

INTEGRATED SAFEGUARDS DATA SHEET

APPRAISAL STAGE

Report No.: ISDSA14637

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I. BASIC INFORMATION

1. Basic Project Data

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|--|--|------------------------------|------------------------------|
| Country: | Honduras | Project ID: | P148737 |
| Project Name: | Corredor Seco Food Security Project (P148737) | | |
| Task Team Leader(s): | Eli Weiss | | |
| Estimated Appraisal Date: | | Estimated Board Date: | 30-Sep-2015 |
| Managing Unit: | GFA04 | Lending Instrument: | Investment Project Financing |
| Sector(s): | General agriculture, fishing and forestry sector (50%), Agro-industry, marketing, and trade (10%), Irrigation and drainage (25%), Health (15%) | | |
| Theme(s): | Micro, Small and Medium Enterprise support (10%), Nutrition and food security (40%), Rural non-farm income generation (30%), Rural services and infrastructure (20%) | | |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)? | | | No |
| Financing (In USD Million) | | | |
| Total Project Cost: | 37.80 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 5.80 |
| Global Agriculture and Food Security Program | | | 30.00 |
| LOCAL BENEFICIARIES | | | 2.00 |
| Total | | | 37.80 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

2. Project Development Objective(s)

The objective of the Project is to enhance food and nutritional security of vulnerable households in

Selected Areas of the Corredor Seco.

3. Project Description

The proposed operation is fully aligned with government priorities and fills an important financing gap of a multi-donor Alliance for the Dry Corridor (Alianza para el Corredor Seco, ACS). The proposed project is part of the ACS, the government flagship program under the Country Investment Plan for the Agri-food Sector (PIPSA) and National Food Security and Nutrition Strategy (ENSAN) to support interventions for vulnerable people in 25 contiguous municipalities in a large dry strip of land called the Corredor Seco. The programmatic goal of the ACS is to reduce poverty and hunger in a sustainable manner in the Corredor Seco of Honduras. The ACS aims to lift 50,000 families from extreme poverty between the years 2014 and 2019, reduce undernutrition by 20 percent in target communities, and lay the foundation for continued rural growth.

The project proposal was submitted by the GOH to the Global Agriculture and Food Security Program Trust Fund (GAFSP) and was competitively awarded a grant of US\$30.0 million in September 2013. The ACS currently comprises four co-investors: the U.S. Agency for International Development (USAID) (US\$54 million), the Central American Bank for Economic Integration (CABEI) (up to US\$90 million), the GOH (US\$40 million), and the GAFSP (US\$30 million). Each co-investor will finance specific geographical or thematic areas of intervention. The European Union (EU) and the Canadian International Development Agency (CIDA) have committed to join the ACS partners. The ACS integrates evidence-based research and best/good practices from all major food security donors/investors in agriculture and health in Honduras. The ACS partners will follow similar approaches from previous successful interventions in the area as specified under Lessons Learned in the Project Appraisal Document. USAID has supported integrated nutrition, sanitation and income generation investments. It will continue its support in the departments of La Paz, Intibucá, and Lempira. CABEI will finance rural roads throughout the Corredor Seco. GAFSP will fund activities that enhance food and nutritional security in parts of Francisco Morazán, Choluteca and El Paraíso. The GOH will finance investments in irrigation and monitoring of food security programs. CIDA and EU support are still under discussion.

The Project will assist approximately 12,000 households (HH) in 25 municipalities of three departments (Francisco Morazán, Choluteca and El Paraíso). Some 10,000 HH will participate in the Food Production and Rural Household Income Generation component. About 6,000 HH will participate in the Nutrition Education and Household Hygiene component. The Project will seek the highest possible overlap, and it is estimated that around 4,000 HH will participate in both components, resulting in a total of 12,000 HH. GOH selected the municipalities based on food and nutrition insecurity criteria and the division of geographical areas with other ACS partners. The Project will focus mostly on: (i) poor and extreme poor HH, beneficiaries of the Bono Vida Mejor (conditional cash transfer) program and who pass an additional poverty verification test (many of these HH have difficulties meeting their responsibilities in health, education and nutrition); (ii) highly vulnerable HH that have low food stocks and have no stable means of income (including remittances, lack of employment); (iii) female-headed HH or HH with presence of pregnant women, nursing mothers and children under five years of age or other children with nutritional risks; (iv) people with access to land (owning, renting, sharecropping, communal land, etc.), possibly with potential for access to water resources (for agricultural subprojects only); (v) a limited number (less than 500) of recognized leaders of community-based organizations (SLS, water boards, community councils "trustees" among others), who can influence other members of the community to participate in the Project. Detailed characteristics of the beneficiaries are specified in the Project Operational Manual (POM).

