



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 03-Aug-2018 | Report No: PIDISDSC24845



**BASIC INFORMATION**

**A. Basic Project Data**

Country Guatemala	Project ID P167131	Parent Project ID (if any)	Project Name Forest landscapes and ecosystem services in Guatemala (P167131)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Jan 07, 2019	Estimated Board Date Mar 27, 2019	Practice Area (Lead) Environment & Natural Resources
Financing Instrument Investment Project Financing	Borrower(s) Republic of Guatemala	Implementing Agency Instituto Nacional de Bosques (INAB)	

**Proposed Development Objective(s)**

To strengthen governance of forest management and increase access to improved livelihoods for forest-dependent communities in selected areas in Guatemala.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	26.86
<b>Total Financing</b>	26.86
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Counterpart Funding	14.66
Borrowing Agency	14.66
Trust Funds	12.20
Strategic Climate Fund Credit	10.80
Strategic Climate Fund Grant	1.40



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

### Abbreviations and Acronyms

CO <sub>2</sub> -e	Carbon Dioxide Equivalent
CONAP	National Council for Protected Areas
DGM	Dedicated Grant Mechanism
EHS	Environmental Health and Safety
ER	Emission Reductions
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
GHG	Greenhouse Gases
GoG	Government of Guatemala
GRM	Grievance Redress Mechanism
IADB	Inter-American Development Bank
INAB	National Forest Institute
IPMF	Indigenous Peoples Management Framework
IPP	Indigenous Peoples Plan
ISDS	Integrated Safeguards Data Sheet
LAC	Latin American and Caribbean
MDB	Multilateral Development Bank
MARN	Ministry of Environment and Natural Resources
MAGA	Ministry of Agriculture and Food
NGO	Non-Governmental Organization
OP	Operational Policy (of the World Bank)
PF	Process Framework
PINFOR	Forest Incentive Program
PINPEP	Forest Incentive Program for small landholders
PROFOR	The Program of Forests (of the World Bank)
REDD+	Reduction of Emissions from Deforestation and Forest Degradation
SESA	Strategic Environmental and Social Assessment

## B. Introduction and Context

1. Guatemala hosts high levels of biological and cultural diversity due to its complex topography, which ranges from sea level to 4,220 meters along with its great climatic variety across six natural regions. Forests and biodiversity represent both an important development opportunity and a growing challenge for the country. On the one hand, Guatemala still hosts a regionally important extension of natural forests and has been recognized as a "megadiverse"



country where an exceptional number of species coexist. On the other hand, pressures continue to grow in natural forests, threatening the conservation of local biodiversity and the well-being of the people who depend on these species and ecosystems for their livelihoods.

2. Guatemala is the fifth poorest economy in the Latin America and Caribbean (LAC) region, with the second highest population density in Central America and a population of around 16 million inhabitants. Approximately half of the population lives in rural areas. The Gross Domestic Product per capita has dropped five positions from its rank in 1960, and has failed to converge with those of LAC and the United States. The number of Guatemalans living below the poverty line increased from 6.8 million in 2000 to 9.6 million in 2014. The poor are more likely to be informally employed, and belong to an Indigenous group. Of all people living in poverty in the country, 52 percent are Indigenous, and belong to three main Indigenous communities, the Mayan, the Xinca, and the Garifuna.

3. Deep inequality persists across various dimensions. Income inequality, as measured by the Gini coefficient, was 0.49 in 2014 – higher than most LAC countries – with the richest 1 percent controlling 13 percent of total income. Guatemala also faces considerable inequality in access to land and land distribution, and the high levels of inequality was a key contributor to the 36-year civil war that ended in 1996. Land concentration in Guatemala is among the highest in LAC, with less than 2 percent of farmers owning 57 percent of the land<sup>1</sup>. Women make up a disproportionate amount of informal sector workers and are also particularly vulnerable to unemployment and underemployment. Employment rates for women in Guatemala are half those for men (41.9 and 86.1 percent respectively).<sup>2</sup> In rural areas, the gender gap is even higher with 32.7 percent of women ages 15-64 employed, compared to 89.8 percent of men.

