



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 07/21/2023 | Report No: ESRSC03692



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 - Phase 2		
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, FLEM - Fundacao Luis Eduardo Magalhaes	13-May-2024	12-Aug-2024
Estimated Concept Review Date	Total Project Cost		
24-May-2023	150,000,000.00		

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Proposed Development Objective

To improve productivity, access to markets and climate change resilience of family farmers and access to water 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

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



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

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 Alimenta” Project.

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 (Companhia de Engenharia Hidrica e Saneamento da Bahia) 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.

CAR will continue to be the leading agency during project preparation and implementation, in coordination with CERB - responsible for component 2 action (Water supply systems), where the project will operate. The Social and Environment Safeguards (SES) team which oversees the implementation of the former environment and social safeguards framework, will upgrade this arrangement in accordance with Environment and Social Management Framework (ESMF) following the ESF requirements.

Despite CAR’s experience working with the Bank’s Safeguard Policies and robust and institutional platform developed for Bahia Produtiva Project (phase 1), the need for institutional capacity strengthening will be evaluated during project preparation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

A.1 Environmental Risk Rating

Substantial

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 Substantial. 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, habitat conversion into agriculture land, 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. Foreseen risks and impacts from this project are expected to be limited to the site locations, temporary, reversible and can be controlled or mitigated by the adoption of standard GIIP as defined in the WBG EHSs, which will be further detailed in Project’s environmental and social management documentation. Under component two the project also includes potential risks and impacts from dam failure if there is a need of using existing reservoirs for water supply. Given the diffuse nature and small footprint of foreseen individual impacts, the team does not see at this stage the potential of cumulative impacts or need of a cumulative impact assessment. The project also includes Technical Assistance components under component 3 to support technological innovation and climate resilient agriculture practices. It is unclear at this point whether the outcomes from TA activities could generate adverse impacts to the environment, but the potential impacts will be assessed during project preparation.

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A.2 Social Risk Rating

Moderate

The social risk is rated as Moderate at this stage. 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. Component 1 supports family farming activities, which may involve children from families. However, national legislation prohibits child labor and requires children to attend school. This is a condition for receiving greater income transfer benefits from the Bolsa Família Program. Anyone who witnesses child labor has a duty to notify the responsible authorities. Due to these incentives and strict laws, there has been a significant reduction in child labor in families. To further prevent the child labor, the Labor Management Plan and technical assistance services will provide guidance on this issue. The expected impacts are predictable, site specific, have minimal adverse impacts and easily mitigable. The ESMF will fully address all these areas to propose adequate mitigation measures and recommend modalities to maximize project benefits for the target population by aligning the project design with the socio-cultural and context specific needs of communities. Project workers may be exposed to health and safety risks, which will also be assessed as part of the ESMF, including the risks during construction and operational phases of the project. Measures to ensure OHS will be defined in the Labor Management Procedures (LMP). Although Project-supported activities can take place in remotely located communities, they are not expected to increase risks ordinarily associated with the influx of workers on small rural communities as this number is expected to be low. There is a risk of exclusion of disadvantaged and vulnerable social groups from the benefits of the Project, especially indigenous peoples and other traditional communities. This risk will be minimized by the Borrower’s full commitment to carry out consultation and engagement processes in culturally appropriate manners to build informed consensus and broad support as a requisite for Project interventions. The Borrower would develop an Indigenous Peoples Planning Framework (IPPF) and a Stakeholder Engagement Plan (SEP) considering the different views, aspirations and needs and proposing measures to ensure these social groups can fully participate in the Project. The project will be implemented across the State’s 27 rural territories and will target family farmers who are overrepresented among the poor population in the state. The later include quilombolas, indigenous groups, among other traditional groups, who collectively number approximately 150,000 families. The project also aims at ensuring that women, youth, indigenous peoples and other vulnerable rural groups can benefit from increased agricultural and nonagricultural rural competitiveness, as well as from water services investments. Under Component 1 and 3, the project interventions are expected to enhance productivity, increase production and income, and expand the resilience and the coping capacity of these disadvantaged and vulnerable social groups in face of the adverse effects exacerbated by Covid-19 and climate change on their livelihoods, food security and well-being. The Project would contribute to reduce rural poverty and avoiding rural-urban migration, while stimulating the adoption of sustainable and resilient production systems. Component 2 is expected to bring about better social outcomes through improved access to water leading to better health and hygiene. Especially for women - menstrual hygiene, privacy, security, access and comfort will be greatly improved. Women are disproportionately affected with lack of access to water and sanitation. Therefore, the project will address gender gaps and will include among the indicators and targets to reduce the identified gaps.