Project Components:

Component 1: Food Production and Rural Household Income Generation (\$28.6 million; \$22.2 million GAFSP; \$4.8 million GOH; and \$1.6 million beneficiaries' co-financing).

The component's objective is to increase household availability of quality food and revenues of poor and extremely poor rural residents in 25 municipalities as a basis for improving nutrition and in the long-term for reducing child stunting.

Under this component the grant will finance: (i) technical assistance (TA), training and extension services and (ii) agriculture and business development subprojects (SPs), including works, goods and services, to enhance agricultural (including livestock) production and marketing and to foster non-farm revenue generation.

Subcomponent 1.1. Agricultural production and marketing

Technical assistance, training and extension services. Agricultural extension agents and marketing specialists will assist, train and build the capacities of individual producers, producer groups and market intermediaries (traders, transporters) to increase their production, productivity and marketing efficiency. The Project will enhance the capacities of producers and market agents through TA and training in:

- a. Developing: (i) Business Plans for high-value crop (HVC) and marketing investments aimed at increasing HH incomes to access food; and (ii) Food Security Plans for subsistence crops aimed at increasing food availability for poor HH with insufficient assets or existing capacity to introduce HVC.
- b. Assisting and training producers in the technical implementation of the business and food security plans and corresponding SPs to ensure that they remain viable and that the producers get access to the materials and equipment needed to implement the SPs.
- c. Introducing new production technologies, good agricultural practices (GAP), environmental management, climate smart technologies;
- d. Accessing new markets, adapting production to market demand and standards, obtaining fair trade and organic farming certifications, forming marketing alliances with buyers, improving negotiation skills, liaising with institutional buyers and organizing transport and other logistics;
- e. Creating and managing rural organizations including producer cooperatives, producer groups, water users associations, savings and loan societies (SLS) and women's groups and assisting informal groups to obtain legal status as well as leadership and financial literacy training;

The TA and training under this subcomponent will also include the promotion and monitoring of Agricultural SPs, the participation in the evaluation process, and the assurance of citizen engagement.

Business Plans (BPs). The Project will support the producers with sufficient access to productive assets (land/water/labor) and capacity to handle improved technologies to reach higher levels of productivity, move away from subsistence farming and diversify into higher value products such as vegetables, fruit, coffee and livestock. Producer groups and their linkages to the markets will be strengthened. The extension agents and marketing specialists will help producer groups to develop viable BP to reach these goals and to implement the plans through investments SPs.

Food Security Plans (FSP). The Project will help the extreme poor with little access to land or other productive assets to increase food security through simple technologies and post-harvesting

processes that can enhance yields, production and food diversity. These technologies will increase food quantities as well as the duration of their availability. These FSPs will have to be developed with the assistance of Project staff, showing that the technological improvements can be sustained over time by those extreme poor HH with very small and achievable annual cash injections. The technologies embedded in the FSPs will include intensive inter-planting, animal manure composting for fertilization, and water distribution systems with low maintenance costs, simple soil conservation techniques, biological pest and disease control.

Agricultural SPs. The Project will channel funds for investments in production and marketing through the implementation of SPs based on the above-mentioned business and FSPs. Agricultural SPs will consist of small infrastructure works (irrigation), the provision of production equipment (including post-harvesting), agricultural inputs and some product specific services. Their implementation will be based on viable BPs or FSPs. The SPs based on BPs will be mainly for fruit and vegetable production, coffee and livestock and will only be provided to producer groups. This type of SP can also finance marketing linkages investments such as small works and equipment for produce packing units, associative produce storage and similar marketing related investments. The SPs based on FSPs will be mainly for the production of subsistence crops (maize, beans) and nutritious garden vegetables and will be open for both producer groups and individual HH.