## B. Sectoral and Institutional Context

4. Forests represent around 35 percent (3.7 million hectares) of Guatemala's territory and host substantial cultural and biological diversity. Approximately 43 percent of the country's forested lands are in the Department of Petén, which also experienced the fifth highest rate of forest loss between 2006 and 2010<sup>3</sup>, the length of the current Forest Reference Emissions Level of Guatemala. In addition, the Northern Departments (Alta Verapaz, Quiché, Huehuetenango and Izabal), which surround Petén, combined make up the largest forest expansion in the country, are home to 25 percent of the country's population, with a large indigenous population.

5. Although well-endowed in forestry resources, the sector's direct and indirect contributions remain modest at best. Agriculture, silviculture, livestock, hunting, and fisheries accounted for 13.6 percent of the Gross Domestic Product in 2015, of which silviculture contributed around six percent. Forestry also provides inputs to the manufacturing sector. The wood and paper products and the sawmill industries represented about 0.8 percent of Gross Domestic Product (or 4.7 percent of total manufacturing sector's gross value added). The forestry sector is also responsible of around 1,700 direct jobs through small and medium enterprises.<sup>4</sup> Most exports of forestry related products are represented by low value-added primary products, such as lumber boards and beams, among others.

6. Forests provide Guatemala with climate change adaptation and mitigation co-benefits, and have greater potential in this area if managed well. Guatemala is considered a "hot spot" for climate change in the tropics, as extreme values of temperature and precipitation have changed several times over the last 40 years, disproportionately affecting the rural poor and particularly Indigenous communities. Climate change will exacerbate this trend, possibly resulting in a greater frequency or intensity of both floods and droughts.<sup>5</sup> The National Climate Change Adaptation Action Plan prioritizes win-win adaptation and mitigation measures in the forest sector, recognizing that forests provide opportunities for

<sup>1</sup> 2003 Agricultural Census.

<sup>2</sup> Encuesta Nacional de Condiciones de Vida (ENCOVI) 2014.

<sup>3</sup> MARN, 2017. National Strategy for the Approach of Deforestation and Degradation of Forests in Guatemala.

<sup>4</sup> SIFGUA, 2018 <http://www.sifgua.org.gt/>

<sup>5</sup> World Bank, 2011. Guatemala Climate Change Risk Profile.



communities to adapt to climate change by creating micro-climatic conditions that maintain/improve agriculture productivity. Better managed forests also strengthen social resilience, by building institutional capacity and offering diversification of revenue sources for forest-dependent people.

7. The Forest Investment Program (FIP), is a funding window of the Climate Investment Funds that supports developing countries' efforts to reduce deforestation and forest degradation (REDD+) by supporting policies and measures, contributing to secure increased funding for reducing deforestation and forest degradation and sustainable forest management, thus helping them make forest a central component of low-carbon development. In June 2017, the FIP sub-committee approved further development of Guatemala's Forest Investment Plan into three projects for an indicative value of US\$24 million.

8. Deforestation and forest degradation in Guatemala are a result of multiple overlapping causes. Annually, forests are responsible for emissions amounting to approximately 50 million tons of Carbon Dioxide Equivalent (CO<sub>2</sub>e), corresponding to the emissions of 10 million vehicles. Direct drivers of deforestation include extensive livestock grazing (35 percent), subsistence agriculture (31 percent), and coffee (18 percent).<sup>6</sup> Drivers of forest degradation, on the other hand, are mainly unsustainable fuelwood harvesting, illegal logging, land grabbing on the part of illegal groups within protected areas, forest fires as part of slash-and-burn to prepare areas for agriculture and livestock, and to a lesser extent, forest pests. Illegal logging for fuelwood production accounts for 30 to 50 percent of the volume of wood harvested per year.<sup>7</sup> While the annual supply of fuelwood is estimated as 17.96 million m<sup>3</sup>, most of which (85 percent) comes from natural forests, the annual demand, most of which is for rural domestic consumption, is estimated at around 28 million m<sup>3</sup>. These data reflect a deficit of 10 million m<sup>3</sup> with respect to growing stock in the forest.<sup>8</sup>

9. Similarly, there are various underlying drivers of deforestation and forest degradation the most significant of which are weak forest governance and forest and biodiversity assets being undervalued. Further indirect causes of deforestation and forest degradation include: public policies favorable to agriculture and other sectors (such as livestock), creating perverse incentives to the detriment of forestry; lack of clarity in land tenure and distribution systems; institutional weaknesses in the monitoring of forest management and in combating corruption and illegal logging; limited resources to strengthen the justice system in high-impact cases, such as invasions and usurpations of protected areas; little access to financial capital for the types of long-term investments demanded by forest management; and population growth, increased poverty and lack of awareness of the value of forests in popular culture.

