Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/22/2024 | Report No: ESRSA03285

I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P180429	Investment Project Financing (IPF)	Bahia que Alimenta	2025
Operation Name	Bahia Sustainable Rural Development Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Brazil	Brazil	LATIN AMERICA AND CARIBBEAN	Agriculture and Food
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Government of the State of Bahia	CAR - Companhia de Desenvolvimento e Acao Regional	23-Apr-2024	12-Aug-2024
Estimated Decision Review Date	Total Project Cost		
04-Apr-2024	160,160,000.00		

Proposed Development Objective

To increase market access, agricultural productivity and develop resilience of family farmers to shocks while expanding access to resilient water services in selected rural areas.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

[Description imported from the PAD Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The proposed project aims to improve access to markets, climate change resilience of family farmers, and access to safe water in selected rural areas. The project will benefit mostly small-scale family farmers, indigenous people, and traditional communities.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 10,000]

The state of Bahia has 417 municipalities distributed in 27 Territories and encompasses an area of 567.4 thousand km2, which corresponds to 6.7% of the total area of the country and more than a third of the Brazilian Northeast Region. With an estimated population of 14.9 million inhabitants in 2021, it is the 4th largest state in Brazil in population size. The state is in an area with very different climatic characteristics and three Brazilian biomes coexist in its territory: (i) Caatinga, (ii) Atlantic Forest and (iii) Cerrado. Caatinga biome, in the semi-arid region, represents 78.6% of the entire area of the state. The occurrence of climate events such as droughts in the semi-arid region and floods along the coastal zones are getting more frequent over the last years.

Indigenous peoples, quilombola communities and other traditional communities are overrepresented among the poor rural population in the state of Bahia. According to the National Indigenous People Foundation (Fundação Nacional dos Povos Indígenas or FUNAI in Portuguese) there are 16 Indigenous Peoples in the state of Bahia. They account 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. There are also 468 quilombola communities and 507 communities (11,431 families) in which the system of "fundo de pasto" prevails.

Bahia has the largest economy in the Northeast Region. In 2019, it accounted for approximately 4% of Brazil's Gross Domestic Product (GDP) and for 27.9% of the economy of the Northeast Region and has achieved important economic results and remains in a prominent position in the national economy, however, even in this positive economic scenario, most recent social indicators shows that there is still maintenance of poverty data in Bahia. In the context of food security, the most recent impacts resulting from the Covid-19 pandemic pointed out in the National Survey on Food Insecurity in the Context of the Covid-19 Pandemic in Brazil, carried out in 2021, indicate an increase in the food insecurity index of the Brazilian population. It is noteworthy that, for the Northeast Region, this index reached 71.9% of the population in 2021, being above the national average.

Regarding family agriculture, out of a total of 762 thousand agricultural properties, 593,000 are family production units, according to the Agricultural Census (IBGE, 2017). Of the total area of 28 million hectares occupied by rural properties, family farmers occupy 9 million (32%) and are responsible for 25% of the total value of state agricultural production. Family farming in the semi-arid region of Bahia is fundamentally characterized by rain-dependent production systems that integrate animal husbandry, plant production and extractives.

Considering water access, only 49.4% of rural households in Bahia have a general distribution network as a source of water supply. 32% depend on wells and springs. 18.6% have a water source from another type of source (generally in a fragile, insecure and non-regular way), which highlights the need for investments that seek to expand or even universalize access to water for consumption and production in rural areas.

Despite the interventions of numerous public policies to promote rural development, including the Bahia Produtiva Project (Phase I), the rural population still has limited access to credit lines, technologies, good agricultural practices, technical assistance services, difficulties in accessing profitable markets and infrastructure limitations.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 10,000]