Subcomponent 1.2. Non-farm income generating activities

Technical assistance and training. Similar to subcomponent 1.1, the Project will support non-farm revenue generation by providing TA and training to groups (minimum three HH) who want to set up rural businesses mostly for business start-ups and in particular for women and young people. As under component 1.1, the Project's small business development specialists will provide TA and training to (i) develop the BPs and to implement the Business Development SPs resulting from these plans; (ii) accessing new markets, adapting production to market demand and standards, forming marketing alliances with buyers, improving negotiation skills; and (ii) strengthen the enterprises to obtain legal status as well as leadership and financial literacy training. Moreover, the TA and training under this subcomponent will also include the promotion and monitoring of Business Development SPs, the participation in the evaluation process, and the assurance of citizen engagement.

Business Development SPs. The Project will finance the implementation of Business Development SPs under BPs. Investments will consist of small works, equipment and tools to be implemented for groups of beneficiaries and farmers organizations. Examples of such SPs are agro-processing units (dried fruit, juice, and maize meal), leather works, rural supply stores, manufacturing of water filters, and eco-stoves needed under component 2, and other rural businesses.

Component 2. Nutrition Education and Household Hygiene (\$4.8 million; \$4.1 million GAFSP; \$0.3 million GOH; and \$0.4 million beneficiaries' co-financing).

In addition to increasing food security through the production side, the Project aims to improve nutrition and nutritional practices especially for children and women. The component's objective is to improve the consumption of nutritious foods and the nutrition status of pregnant and lactating women and children less than five years of age in selected communities of the 25 municipalities. Under this component the grant will finance: (i) technical assistance (TA) and training, and (ii) community nutrition and household hygiene subprojects (SPs), including works, goods and services, to improve nutrition status and consumption of a nutritious diet.

Subcomponent 2.1. Nutrition education and growth monitoring.

This subcomponent is aimed improving nutrition education and the ongoing Growth Monitoring Program at communities and will create awareness among all stakeholders about: (i) the impacts of malnutrition on pregnant and lactating women and the cognitive development and future productivity of infants and young children; and (ii) the importance of nutritious food consumption and production. The subcomponent will finance: (i) the development and production of communication materials to raise awareness on chronic malnutrition and its implications; and (ii) the development and carrying out of education training, including the development and provision of teaching materials for stakeholders including among others, agriculture extension agents, health workers, community leaders and nutrition volunteers. The material will focus on the recommended diet for pregnant mothers and children below five years and the need for consumption of locally produced nutritious foods among other topics. Additionally, the subcomponent will be financing TA and training for: (i) strengthening and expanding the ongoing Integrated Community Child Health Program (AIN-C) activities in communities and rural health centers; (ii) training to health workers, health supervisors and nutrition volunteers. Technical assistance will also be provided to assist beneficiaries for the development of Community Nutrition Plans. Moreover, the TA and training under this subcomponent will also include the promotion and monitoring of Community Nutrition SPs, the participation in the evaluation process, and the assurance of citizen engagement.

Community Nutrition SP. Based on these plans, the project will finance the implementation of Community Nutrition SP, including minor works, small equipment, goods and materials for communities and rural health centers, the establishment of community and school gardens, and the provision of (non-monetary) incentives for nutrition volunteers.

Subcomponent 2.2. Household hygiene.

The benefits of increased food availability and improved dietary consumption will not be realized if children continue to suffer from diarrheal and respiratory diseases. Therefore, this subcomponent will finance the implementation of Household Hygiene SPs to improve HH hygiene by financing HH improvements to avoid water borne and respiratory diseases (water filters, eco-stoves, cement floors, and latrines). These SPs will be based on Household Hygiene Plans and will be accompanied by the provision of technical assistance and extension services, including the promotion and monitoring of these SPs, the participation in the evaluation process, and the assurance of citizen engagement.

Component 3: Monitoring, Evaluation and Project Management (\$4.4 million; \$3.7 million GAFSP; \$0.7 million GOH).

This component will finance a share of Project management and monitoring and evaluation activities, including, among others: (i) carrying out Project supervision, including field visits; (ii) carrying out Project audits; (iii) monitoring and evaluation of Project activities, (iv) the carrying out of: (A) a baseline evaluation; (B) a mid-term evaluation; and (C) an impact evaluation; and (v) the financing of Operating Costs.