### ***Institutional context***

10. Forests are under the jurisdiction of two institutions. The National Council for Protected Areas (CONAP) is responsible for administering the Guatemalan Protected Area System, which covers a third of the country's territory, and the National Forest Institute (INAB) manages forests outside protected areas. Other institutions such as the Ministry of Environment and Natural Resources (MARN), the Ministry of Agriculture, Livestock and Food (MAGA), and the municipalities are strategic partners. The Guatemalan forest management model promotes the participation of local actors, including communities, Indigenous Peoples, the private sector, among others. Several emblematic cases are known that demonstrate that the association between public sector institutions and local actors generates positive results for the sustainability of the forest landscape (i.e., the 48 Cantons of Totonicapán Committee, forest concessions in the Multiple Use Zone of the Mayan Biosphere Reserve, and the Federation of Verapaces Cooperatives, among others).

11. Most forest lands (52 percent) are under the Guatemalan Protected Areas System, and some protected areas are under co-management arrangements. In the late 1980s, the Government of Guatemala (GoG) created the Guatemalan

<sup>6</sup> MARN, 2017. National Strategy for Deforestation and Forest Degradation in Guatemala.

<sup>7</sup> INAB, 2010. Plan de Acción Institucional para la Prevención y Reducción de la Tala Ilegal en Guatemala.

<sup>8</sup> INAB, 2015. Estrategia Nacional de Producción Sostenible y Uso Eficiente de Leña 2013 - 2014. Serie Institucional ES-002(2015). Guatemala. Pp. 43.



Protected Area System and CONAP, and a decade later it established the Mayan Biosphere Reserve, the largest (more than 2 million hectares) protected area in the country, and granted 25-year forest management concessions to nine community organizations and two enterprises. Furthermore, in 2002, the GoG enabled CONAP to establish protected areas co-management partnerships with different types of stakeholders, including non-governmental and governmental organizations, universities, and private landowners, among others. By 2015, a quarter of the Guatemalan Protected Area System's total area (around 0.5 million hectares) was under some type of co-management contract.

12. The GoG annually invests domestic public resources in the forest sector recognizing its importance to the rural economy. In 1996, the Forest Law allocated annual funds equivalent to one percent of the central government's ordinary budgetary revenues to provide forest incentives to private land owners, through the National Forest Incentive Program (PINFOR), which finalized in 2016. In 2010, the GoG complemented this effort by creating the Forest Incentive Program for Small Landholders (PINPEP), which aims at channeling up to one percent, and no less than 0.5 percent, of the central government's ordinary budget revenues to landholders ("land possessors"), acknowledging the existence of communal land tenure regimes and recognizing property rights that are not formalized in the National Property Registry. In 2015, the GoG approved a new ProBosque Forest Law (Decree No.2-2015), which includes incentives for environmental services conservation and mandates one percent of the central government's annual revenues budget as minimum contribution, among others.

13. Despite the country's progress in forest sector policies, there are still areas for improvement that would allow the strengthening and consolidation of community forestry models, and facilitate the participation of local actors to improve governance and the forest landscape. CONAP and INAB have resources and capacity limitations to counter the constant and growing pressure to forests coming from livestock grazing, subsistence agriculture, and poor governance, and to ensure appropriate forest monitoring and law enforcement.<sup>9</sup>

### C. Relationship to CPF

14. Consistency with the Guatemala's Country Partnership Strategy. The FIP project is consistent with the FY2017-2020 Country Partnership Strategy (Report No. 103738-GT). The CPF seeks to address bottlenecks to sustainable growth through, among others, building institutional capacity to manage and adapt to climate change. By tackling critical forest-governance related bottlenecks, promoting inclusive governance of forest management models, and diversifying the livelihoods of forest-dependent communities, the proposed project will create institutional and stakeholders' capacity to addressing critical underlying drivers of deforestation and forest degradation.