The Project Management Unit will be hosted under the Company for Development and Regional Action (CAR), which will be responsible for the general management, planning, coordination, execution, monitoring and evaluation of all activities of this project, as known as locally "Bahia que Produz e Alimenta" Project. CAR will continue to be the leading agency during project implementation, in coordination with CERB (Companhia de Engenharia Hidrica e Saneamento da Bahia) - co-executor and responsible for component 2 action -Water supply systems.
The Project will build on five years of experience of implementing phase 1 of Bahia Produtiva - BAHIA SUSTAINABLE RURAL DEVELOPMENT PROJECT (P147157), and substantial implementation capacity and operational procedures developed and largely mainstreamed in the CAR, CERB and others involved institutions. Throughout this time, CAR has installed a reliable management system following the requirements for environmental and social assessment, monitoring and evaluation (M & E), reporting, gender, and generation, technical approaches for sustainable land management at family agriculture, Indigenous Peoples, and grievance redress. The previous project was implemented under the former Safeguards Operational Policies and closing rating was Satisfactory in terms of Environmental and Social Safeguards compliance. The project has also received Award of Best practices in International Fundraising in the State level from International Economic Affairs Secretariat (SAIN) / Brazilian Development Association (ABDE).
Despite CAR's experience working with the Bank's Safeguard Policies and robust and institutional platform developed for Bahia Produtiva Project (phase 1), the Bank team has been providing close support and follow-up on the development of the E&S instruments. Specific workshops on the ESF for capacity building have also been provided during preparation missions.

The Environmental and Social Safeguards team, which worked on implementing the old environmental and social safeguards framework, has received training to update the ESF requirements. The team will include an environmental specialist, a social specialist and an engagement and communication specialist. In addition to the PMU socio-environmental team, CERB (co-executor and responsible for implementing Component 2) will designate focal points - environmental and social - who will work in coordination with the PMU team for socio-environmental management, as set out in the Environmental and Social Commitment Plan - ESCP.
Additionally, the Project's Component 4 includes institutional strengthening actions to improve the Borrower's capacity.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Moderate

A.1 Environmental Risk Rating — Moderate

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

Overall, the Components covered by this Project are expected to contribute to sustainable, resilient, and inclusive rural development, generating positive environmental impacts and co-benefits. Notwithstanding, the environmental

risk classification is proposed as Moderate. This is to account for the project scope and potential environmental risks and impacts resulting from the activities related to the small scale primary agricultural production, food processing, and the construction or rehabilitation works from small rural water supply systems “centrais de água”. These impacts may include: (i) waste streams and surface water contamination from food processing plants such as dairy and yuca processing; (ii) diffuse impacts from agricultural production such as soil erosion, environmental contamination with pesticides; (iii) small scale construction wastes, erosion, environmental noise and dust emissions, small leaks of lubricants and fluids from construction machinery; (iv) sludges and other water treatment plant wastes from filters, sedimentation and flotation tanks; (v) OHS hazards and risks from a variety of activities covered under project’s sub components such as exposure to hazardous refrigerant gases (ammonia), unprotected moving parts and machinery, exposure to hazardous chemicals and pesticides, construction traffic hazards, exposure to electrical hazards, working at heights, entering in confined spaces; exposure noise and dusts emissions, excavation hazards, ergonomic hazards; among others. Under component two, although the main source of water is expected to be from wells, water may eventually be drawn from surface water sheds, which may require the construction of small structures to allow water catchment. However, there won’t be the construction or use of large Dams, or any Dams with water retention capacity, or Dams that could cause safety risks. Under component 3, the project also includes Technical Assistance to support technological innovation and climate resilient agriculture practices. The supported activities will prioritize the use of environmentally sustainable technologies and are not anticipated to cause significant impacts