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

Honduras' endowment of water, forests, and soil is one central foundation for much of the country's economic activity, but it is vulnerable to natural shocks, mismanagement, and depletion. Poverty and natural resource depletion are strongly linked. About half of the population of Honduras is rural, 80

percent of which live in environmentally unstable hillside areas practicing subsistence agriculture, and affecting the sustainability of the natural resources. Deteriorating natural resources fail to provide a minimal livelihood to the poor. Rural poverty accounts for 70 percent of all poverty and 58 percent of extreme poverty which is concentrated mostly in the western and southern areas of Honduras.

The population of the extended Corredor Seco region is overwhelmingly of mixed Spanish and indigenous ancestry, although some indigenous peoples (primarily Lenca) live in the western and central regions. A number of factors contribute to the severe social vulnerability across the region: environmental shocks, resource mismanagement and depletion, extreme poverty, limited access to public infrastructure and services, a nutrient-deficient diet (largely corn and beans), high out migration, among others.

The project area covers 25 municipalities in three departments within the Corredor Seco: Alubarén, Curarén, La Libertad, Lepaterique, Reitoca, and San Miguelito in Francisco Morazán; Apacilagua, Concepción de María, Duyure, El Corpus, El Triunfo, Morolica, Namasigüe, Orocuina, Pespire, San Antonio de Flores, San Isidro, San José, and San Marcos de Colón in Choluteca; and Liure, San Antonio de Flores, San Lucas, Soledad, Texiguat, and Vado Ancho in El Paraíso. Investments in some geographical locations of the municipalities of Lepaterique and Curarén, will be financed by other development partners of the ACS, as further defined in the Project Operational Manual.

Within the selected municipalities, the operators will be in charge of the selection process of the communities to be targeted for implementation of project activities, which will be approved by INVEST-H. The operators will prioritize through a participatory methodology some 120 to 160 communities within the municipalities that meet the following criteria: (i) communities within 10 kilometers from secondary roads; (ii) existence of a micro watershed; (iii) population greater than 400; and (iv) land use is viable for agriculture. The communities covered by Component 1 will also be covered under Component 2.

Taken the project objective and design, the two key environmental characteristics of the project area are soil characteristics in Corredor Seco and the hydrological capacity of the existing soil types. Regarding the first, the most area represents the agrological classes VI and VII that don't allow cultivation of annual crops. The latter has such severe limitations that it only allows management of primary or secondary natural forest. This emphasizes importance of addressing promotion of non-agricultural production and related market assessments. Regarding permanent crops, fruit trees such as plums, cashews, nance, mango, and avocado have been identified as adapted to the soil and climate characteristics of the area and are valued by consumers. Consequently, feasibility studies on related production and small-scale processing will be considered during project implementation. Further, another recommended project activity is identification of potential for alternative, forestry-based livelihood options that would involve both environmentally and financially sustainable management processes to generate related interest among the targeted communities. Regarding the hydrological capacity of the soil types present in the project area, the predominant types are C and D that represent moderately high and high potential for runoff. In such soil types, opportunities to cultivate with traditional types of water harvesting, such as ditches, collector ditches or recharge wells is severely limited or compromised. It is important that the project conducts detailed analysis prior to implementing works to capture and store water for crop irrigation to secure any works' viability. However, it is important to clarify that the scale of this assessment work is small (1:250,000), so it is impossible to define areas which agrological condition could present better characteristics for annual crops. Consequently, this assessment work will need to be conducted in

further detail in the field by competent agricultural/soil professionals at the early stages of identifying Project investments and assessing their feasibility.