15. Complementarity with other WB operations. In 2017, the Ministry of Finance and the World Bank signed a Letter of Intent to develop an Emissions Reductions (ER) Program under the Forest Carbon Partnership Facility (FCPF). The ER Program, aims at reducing up to 10.5 million tons of CO<sub>2</sub>e in a five-year time frame (2020-2025). The GoG is currently developing the ER Program and, if selected, Guatemala would be part of Phase 3 of REDD+ and could receive results-based finance of up-to US\$52.5 million, upon verified results (see Fig. 1). The proposed project will also complement the FIP Dedicated Grant Mechanism (DGM)<sup>10</sup> for Indigenous Peoples, a US\$4.5 million grant, aims to support community engagement in forest related activities.

16. Contribution to implementing national development priorities. Climate change adaptation and mitigation are a priority line of the K'atun 2032 Plan, including by promoting forest ecosystems adaptation through avoiding deforestation, protected area system expansion, forest fires prevention, and agroforestry systems establishment, among others. The conservation and sustainable use of forests and biodiversity is also a priority, including through strengthening community forestry concessions and forest incentive schemes, decreasing illegal logging, and enhancing forest

<sup>9</sup> INAB and CONAP, 2017. Forest Investment Plan Guatemala.

<sup>10</sup> [www.dgmglobal.org](http://www.dgmglobal.org)



governance.<sup>11</sup> With its focus on inclusive forest governance, the project will contribute to achieving this objective, with an added gender focus. The project will also help implement various strategies, including the Climate Change Strategy and the National Determined Contribution.<sup>12</sup>

C. Proposed Development Objective(s)

17. To strengthen the governance of forest management and increase access to improved livelihoods activities for forest-dependent communities in selected areas in Guatemala.

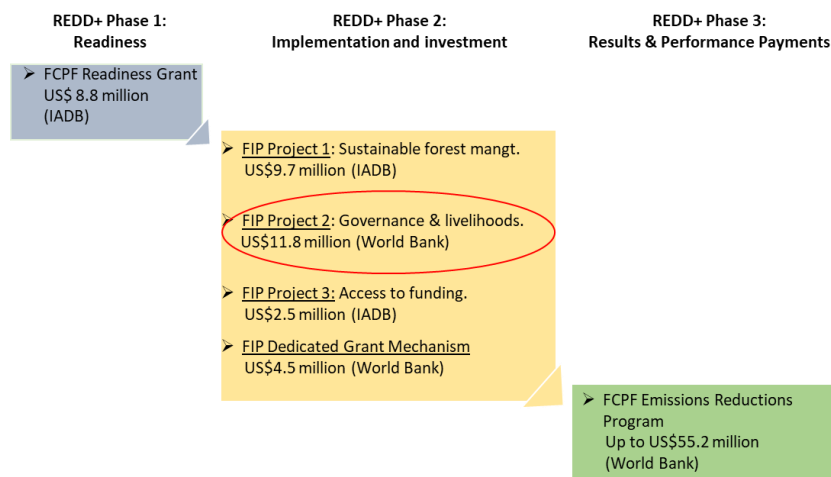
18. The following are key expected results of the project:

- Forest governance score [using the PROFOR forest governance assessment tool]
- Targeted communities with access to improved livelihoods activities
- Households with increased monetary and non-monetary benefits from forests
- Forest area under early warning systems (forest fires, diseases)
- Forest areas under improved co-management models

D. Concept Description

19. The proposed activities under the FIP are directly related to actions outlined in the National REDD+ Strategy. FIP support falls under the second phase of REDD+: Implementation and Investment, in preparation for Results and Performance-based Payments.

Figure 1. FIP financing and the REDD+ process in Guatemala



20. The aims of this Project (red circle, Figure 1), are threefold: a. Strengthen the administrative, legal, technical institutional environment with the aim of improving forest governance; b. Promote the involvement of local actors to generate strategic partnerships and promote full and effective participation in the control, monitoring and management of the forest landscape; and c. Consolidate and diversify sustainable productive activities in the forest landscape to promote the development of the livelihoods of Indigenous Peoples, women's groups and local communities in order to

<sup>11</sup> Gobierno de Guatemala. Consejo Nacional de Desarrollo Urbano y Rural. Plan Nacional de Desarrollo K’atun: nuestra Guatemala 2032. Guatemala. Conadur/Segeplan, 2014.