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B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

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

Relevant



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.). 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. 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 preparation. 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. 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 the EHSs, and strengthen the systems they already have in place. At this stage the team believes that the ESMF must include criteria for subprojects eligibility, an exclusion list including resettlements activities, dam safety and activities posing severe biodiversity impacts however, exact ESMF content details and requirements will be confirmed at appraisal stage. 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. The draft ESMF including E&S risk assessment would be prepared before appraisal, and final ESMF would be disclosed by 30 days after Effectiveness



ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

Stakeholder engagement, consultation and communication, including grievance redress and disclosure of information will be required throughout the project life. Based on the experience of the previous Project it is possible to state that the borrower holds a high capacity when it comes to stakeholder engagement. During the period of the COVID-19 pandemic it developed several strategies for maintaining contact through digital means that proved to be highly responsive and satisfactory. In consultation with the Bank team, the Client is preparing an inclusive Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts identified. A preliminary stakeholder mapping has already identified more than 100 stakeholder groups and their detailed analysis will be incorporated into the SEP. Specific identification of vulnerable groups and their inclusion in stakeholder engagement will be addressed. Among the preliminarily identified stakeholders are: rural smallholders, rural families without access to water and sanitation, reform settlers, traditional communities (such as Indigenous Peoples, Quilombola communities, artisanal fishery communities, extractive communities, and others traditional groups), family agriculture organizations and unions, community associations and cooperatives, and central water supply systems (including the existing rural water supply organizations). Other interested parties include municipal governments, financing agents, providers of technical assistance and rural extension services, NGOs and the private sector engaged on the value chains of biodiversity products, state and federal authorities that are incumbent of environmental and water regulation, protection of Indigenous Peoples, Quilombolas and traditional communities, the state and municipal Councils of Sustainable Rural Development and similar. A draft of the SEP will be prepared and disclosed as early as possible allowing enough time for review and feedback from interested parties. The project is incorporating feedback from relevant stakeholders, including IP and vulnerable groups early in project preparation, which is improving the overall project design. To this, it has used strategies such as meetings with focus groups and assessments of lessons learned and satisfaction - points of improvement from the previous project (a wide survey was carried out). The draft version of the SEP will be disclosed prior to appraisal. The client will engage in meaningful consultations with all stakeholders throughout the project life cycle considering the different access and communication needs of various groups and individuals, particularly the vulnerable and disadvantaged groups. Stakeholder consultations will be essential to providing inputs to the project design, environmental and social assessment and mitigation plans, Environmental and Social Commitment Plan (ESCP), monitoring reports, and further evaluation of the project. A project wide GRM needs to be designed which will enable a broad range of stakeholders to channel concerns, questions, and complaints related to the Project. The GRM will be cognizant of and follow required levels of discretion, and cultural appropriateness, especially when dealing with cases of sexual harassment and GBV. Specific GRMs relevant to ESS2 will be set up. Aiming to avoid the unsustainable duplication of structures, the Borrower may rely on existing engagement structures and grievance redressing mechanism (GRM) within its system for carrying out meaningful consultations with stakeholders, engaging on a continued basis with stakeholders and responding to concerns and grievances raised by stakeholders. During preparation, the existing engagement structures and GRM would be assessed on their main features and functionalities and decisions will be taken with regards to their utilization, with or without the adoption of supplementary project-specific arrangements as needed. Prior to appraisal, the following measures will be implemented: 1) stakeholder identification and analysis 2) developing the SEP 3) disclosure of information and 4) consultation with stakeholders on the project overall as well as on the ESMF and meaningful consultations tailored to Indigenous Peoples will be conducted as per ESS7. The final version of the SEP – updated with the feedback collected through the consultation process – would be publicly disclosed in a dedicated Project website within 30 days of Project effectiveness.

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ESS2 - Labor and Working Conditions

Relevant

This standard is relevant. Project implementation would rely on direct workers (including civil servants from the implementing agencies), contracted workers and primary supply workers. During preparation it would be assessed whether or not the Project would engage community workers for the purpose of fostering community-driven development (Under Component 1) and – in case it would – also assess whether or not the application of all requirements of ESS 2 is appropriate or whether or not the Borrower should just require measures to be implemented to ascertain that such labor would be provided on a voluntary basis as an outcome of individual or community agreement (as provided on 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. During project preparation, the Borrower would prepare 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 would identify potential risks 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 (OHSP, 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 OHSP 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. A draft LMP will be prepared prior to board approval and the final version LMP will be disclosed by 30 days after Project Effectiveness.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