5. Environmental and Social Safeguards Specialists

Jason Jacques Paiement (CRKI2)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
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| Environmental Assessment OP/BP 4.01 | Yes | The project is classified as environmental Category B and requires a partial Environmental Assessment (EA). Due to the small-scale and dispersed nature of the eligible investments, no large scale, significant and/or irreversible impacts are foreseen. Beyond financing agricultural inputs, investments can entail minor irrigation/facility works and purchasing productive equipment that will require socio-environmental management. An Environmental and Social Management Framework (ESMF) has been prepared to guide demand-driven project implementation in prioritizing environmentally sustainable and climate smart investments and agricultural practices. See further details below. |
| Natural Habitats OP/BP 4.04 | Yes | The project area includes two protected areas: Yerbabuena Biological Reserve in Francisco Morazán and Cerro Guanacaure Multiple-Use Area in Choluteca. The project can fund activities that would have positive impact on said areas or other natural habitats and/or engage in sustainable use of their resources. |
| Forests OP/BP 4.36 | Yes | Based on the project's EA, sustainable, longer-term forestry-related livelihood options would be a preferable option compared with agricultural activities in many places within the project area. Potential for said livelihood options will need to be assessed during project implementation, based on market analysis and beneficiary/stakeholder demand. Further, project activities aim at reducing pressure to deforest for agriculture and/or livestock purposes and promoting agro-forestry. |
| Pest Management OP 4.09 | Yes | The project will finance agricultural activities where baseline conditions involve different levels of use of agrochemicals. The project will promote Integrated Pest/Crop Management through project-provided extension services, and the ESMF will provide the necessary initial guidance for the same. During implementation, concrete cases will need to be assessed in detail and supported by specialized guidance by a consultant/SENASA, the national authority for agricultural health services on an as-needed-basis. |
| Physical Cultural Resources OP/BP 4.11 | Yes | Honduras has rich archaeological and cultural resources. The project design does not particularly aim at financing |

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| | | activities related with physical cultural resources. However, taken its demand-driven nature and even potential preference for non-farm rural livelihoods, the latter might address potential PCR/tourism-related investments/activities. The project will only allow positive impacts on PCRs. The project will only allow positive impacts on PCRs; the ESMF's negative list will exclude any activity that could lead to their degradation or destruction. The ESMF will also guide for applicable archaeological chance find procedures. |
| Indigenous Peoples OP/BP 4.10 | No | While there are a few towns in the project area with potential beneficiaries who consider themselves to be descendants of Lenca speaking Indigenous Peoples commonly found in the western departments of the Corredor Seco (i.e. Lempira, Santa Barbara, and Intibucá), the Social Impact Assessment found no evidence of their possessing collective attachments to geographically distinct habitats or ancestral territories within the project area; nor customary cultural, economic, social, or political institutions that are separate from those of the dominant society; nor an indigenous language. INVEST-H will advise the project operators on additional measures that may be required to provide all beneficiaries with culturally appropriate project benefits. |
| Involuntary Resettlement OP/BP 4.12 | No | The Social Impact Assessment found that due the limited physical footprint of the proposed investments, no land acquisition or displacement of assets will be required. All infrastructure and equipment investments will be restricted to either lands privately owned by the participating beneficiaries and/or unoccupied municipal lands. The SIA also reports that access to the latter are often particularly important for some of the poorest agricultural laborers. INVEST-H will advise the project operators on how to screen out any potential activities that could require land acquisition, including guidelines on how to document voluntary land donations, as relevant. |
| Safety of Dams OP/BP 4.37 | Yes | There is a major multipurpose dam called José Cecilio del Valle within the project area in the department of Choluteca. If said dam is to provide water for project-funded irrigation systems, the project will follow the applicable OP procedures. For small dams, potential adverse impacts are addressed through OP/BP 4.01, Environmental Assessment as recommended by BP 4.37, and measures are included in the Environmental and Social Management Framework (ESMF). |
| Projects on International Waterways OP/BP 7.50 | Yes | OP 7.50 was triggered as some of the Project activities |

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| | | may affect the riparian country of Nicaragua. In accordance with OP 7.50, Nicaragua was notified and a positive response was received by the Bank. |
| Projects in Disputed Areas OP/BP 7.60 | No | There are no disputed areas within the project area. |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is classified as environmental Category B and requires a partial Environmental Assessment (EA). The eligible investments are small-scale and of dispersed nature, including e.g. minor infrastructure works on irrigation systems and storage facilities that will be financed based on demand. Consequently, the project is not expected to cause negative large-scale or irreversible environmental impacts. Instead, it has a remarkable potential for environmental value added. Almost 90% of the project area has been intervened by agricultural land uses, and compared with the general baseline situation; the project is expected to promote an overall positive environmental impact. This will be pursued through capacity building and TA on environmentally friendly and climate-smart agricultural practices regarding plant and animal production, forest management, and fish farming. To promote continuity and additional market value for agricultural products, producers and producer groups can receive assistance to obtain related certification. The main yet overall minor environmental risks are expected to relate with potential small scale contamination derived from inadequate or even prohibited use of agrochemicals or deficient management of animal manure. Soil degradation might also occur in case sustainable agricultural practices were not followed. Taken the vulnerability of the project area to environmental degradation and related negative impacts of climate variability and change, environmental sustainability and climate resilience are key factors in determining the selection of the activities to be financed.