<sup>12</sup> Gobierno de Guatemala. 2015. National Determined Contribution.



establish models for the effective protection of natural forest remnants at priority sites in poorly-managed protected areas.

21. The components of the Project include the following:

1. Enhancing Forest Sector Governance at the National Level

1.1 *Forest Regulations and Institutional Support.* This Component would seek to (i) harmonize and update sector policies in at least three priority areas to be determined through a planned governance analysis; (ii) provide technical support to staff and communities for the consolidation of models of shared forest management, including on sustainable forest management and use (mainstreaming of inter-institutional strategies) as well as the use of non-timber forestry products; and (iii) support inter-institutional coordination, by involving the Public Ministry, Ministry of Governance, CONAP, INAB, and the municipalities in forest monitoring and control.

1.2 *Stakeholder Participation.* This activity will support improvements in the efficiency and effectiveness of the administration of forest resources through the strengthening of inter-institutional coordination from the national to local levels to promote forest management that is both legal and sustainable.

2. Incentives for forest protection

2.1 *Scaling up Payments for Environmental Services schemes,* including for: carbon, water, biological diversity and scenic beauty. This subcomponent will include the identification of ecosystem goods and services, followed by the design and implementation of pilot payment systems in areas identified as critical for reducing deforestation and forest degradation. The identification and characterization of ecosystem services will be carried out in pilot sites both inside and outside protected areas. Further, this sub-component will support the design and development of tools and regulations for the implementation of a payments for environmental services program services.

2.2 *Diversification of livelihoods (timber and non-timber).* Areas will be selected to test innovative income-generating activities in and adjacent to protected areas with Indigenous forest communities based on a multicriteria selection process (including criteria such as high risk of deforestation, high poverty, among others) as well as lessons learned from similar programs in Guatemala and the region. Productive models that promote the sustainable use of forests and promote conservation of biological diversity will be piloted to increase the benefits of communities living in and dependent upon conservation areas.

3. Communications, Dialogue, and Outreach. Capacity support will be provided to Guatemala so that forest sector stakeholders can participate actively in international and regional fora and discussions on forests. The component will also help maintain dialogue with key stakeholders on project scope and implementation.

4. Monitoring, Evaluation, and Project Management\_This component will finance Project management activities which will be undertaken by the Project Implementation Unit, which will be established in INAB. This will include budgeting, preparing annual work plans, contract management, financial management, procurement, and monitoring and evaluation. Under this component all reporting on implementation progress will be prepared, including monitoring of the Project Development Objective and the Project Results Framework indicators.

## SAFEGUARDS

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





The Project will be implemented in selected forest landscapes or sites adjacent to forests in Guatemala. The selected forest landscapes are considered priority for their a) deforestation rates, b) deforestation rates because of fires or illegal logging, or c) potential for reforestation.

**B. Borrower’s Institutional Capacity for Safeguard Policies**

Since 2012, Guatemala has been building its National Safeguards Approach that allows not only to comply with the Convention REDD+ Safeguards, FCPF, and other national financial mechanisms, but also to contribute to the provisions of the Law on Climate Change and its article 3 on safeguards. Country level structures were established for REDD+ safeguards and fostered capacity building throughout government levels and the multistakeholder National Social and Environmental Safeguards Commission. Capacity building workshops and meetings held since 2012 have been attended by representatives of the government, social and environmental Non-Governmental Organizations (NGOs), Indigenous Peoples, private sector, women and academia. Since 2012, Guatemala, in collaboration with IADB, produced a variety of safeguards documents during REDD Readiness and FIP approach design. These include the National Safeguards Approach Document, an analysis of Policies and Governance approaches and how these can be linked to REDD+, a Strategic Environmental and Social Assessment (SESA), an Environmental and Social Management Framework (ESMF), and a Grievance Redress Mechanism (GRM) guidance note for the REDD Strategy. The SESA includes a gap analysis, a legal analysis and recommendations for action, and was consulted with a wide variety of stakeholders (190 people in four regions). The World Bank team will review these documents during the FIP preparation. INAB will be implementing the FIP and will coordinate closely with CONAP, MARN, and MAGA. Even though Guatemala has had some forest policy success with community forestry and forest restoration over the past two decades, CONAP and INAB have become weaker as institutions able to enforce forest policy. While they retain some capacity to administer the forest incentives (INAB) and co-manage certain protected areas with grassroots organizations and NGOs (CONAP), they have resources and capacity limitations to counter the constant and growing pressure to forests coming from land use change and poor governance. The Interinstitutional Coordination Group for Climate Change, composed of MARN, MAGA, INAB and CONAP, also has in-house capacity to follow up with environmental and social considerations, including implementation of World Bank projects and safeguards policies. MARN, through its Environmental Impact Assessment, unit will provide technical expertise for safeguards.