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. The ESMF should assess the potential risks related with the use of pesticides and should include screening procedures to identify any adverse risks, as well as measures to promote careful management and use of agricultural chemicals in all situations where appropriate under the project. It would also define the set of criteria that would apply to the selection and use of pesticides in line with the requirements of ESS3 requirements. The project is not expected to involve significant pest management issues and, consequently, the Borrower would not be required to prepare a standalone Pest Management Plan. GHG emissions, some subprojects may have single source emissions of GHG gases (a.e. boilers) that could potentially meet the ESS3 requirements to estimate gross GHG emissions from these sources, therefore the ESMF should include a screening process to identify these subprojects and a GHG estimation method and requirements for reporting to the Bank. Given that subprojects are not expected to be known before appraisal, recordable GHG emissions (if any) will be reported during project implementation.

ESS4 - Community Health and Safety

Relevant

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 mentioned above, the Borrower must complete an ESMF identifying the risks and impacts from each individual components, and related mitigation and control measures, 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. The ESMF should describe the process, procedures and methodologies to test, treat and monitor the supply of drinking water quality under this component. Dam Safety: Project activities would neither support the design and construction of new dams. Although under component 2 water is expected to be supplied mostly by tubular wells, but under some circumstances where there is no availability of underground water resources nearby the community, it is possible that the water will be supplied from existing water reservoirs, which may fall under bank’s classification of “large Dams”. Under these circumstances, the borrower must hire an independent panel of experts to evaluate the safety status of the existing dams, its appurtenances, and its performance history; (b) review and evaluate the owner’s operation and maintenance procedures; and (c) provide a written report of findings and recommendations for any remedial work or safety related measures necessary to upgrade the existing dam to an acceptable standard of safety.

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

Relevant

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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 it will 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) will be 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 will prepare 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 60 days after Effectiveness.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

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, or potential, although unlikely, negative impacts to aquatic biodiversity from water reservoirs . Whereas the ESMF have not been completed, and control measures are yet unknown, the team expects that it will include procedures and criteria to assess, avoid, mitigate, or compensate for degradation or loss of habitats or impacts to the biodiversity that they support. Whilst the ESMF has not been completed and there is very limited information at this stage, we believe that the avoidance of impacts should be the primary strategy going forward, and the ESMF should include the exclusion of any farming activities that could result to loss of habitats or any form of impacts to critical Habitats. Should the project include support to traditional communities inside protected areas, it should be restricted to already converted and



consolidated lands, in accordance with the requirements from protected area’s management plans and ESS6 requirements. More detailed information will be provided at appraisal stage.

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

Relevant

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 by the client in compliance with the ESS7, its principles and guidelines, including circumstances where FPIC is required,, before Appraisal (draft version) and final IPPF within 30 days of project effectiveness 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). Given the ondemand nature of the Project, the IPPF will clarify the processes to carry-out free, prior and informed consultation with potential beneficiaries and ensure broad community support for subprojects to be supported by their communities.

ESS8 - Cultural Heritage

Relevant

Project activities may include minor impacts, for example excavations, especially those under Component 2 water supply. 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 and the Borrower will propose a methodology to identify – through research and consultation with these project-beneficiary groups – natural features with cultural heritage significance that might be located in the areas of intervention, the people who value such features and the ones with authority to represent and negotiate regarding the location, protection and use of the cultural heritage. The need (or not) to define a chance finds procedure to be followed, if previously unknown cultural heritage is encountered during project activities, will be assessed during preparation. If needed, a chance finds procedure will be included within the ESMF and included as a contract requirement once subprojects are identified. 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 community consultations as part of the SEP and IPP preparation and if needed the necessary measures will be incorporated during the preparation phase, following the requirements of this Standard. The

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requirements for assessment and measures to be taken regarding the impact on intangible cultural heritage will form part of the SEP, IPPF and the ESMF and will also guide the development of action plans at the community level.

ESS9 - Financial Intermediaries

Not Currently Relevant

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

The use of Borrower Framework is not being considered at this stage. To be confirmed later during project preparation

Use of Common Approach

No

None

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 Appraisal?

Public Disclosure

III. CONTACT POINT

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IV. FOR MORE INFORMATION CONTACT



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V. APPROVAL

Task Team Leader(s):	Eirivelthon Santos Lima, Luis Alfonso Alvestegui Justiniano
Practice Manager (ENR/Social)	Genevieve Connors Recommended on 21-Jul-2023 at 13:41:4 EDT
ADM Environmental Specialist:	Eric Shayer
ADM Social Specialist:	Juliana Medeiros Paiva