikosé, Atikum, Botocudo, Kaimbé, Kantaruré, Kariri, Kiriri, Kiriri-Barra, Pankararé, Pankararú, Pataxó, Pataxó Hã-Hã-Hãe, Tupinambá, Tuxá e Xucuru-Kariri). They count for 16,817 people, living in 31 indigenous lands, which comprise 113 local communities. Nearly 56 percent of them live with monthly per capita income up to ¼ of the Brazilian minimum wage and 80% earn up to ½ of the minimum wage.</p> <p>Poor soils in drought prone areas and low technology productive practices compromise their livelihood. Perennial water shortage reduces quality of life in indigenous villages at the North-Northwest portions of the state and land conflicts prevail in some areas at the southern coastal region.</p> <p>As the exact type, nature and location of subprojects to be financed would not be known prior to project appraisal, an Indigenous Peoples Planning Framework (IPPF) will be prepared by the client in compliance with the Bank policy, its principles and guidelines. The IPPF would draw on lessons from previous operations implemented by CAR, which have set participatory processes of consultation and planning and have benefited indigenous communities (3,337 families from 23 indigenous lands). Prior, free and informed consultations will be held with indigenous peoples.</p>
Involuntary Resettlement OP/BP 4.12	Yes	<p>OP 4.12 might apply because community demand driven interventions may require “voluntary asset donations”. Additionally, during the early stages of project preparation, the team will assess with the client if some activities supported by the project to encourage the basic infrastructure required to support the production and marketing (energy, logistics, water production, etc.) may require land acquisition by the state and potentially promote adverse impacts related with involuntary</p>

		<p>physical and/or economic displacement of populations.</p> <p>As the exact type, nature and location of subprojects to be financed would not be known prior to project appraisal, a Resettlement Policy Framework (RPF) will be prepared by the client. The RPF will include: (a) the proper guidance on how the implementing community association and the Project Implement Technical unit will ensure that donation is an act of informed consent; and, (b) guidelines on how to prepare involuntary resettlement plans in cases in which: (i) the community sub-project cannot technically be implemented in another location than where it is planned, (ii) if an affected household does not willingly agree to donate land/assets for a village sub-project without compensation, or (iii) if the criteria for voluntary asset donation are not met.</p>
Safety of Dams OP/BP 4.37	TBD	<p>The project would finance small dams (less than 15 meters in height), including farm ponds, local silt retention dams, and low embankment tanks. The Project will exclude activities that require large dams, which are 15 meters or more in height. The ESMF will ensure that the Project is fully in compliance with Federal and State legislation and Bank safeguard, including: (a) identifying the potential social, environmental and distributive impacts associated with the small dams; (b) plans for construction supervision and quality assurance; and, (c) plans for operation and maintenance. Environmental evaluation of each subproject prior to its financing will be standard procedure designed to prevent, minimize or mitigate eventual adverse effects on the environment.</p>
Projects on International Waterways OP/BP 7.50	No	<p>This policy is not triggered since the project will not affect any international waterways as defined under the policy.</p>
Projects in Disputed Areas OP/BP 7.60	No	<p>This policy is not triggered as the project will not work in any disputed areas as defined under the policy.</p>

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS: 21-Mar-2014**

**B.**

<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.

**Time frame for launching and completing the safeguard-related studies that may be needed.**  
~~The specific studies and their timing should be specified in the PAD (Stage) ISDS.~~ (ii) the Indigenous Peoples Planning Framework (IPPF). Draft of each was submitted to the Bank for review and comments in November 2013. The finalized EMP and IPPF will be disclosed in the Infoshop and in-country prior to project appraisal. The specific studies and their timing should be specified in the PAD-stage.

#### IV. APPROVALS

Task Team Leader:	Name: Maria de Fatima de Sousa	
<b><i>Approved By:</i></b>		
Regional Safeguards Coordinator:	Name: Maria Elena Garcia Mora (RSA)	Date: 07-Apr-2014
Sector Manager:	Name: Laurent Msellati (SM)	Date: 14-Apr-2014