A.2 Social Risk Rating Moderate

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

The project has a Moderate Social Risk rating, primarily associated with activities under Components 1 and 2. These activities involve financing small to moderate scale civil works. During the preparation phase, identified social risks include the acquisition of land on small scale under Component 2. However, this acquisition should not result in physical displacement or major disruption of community health and safety. The project does not anticipate a significant influx of workers, as priority will be given to hiring local labor. The risk of GBV, SEA)/SH, and Violence Against Children (VAC) during the activities under Component 1 and the construction of water and sanitation infrastructure in rural areas (Comp.2) is considered low. However, these risks will not be neglected, especially for activities in rural areas where supervision can be challenging. Another risk is related to project selection criteria and beneficiaries, which may lead to the capture of project benefits by the elite. To mitigate such risks, vulnerability, inclusion (, indigenous people, gender, youth) aspects will be incorporated into the technical criteria for selecting communities under Comp.1 and 2. Social risks associated with cultural and social practices that discourage adherence to safe sanitation and water services will be addressed through robust support for the communities served under Component 2. Additionally, community engagement work will be included in the scope of Components 1 and 2 activities. Other mitigation measures will be the social work activities of CERB and "Centrais das Águas." Regarding Component 1, community labor risks have been identified and will be addressed through training such as on the proper use of PPE and appropriate contracting practices. Risks and barriers faced by vulnerable groups in accessing the project are being adequately addressed. The project plans to implement an Indigenous ATER (Assistance and Technical Extension Service), which will enhance community capacities in rural areas. To mitigate potential risks and to address the demand for small communities, including indigenous people and other traditional groups, women and youth, the project is engaging these groups during the preparation phase to analyze alternatives and appropriate selection criteria. The risk classification also considers the capacity of implementing agencies to manage social risks and impacts. CAR and CERB has previous experience working with the Bank’s Policies. Women are disproportionately

affected with lack of access to water and has less access to the market impacting productivity, profitability and sustainability of rural businesses. Therefore the project will address the gender gaps and will include indicators and targets to reduce the identified gaps. Increasing participation of women and young people in organizations in both Components; and Improving the level of autonomy in decision-making of women and young people benefiting from the Project will reduce inequalities in the intervention area that can benefit from the Project. The main positive social impacts of the project are associated with: (i) Impact on women's health and reduction of time spent on domestic work; increase in the productivity, market access, and income of rural women. (ii) Meeting the needs of women, the youth, indigenous and traditional communities, marginalized and vulnerable communities; sensitized design, facilitating access to information, and support to strengthen community organizations for management and system maintenance. (iii) Use of Local Labor: Engagement of Indigenous ATER and specific initiatives for indigenous and quilombolas communities. The Project also includes pilot investments for innovations to promote climate change resilience in selected communities.

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 8,000]

B. Environment and Social Standards (ESS) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts — Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. Project interventions are expected to result in more environmentally sustainable and climate-smart production among beneficiaries, generating positive social and environmental co-benefits. Nevertheless, subprojects may cause site specific and reversible impacts, as described below: Under component 1, the project will support small farmers' associations and agriculture production chains, financing primary agricultural production and processing, which may include machinery, infrastructure, vehicles and tools. The main potential environmental risks and impacts associated with these activities are soil erosion and runoff of sediments to the rivers and water bodies, environmental contamination with pesticides, environmental pollution with empty pesticide containers, land conversion and habitat loss for farming production, inadequate disposal of construction wastes, environmental pollution with wastewater streams from processing agriculture products processing (i.e. dairy, casava, meat processing etc.). To manage these risks and impacts from the project, CAR completed an advanced draft of Environmental and Social Framework (ESMF) which includes risks and impacts identification, the regulatory framework analysis with the correspondence with the ESF requirements, environmental licensing requirements, environmental and social baseline, and a set of environmental and social risk management tools. These tools in turn contain a set of exclusion criteria for the selection of subprojects (under the ESMF) which excludes activities that result in habitats conversion for agriculture land, activities in or impacts to protected areas, the procurement of pesticides, discharge of untreated wastewater, harvesting of native species of wood (logging), Impacts to critical habitats, among others. CAR will also complete the Good Practice Guidelines for Agriculture production (under component 3), consistent with WBG EHS guidelines, which will be disseminated by CAR's rural extension activities. As set forth in ESCP, CAR must finalize the MGAS and submit for Bank review and approval before effective date.