**C. Environmental and Social Safeguards Specialists on the Team**

Gunars H. Platais, Environmental Safeguards Specialist  
Dorothee Georg, Social Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project is classified as Category B given that the proposed project components are not likely to cause significant negative impacts on human populations and / or environmental areas. The project is rather likely to have positive impacts on forest conservation and the improvement of livelihoods. Both Project components will incorporate relevant safeguard



principles and Environmental Health and Safety (EHS) best practices (especially related to forestry and productive activities) into policies or practices and where applicable. Guatemala, together with IADB, carried out a full-scale Environmental and Social Assessment for the forest sector, as well as a SESA for the National REDD+ Strategy. These will be used as background documents for the elaboration of the World Bank safeguards documents and compliance with World Bank's safeguards requirements. Considering that concrete project sites and project activities are not yet identified, an ESMF will be prepared. The ESMF guides the preparation of site-specific safeguards instruments (such as Environmental and Social Management Plans, ESMPs) during project implementation and includes an exclusionary list, among others excluding Category A type investments and any investments which would lead to involuntary taking of land. A project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented. The ESMF will include a screening plan to identify, avoid and mitigate any potential negative environmental, health, safety, and social impacts associated with project activities. The ESMF also incorporates recommendations to include EHS principles in investments.

The ESMF will consider potential negative impacts which might arise from sub-projects, and provide alternatives or mitigation measures. It will also identify good practices for potential activities such as community forestry, sustainable management of forest landscapes, guidelines for sustainable exploitation of timber and non-timber products, productive reconversion, national and international certification, value chain development, access to markets, and certification processes, as well as for the preservation of critical natural habitats sustained by these forests, inter alia.

The ESMF will be consulted and disclosed prior to appraisal with communities, civil society, Indigenous Peoples, national steering communities and both in the capital as well as in the foreseen project areas. Consultations feedback will be integrated into the ESMF. The ESMF will also include the Project's GRM



		which will ensure agility, access, prompt response timeframes, and respect for confidentiality.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not triggered as it is a government executed project.
Natural Habitats OP/BP 4.04	Yes	The project does not anticipate restricting access to natural resources and will not finance any activities that involve significant conversion of natural habitats. This policy is triggered, however, given that some project activities will be implemented in natural habitats, including Protected Areas (as permitted by Articles 8 and 9 of the Forestry Law). Activities might support agroforestry, forest management and conservation, and might (positively) impact on a number of environmental and ecosystem services that natural habitats provide. Activities within protected areas follow a strictly environmentally friendly land use plan approved by CONAP. The ESMF therefore will address issues related to natural habitats and ecosystem services. Specifically, the ESMF will introduce appropriate screening criteria to ensure that impacts on natural habitats are properly evaluated and will highlight that project activities or financing must not involve significant conversion of natural habitats. The Project will not support the expansion of the agricultural frontier.
Forests OP/BP 4.36	Yes	This policy is triggered as the project will be implemented in forest lands. However, as the project promotes sound forest management practices, overall impacts are expected to be positive. The ESMF will ensure that Project activities are consistent with the requirements of OP 4.36 regarding procedures for small-holder or community scale forestry. A screening mechanism will be incorporated into the ESMF to ensure that any potential negative impacts on small scale forests and forest dwellers will be mitigated. Commercial forest plantations are not supported under the project. Further, all activities supported, including Technical Assistance activities, will follow the principles of the general OP / BP and EHS Guidelines, and national policies.
Pest Management OP 4.09	Yes	The Pest Management policy is triggered as the Project might finance timber forest products, tree nurseries and other forestry activities which might imply the use of pesticides and fertilizers.



Reforestation activities could also trigger this policy depending on the methods selected to manage pests. The project will not directly finance the use of pesticides, but will rather promote integrated pest management approaches. A Pest Management Framework will be prepared as part of the ESMF which will include provisions to evaluate the use of pesticides, ensure their responsible management and avoid and mitigate associated environmental or health impacts. The Plan will be in line with sound environmental and human health protection objectives and promotes the use of mechanical and biological alternatives to replace pesticides. In case needed, capacity building regarding the use of pesticides, proper disposal of pesticide receptacles, and personal protective equipment at the community level could be integrated into project design.

Physical Cultural Resources OP/BP 4.11      Yes

The Project will focus on forestry activities, the improvement of livelihoods, and sustainable land management practices. Even though investments and impacts are anticipated to be of small size, OP 4.11 is triggered on a precautionary basis. Sub-project screening and procedures for chance finds, including sacred sites, will be incorporated into the ESMF and into the environmental screening section of the project's Operational Manual.

Indigenous Peoples OP/BP 4.10      Yes

Indigenous communities that meet the criteria of OP/BP 4.10 are present within the anticipated project areas and around them. An Indigenous Peoples Planning Framework (IPPF) will be prepared, consulted, and disclosed before appraisal. The IPPF will identify the potential positive and negative impacts on IPs by the project (as known before appraisal) and provide recommendations on how to screen for them and avoid them, but also how to promote their participation in project benefits. It will contain specific guidelines on culturally adequate consultations/dialogues, as well as measures to ensure joint planning, capacity building and culturally-inclusive implementation of activities, promoting equally distributed benefits for the population, including women and youth. In addition, the IPPF will establish guidelines and criteria for the preparation of Indigenous Peoples Plans (IPPs, by region or ethnic group or community; to be assessed), to be drafted when required and during implementation once



concrete investments and project sites are known. The IPPs will be developed in line with Annex B of OP 4.10, and will describe the specific actions, budgets, and indicators for each type of investment or activity supported by the Project, and will encourage inclusion of affected Indigenous Peoples and communities during their implementation.

The IPPF will be consulted before appraisal, in both the capital and each project area, in a culturally-sensitive manner, with the affected IP communities and/or their representatives, as appropriate, to ensure communities' broad support to the Project. Feedback will be integrated into the IPPF. The IPPF will be disclosed prior to appraisal, online and in a location accessible to potentially affected communities.

Involuntary Resettlement OP/BP 4.12

Yes

The Project will not finance physical infrastructure and is not expected to cause physical displacement to formal or informal occupants. No involuntary land taking will be financed. However, the project potentially leads to a restriction of access to protected areas or communal forest lands: The Project potentially leads to the creation of new co-management arrangements within already created protected areas or forestry communal lands. This could imply that new resource access rules will be stipulated and lead to a restriction of access to natural resources in parks or protected areas for communities. These decisions of the creation of co-management arrangements will be sought through the participation of communities, Indigenous Peoples, and municipalities. However, there could be the case that for some community members, these arrangements might be involuntary. Thus, OP 4.12 is triggered and a Process Framework (PF) will be prepared by the client. The PF will outline the procedures the client will follow during project implementation in order to define impacts covered under OP 4.12. Furthermore, the PF will describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities. The PF will take into consideration cultural knowledge and will be consulted through participatory consultation processes in the project areas and the capital. Feedback from the consultations will be integrated into the PF and it will be disclosed prior to appraisal.



Safety of Dams OP/BP 4.37	No	The Project will neither support the construction or rehabilitation of dams nor will it support other investments which rely on services of existing dams.
Projects on International Waterways OP/BP 7.50	TBD	It is to be determined whether the Project will finance activities involving the use or potential pollution of international waterways. An analysis will be done prior to appraisal.
Projects in Disputed Areas OP/BP 7.60	No	The Project will not finance activities in disputed areas as defined in the policy.

### E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 28, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The safeguards instruments (ESMF, IPPF, PF) will be prepared by the Borrower. The documents will be provided to project-affected groups and other interested stakeholders in a timely manner prior to consultation and in a form that is accessible to the consulted groups. Consultations will be undertaken in the project regions and in the capital in a free, prior and informed manner. Feedback will be integrated in the documents. All three instruments will be disclosed prior to Appraisal. The Appraisal Stage ISDS is estimated to be delivered by September 2018.

### CONTACT POINT

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