Component 2 includes water access to remote rural communities through central water supply systems. Potential impacts associated with component 2 are related to civil works from water supply systems (construction wastes, earth works, emissions of noise and vibration, Occupational Hazards, etc.) and the impacts from water treatment facilities (solid wastes from primary treatment), which are expected to be limited in number as in most cases the water should come from wells and therefore, just chlorination treatment is required. Although the main source of water shall be from wells, water may eventually be drawn from surface water streams, but no dams are needed. The ESMF also covers the risks and impacts from the construction and operation of water supply systems which includes measures to mitigate theses impacts such as the waste management plan, construction traffic control, sustainable water extraction based on hydrological studies and installation of water meters, water treatment and water quality monitoring, OHS prevention plan and so forth. Under component 3, the project will support the adoption of climate-smart technologies and measures focusing on climate mitigation, adaptation and resilience. It will promote technical assistance services and technological innovation, prioritize the production of healthy foods, food and nutritional security, income generation and the commercialization of products. It is unclear at this stage what could be the impacts related to TA activities (if any), which will be further explored during project implementation. Nevertheless recommendations from TA documents must be in line with ESF objectives. According to the ESMF, all sub projects must be screened and reviewed using an Environmental and Social Review Form (Formulário de verificação Ambiental e Social, in Portuguese), which must be completed and adopted during project implementation, as set forth in ESCP. This form must include sub project's risk classification, a check list of the requirements from the exclusion list and identification of individual subprojects risks and impacts. Going forward, CAR must identify the applicable GIIP Guidelines for primary agriculture production, or complete a project specific ESMP (food processing and water supply) with applicable control and mitigation measures commensurate with the requirements from the ESMF. The project will have mostly social positive benefits that include: a) improved access to water and sanitation; b) increased income generation and technical capacity for farmers and rural households; c) expand opportunities for rural youth and women; d) strengthened institutional capacity for better planning and practices due to enhanced skills in management. The project social risks and impacts are primarily possibility of excluding vulnerable groups from full participation in project benefits either due to lack of information or benefit allocation decisions; related to small land acquisition for project activities; community impacts during civil works, risks related to labor and working conditions. A more detailed description of relevant risks and impacts identified at concept stage are described above in Subsection A. Based on the experience from previous project "Bahia Produtiva", CAR has already developed a robust framework, and related systems to manage subprojects' risks and impacts, including sub projects selection and exclusion criteria, impact identification, and monitoring of performance. The Project's ESMF would pay special attention to the distributive impacts and benefits of Project interventions on disadvantaged and vulnerable social groups, including analysis and measures to reduce gender inequalities in access to water and to improve women's income and participation conditions. Family agriculture encompasses an array of social groups that are more likely than others to be disadvantaged and vulnerable as well as excluded from taking advantage of project benefits. They include Indigenous Peoples, quilombola and traditional communities as well as the poorer Afro-Brazilian small landholders and the female small landholders without secure tenure. The Project's ESMF would pay special attention to the impacts and benefits of Project interventions on these disadvantaged and vulnerable social groups and the Project's SEP would define – as needed – special measures to engage, disseminate information and consult in a culturally appropriate manner with them, as detailed in ESS 10. A draft ESMF was prepared by the borrower and will be disclosed on the borrower's website (http://www.car.ba.gov.br/) before Appraisal. The draft will be discussed with stakeholders as part of the Project consultation process. The final version of the ESMF will include the results and

feedback from stakeholders, as applicable, and will be disclosed and adopted within 30 days after Project Effectiveness.

ESS10 - Stakeholder Engagement and Information Disclosure Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. The Project is expected to benefit the diversified array of social groups that comprise family agriculture. They include small rural landholders who mostly rely on the family workforce in their productive activities, traditional communities (such as Indigenous Peoples, Quilombola communities, family agriculture organizations and unions, producers' organizations and cooperatives. The water and sanitation service activities also require a systematic and intensive engagement of stakeholders at an early stage of the project and through its implementation guided by the World Bank's Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups. The stakeholder mapping and outreach has been included from the earliest stages of the Project and in the design of SEP, to ensure the project is designed and implemented effectively and successfully. A draft Stakeholder Engagement Plan (SEP) has been prepared and disclosed prior to appraisal on the website (http://www.car.ba.gov.br) and also discussed through focus group meetings during preparation. The SEP includes details of types, frequency and approach to consultations, information sharing and Grievance Redress Mechanism (GRM) related procedures. The SEP will be updated throughout the lifetime of the project as a result of ongoing consultations, which will be key to achieve objectives of the project. The SEP mapped out the various stakeholders and sat out a strategy on how they will be engaged throughout the life cycle of the project; how and what project information will be shared at the different levels; how stakeholder concerns and feedback will be considered during the project design and implementation phases and how the project intends managing grievances through the implementation of a project Grievance Readiness Mechanism (GRM). The SEP also allows for meaningful consultation in a participatory manner and was tailored to ensure involvement of disadvantaged and vulnerable groups in the communities, including specific provisions and information methods and communication techniques appropriate to the level of literacy of the stakeholders (particularly beneficiaries) and take advantage of focus groups consultation with women, youth, indigenous and quilombolas people. The stakeholder mapping, included in the SEP indicated that the main stakeholders are: Bahia State Planning Secretariat (Secretaria do Planejamento do Estado da Bahia), Development and Regional Action Company (Companhia de Desenvolvimento e Ação Regional), Bahia Water and Sanitation Engineering Company (Companhia de Engenharia Hídrica e de Saneamento da Bahia), family farming associations and cooperatives, Councils (state and municipal) of water resources, NGOs, organizations and leaders representing indigenous and quilombola communities. In order to incorporate stakeholders' opinions and concerns about the Project, several meetings were held with focus groups especially indigenous people reresentatives, quilombolas, rural women and rural youth. For the Component 2, planning and team mobilization will take place prior to the start of construction. The summary of these meetings was included in the SEP and the results of these consultations have improved the design of the Project. A wide-ranging virtual consultation will be carried out, prior to the effectiveness of the Project, to discuss the benefits and risks of the Project and the socio-environmental management measures that will be adopted, detailed in the instruments prepared (ESMF, RPF, IPPF). The engagement strategy at the community level involves robust work to be carried out in each community served, which includes a series of actions initiated with meetings at the community level to seek adhesion to the Project. These activities will be carried out before works begin in each community. The final version of the SEP – updated with the

feedback collected through the consultation process – would be publicly disclosed on a dedicated Project website within 30 days of Project Effectiveness.

ESS2 - Labor and Working Conditions Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. This standard is relevant. A draft LMP will be prepared prior to board approval and the final version LMP will be disclosed by 30 days after Project Effectiveness. Project implementation may involve direct workers (including civil servants from the implementing agencies), contract workers and primary supply workers, as well as community workers for the purpose of promoting community-driven development in Component 1, and supporting the operation of water supply systems - Component 2 - which occurs through community shared management. For voluntary workers, the Borrower should implement measures to ensure that such labor is provided voluntarily as a result of an individual or community agreement (as provided for in ESS 2, paragraph 34).. The project will involve physical works with most expected to take place only in rural areas. Due to the nature of the activities, these works may pose a (low and manageable) safety risk to workers. The Borrower is preparing a Labor Management Procedures (LMP) that will include considerations, among other risks, on child labor in family farms, as there may be occasions where children may help their parents in carrying out activities related to the Project supported activities, as part of broader family task sharing. The LMP would also assess the potential risks faced by different groups of workers, including gender discrimination, GBV, and propose occupational health and safety measures. The LMP would state that the Borrower would make reasonable efforts to ascertain that the employers of contracted workers and primary supply workers are legitimate and reliable entities and have in place labor management procedures applicable to the project that will allow them to operate in accordance with the requirements of ESS 2. The ESMF identified potential risks (low and manageable) of child labor, forced labor and serious safety issues that may arise in relation to primary suppliers and the LMP would set out roles, responsibilities, and measures to remedy these risks. The LMP would state the need to establish a standalone grievance redressing mechanism to raise workplace concerns and would define the features of this mechanism in line with the requirements of ESS 2. The workers grievance mechanism may utilize existing grievance mechanisms – providing that they are properly designed and implemented, address concerns promptly, and are readily accessible to such project workers - and would be put in place within 30 days of Project effectiveness and operated thereafter. The GRM would be accessible to direct and contracted workers. The LMP would also include measures to prevent SEA/SH in the workplaces and in the relationships between project workers and beneficiary community populations. Finally, the LMP would address potential risks related with labor influx and propose a code of conduct to which all project workers will abide in their relationships with the beneficiary community populations. To ensure the health and safety of workers during project implementation, all construction contractors will be required to complete and implement a C-ESMP, in line with ESS2 and LMP, including an OHS Incident Prevention Plan (OHSPP, or PPRA in Portuguese). This plan must follow the requirements from the OHS Regulatory Standards from Ministry of Labor (known as NRs), including the NR18 for civil works, which are consistent with the WBG's EHS Guidelines and Good International Industry Practice (GIIP). The OHSPP must include work procedures and requirements for hazard identification and control (applying the hierarchy of controls), allocation of OHS responsibilities and accountability, Hazardous works procedures (i.e. excavations, working at heights, Lifting and howling, entering in confined spaces, etc.), workplace inspections and disciplinary policy, construction traffic safety, the use of Personal Protective Equipment (PPE),

Monitoring of OHS performance, planning of training activities, investigation/reporting of accidents, and also include measures for prevention, infection control and case management of infectious diseases.

ESS3 - Resource Efficiency and Pollution Prevention and Management Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. The construction of water supply system and Agriculture processing facilities may result to: (i) the generation and disposal of construction wastes; (ii) air emissions from construction combustion sources (machines and backup power generators); (iii) noise and fugitive dust emissions; (iv) environmental contamination risks from the use and storage of fuels and lubricants for the construction machines and power generators; Likewise, the operation of food processing facilities and water supply systems, potential key environmental impacts are (i) process wastewater discharges to surface water streams, air emissions from boilers, generation and disposal of process solid wastes, including wastes from water treatment facilities. Finally, farming activities under component 1 can potentially result in soil erosion and surface water streams contamination from runoff sediments, environmental contamination with pesticides and empty pesticides containers, and air emissions from land clearing fires etc. To manage the risk and impacts from primary agriculture production the ESMF indicates a series of mitigation measures that must be consolidated in a format of Agriculture Good Practice Guidelines, which will be disseminated under CAR rural extension programs. These Guidelines will be completed during project implementation as set forth in ESCP. The ESMF has also identified a series of measures to mitigate the risks and impacts from food processing facilities, and all subprojects must have individual E&S management plans commensurate with the risks and impacts of the activity. This may include waste management plans, wastewater treatment and monitoring, OHS accident prevention plans, use of firewood (furnace and boilers) from replanted sources, air (pollutants) emissions control and GHG emissions accounting, and so forth. Finally, the ESMF has also identified specific mitigation measures and programs for the construction and operation of isolated water supply systems, which includes the sustainable use of water resources, completion of hydrological studies, request of water use permits, installation of water meters, land rehabilitation after construction, prevention of surface water and ground water contamination, water treatment and potable water quality monitoring.

ESS4 - Community Health and Safety Relevant

[Explanation - Max. character limit 10,000]

This Standard is Relevant – Whilst the impacts from civil works under component 1 are expected to be small, and therefore only minor nuisance to nearby communities are foreseen, if any, the construction works under component 2, can potentially be hazardous to the nearby community, including open excavations for water distribution lines, the traffic of construction machinery, and nuisances from noise and dust emissions, disruption to access to ecosystem services, and its associated risks including GBV, spread of infectious diseases, etc. However, labor influx is not expected, for this type of minor construction activities, local labor will be used. As described above in ESS1 section, these subprojects must complete individual ESMPs including specific control and mitigation measures consistent with the requirements from the ESMF, and which must include the E&S specifications for contractors' Environmental and Social Management Plan, or other form of requirements for contractors, which will include protocols for prevention of SEA/SH. Component 2 includes water supply systems, which could be a hazard for the communities if the water is not suitable for human consumption. Therefore, water must be tested and treated to meet potable water standards

in accordance with local regulatory framework. According to the ESMF, all subprojects from component 2 must complete a project specific ESMP describing the process, procedures and methodologies to test, treat and monitor the supply of drinking water quality. Dam Safety: Project activities would neither support the design and construction of new dams or rely on existing dams. Water is expected to be supplied mostly by tubular wells, but less likelly also from surface water streams. Whereas the catchment of water from run of the river may require the construction of small hydraulic structures (less than one meter tall), they must not fall under the category of accumulation or water flow regularization dams or structures that could cause significant safety hazards as defined in ESS4.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement Relevant

[Explanation - Max. character limit 10,000]

This Standard is relevant. No civil works or activities under the project are expected to have impacts that result in involuntary resettlement or on livelihoods. However, based on the experience of the previous project, with similar activities, Component 2 interventions may be required land acquisition (small scale) or land use restrictions (in water catchment areas). Under Component 1 interventions, investments are likely to be built on land owned by the family farmers associations benefiting from the subprojects. The ownership situation of the areas is part of the socio-environmental screening conducted in the subprojects and was be detailed in the ESMF, which will vet activities involving involuntary resettlement as not eligible for Project support under component 1. Whenever necessary, land acquisitions will be of unoccupied areas, preferably non-productive, or land that either belongs to the local government or are voluntary community donations. For the latter, dsubject to prior Bank approval, this may be acceptable providing the Borrower demonstrates that: (a) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (b) potential donors are aware that refusal is an option, and have confirmed in writing their willingness to proceed with the donation; (c) the amount of land being donated is minor and will not reduce the donor’s remaining land area below that required to maintain the donor’s livelihood at current levels; (d) no household relocation is involved; (e) the donor is expected to benefit directly from the project; and (f) for community or collective land, donation can only occur with the consent of individuals using or occupying the land. The Borrower will maintain a transparent record of all consultations and agreements reached, aligning with the requirement’s ESS5 (footnote 10).Under Component 3, for the technical assistance activities no impacts related to involuntary resettlement or acquisition of areas are expected. Based on the borrower's previous experience with the Bank's operational standards for involuntary resettlement and the small possible impact scale of land acquisition needed for Component 2 works, the requirements for preparing RAPs (if needed) was described in the Resettlement Framework – RF. After the proposed sites are identified and based on the screening and selection criteria of communities to be served by the project, a Resettlement Action Plan (RAP) or an abbreviated version of it will be prepared (if necessary) for those communities where land acquisition is required. Site-specific RAPs will address issues of inclusion, social vulnerability, GBV, consultation and communication strategy (developed in the SEP), and any other issues identified through the ESMF and stakeholder consultations. Site-specific RAPs should be prepared and implemented prior to the execution of works in communities where land acquisition is required, following the requirements of this Standard. As part of Project preparation, the Borrower prepared and disclosed prior to Appraisal, a Draft Resettlement Framework (RF) following the requirements of this Standard. The final version of the RF to be issued and disclosed within 30 days after Effectiveness.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. Small scale farming can potentially result in diffuse impacts to biodiversity and habitat loss from land conversion to farming production. Likewise, construction works for water supply systems may potentially result in the small land clearings, or habitat fragmentation for the water piping. Nevertheless, as set forth in the ESMF's exclusion list, the project will not support: · Activities carried out in areas of primary native vegetation or at an advanced stage of ecological succession. Except (i) in the specific cases provided for by law and duly authorized by the competent bodies; (ii) in cases of sustainable use activities approved by the competent bodies, or (iii) those carried out by indigenous peoples and traditional communities according to their culturally recognized customs; · Activities involving the extraction of natural timber or wildlife resources (poles, timber, bamboo, charcoal, wildlife, etc.) for large-scale commercial purposes; · Activities that have the potential to cause any significant loss or degradation of critical habitats, directly or indirectly, or that lead to losses or adverse impacts on natural habitats; · Activities that have the potential to cause a significant impact on any ecosystems of importance, especially those that support rare, threatened or endangered species of flora and fauna; · Any construction in protected areas that does not comply with the respective rules of use; · Carried out in environmental protected areas without proper authorization from the competent bodies; · Any construction carried out in fully protected conservation units, or in their buffer zones, without the proper authorization from the competent bodies; However impacts from small land clearances for water supply systems or small constructions under component 1, must be identified and managed under subproject's ESMPs in accordance with the requirements from ESMF.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities Relevant

[Explanation - Max. character limit 10,000]

This standard is relevant. The Project is not expected to have any adverse impact on Indigenous Peoples. On the contrary, it aims to contribute to promote sustainable development interventions that would benefit Indigenous Peoples in a manner that respects their aspirations, unique cultural identities, traditional knowledge and natural resource-based livelihoods and is culturally appropriate and inclusive. Indigenous peoples are a priority target of this project (especially under Subcomponent 1.3) 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 XucuruKariri). 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. 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. 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) has been prepared and disclosed by the client in compliance with the ESS7, before Appraisal (draft version). The IPPF draws 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).. The Borrower contacted IP organizations or representatives that were identified in the stakeholder engagement process to provide feedback on the scope of the Project and its potential environmental and social risks, impacts and benefits to IPs. Given the on demand nature of the Project, the IPPF details procedures for holding consultations with potential beneficiaries and ensuring broad community support for subprojects to be supported by their communities. No Project activity will require an FPIC. The final version of the IPPF must be issued and disclosed within 30 days after Effectiveness.

ESS8 - Cultural Heritage Relevant

[Explanation - Max. character limit 10,000]

Project activities may include minor impacts, for example excavations, especially those under Component 2 water supply. A chance finds procedure has been included in the QGAS and will also be included as a contractual requirement once subprojects are identified. Based on the information available so far, the Project's activities are not located in, or in the vicinity of, known cultural heritage sites. However, the Project would support interventions within Indigenous Lands, “quilombola” and traditional communities. As assessed so far, the Project does not intend to promote the commercial use of cultural heritage. Nevertheless, some possible activities to be supported in Component 1 may involve community-based tourism to indigenous and “quilombola” territories and sale of cultural crafts. Such heritage will be identified through the preparation of subprojects, the necessary measures following the requirements of this Standard will guide the development of action plans at community level.

ESS9 - Financial Intermediaries Not Currently Relevant

[Explanation - Max. character limit 10,000]

This standard is not currently relevant

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways No

OP 7.60 Operations in Disputed Areas No

B.3 Other Salient Features

Use of Borrower Framework No

[Explanation including areas where “Use of Borrower Framework” is being considered - Max. character limit 10,000]

The use of Borrower Framework is not being considered

Use of Common Approach No

[Explanation including list of possible financing partners – Max. character limit 4,000]

None

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Appraisal Stage PID and PAD – Max. character limit 10,000]

Overall, this Project is expected to contribute to sustainable, resilient and inclusive rural development, generating positive environmental impacts and eco co-benefits. Notwithstanding, the environmental and social risk classification is proposed as Moderate. This is to account for the project scope and potential environmental and social risks and impacts resulting from the activities related to the small scale primary agricultural production, food processing, and the construction or rehabilitation works from small rural water supply systems "centrais de água". The project interventions are small-scale, and community based in nature which are not expected to have any significant or unmitigable social impacts and there will likely be no adverse impacts linked to resettlement or land acquisition. No significant adverse impacts are anticipated. The expected impacts are predictable, site specific, have minimal adverse impacts and easily mitigated.

Based on the experience from previous project "Bahia Produtiva", CAR and CERB (co-executor) has already developed a robust framework, and related systems to manage subprojects' risks and impacts, including sub projects selection and exclusion criteria, impact identification, and monitoring of performance. To manage the risks and impacts of this project, CAR and CERB worked together and prepared a draft ESFM in accordance with ESF requirements, and strengthen the systems they already have. The ESFM includes criteria for the eligibility of subprojects and an exclusion list including resettlement and activities that cause serious impacts on biodiversity.
CAR prepared and published draft versions of the SEP, ESMF, RF and IPPF. Going forward, to manage the risks and impacts from this project, CAR must complete a new updated version of the ESMF during project preparation, in accordance with the requirements from ESF, and strengthen the systems they already have in place.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by implementation?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 10,000]

- Disclosure and implementation of the final versions SEP, ESMF, IPPF, RF and LMP within 30 days of project effectiveness

III. CONTACT POINT

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