The GOH and WB agreed on the TOR for contracting a qualified social specialist to assess the potential social impacts of the proposed GAFSP project. The social assessment consultant conducted interviews and consultations with a broad cross-section of local stakeholders, including several individuals who self-identify as Lenca Indigenous Peoples, during three departmental level consultation events. One explicit objective of these consultations was to present the proposed project activities and anticipated impacts, as well as to seek participants' feedback on the GOH's proposed approach to ensure compliance with WB OPs 4.10 and 4.12. The Social Assessment (SA) provides considerable evidence of the strengths and inclusiveness of the local mainstream cultural, economic, social and political institutions. The SA also details the absence or sporadic nature of any customary indigenous institutions in the project area.

Regarding social impacts and based on the key findings of the Social Impact Assessment (SIA) conducted for the project, despite the fact that State entities linked to the development process are generally perceived as politically biased, susceptible to corruption, and having limited technical capacity, the social risks associated with the project are expected to be moderate due to the small-scale nature of the proposed investments and the demand-driven eligibility criteria of the interventions to be supported.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

If successfully implemented, the project has potential for positive indirect and/or long term socio-environmental impacts as poor rural communities will be supported to develop and implement their agribusiness plans or plans for non-farm businesses, paired with technical assistance, extension services, and needs-based training with a special and critical focus on environmental sustainability. Component 2 will promote improved nutrition and health related behavior and practices focus on both household and community level work. Overall, it is expected that successful results would be sustained by direct beneficiaries and potentially replicated beyond the beneficiary households/communities. On the other hand, due to the weight that TA and training activities have within the project design, even if the project would not prove successful, no major indirect and/or long term environmental liabilities beyond the business as usual scenario are foreseen on the ground.

Regarding related ACS activities across Corredor Seco, CABI will finance rural infrastructure, in particular secondary and tertiary roads. These investments are expected to support the agricultural production and nutrition investments financed by the GAFSP project by reducing transport costs and improving access to markets and services within the project area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

As the financed activities will be strongly demand driven, considering alternatives only becomes relevant during project implementation. Regarding alternatives in terms of land use, all infrastructure and equipment investments will be restricted to either lands privately owned by the participating beneficiaries and/or unoccupied municipal lands. This restriction on the available land use alternatives is aimed at avoiding adverse impacts caused by potential involuntary taking of land.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Honduran Strategic Investment Office, INVEST-H (formerly known as the Millennium Challenge Account Honduras, MCA-H) contracted an environmental, social, and gender specialist to conduct a partial Environmental Assessment (EA) and a Social Impact Assessment (SIA) in the project area. Said assessments form the basis of an Environmental and Social Management Framework (ESMF) that INVEST-H built upon the consultants' inputs with support from the Bank specialists. The ESMF guides the project's socio-environmental management, including compliance with national regulations and implementation of the applicable Bank safeguards. Beyond describing the key environmental and social features of Corredor Seco as relevant to the project activities, the ESMF guides identification and assessment of their potential socio-environmental impacts and provides detailed instructions on applicable mitigation measures.

In further detail, the ESMF (i) ensures timely integration of socio-environmental considerations in the overall project implementation and spells out related responsibilities and resource needs; (ii) includes a negative list to prevent e.g. any activity that could lead to conversion or degradation of natural habitats, physical cultural resources, deforestation related to expansion of croplands or pastures or any activities that could require land acquisition; (iii) standardizes mitigation measures for the main environmental impacts identified per different eligible investments; (iv) guides and facilitates monitoring of integrated crop and pest management and climate-smart agricultural practices; (v) guides provision of demand and capacity based environmental training to project beneficiaries and those in charge of their technical assistance/extension services; (vi) links environmental monitoring to further training and corrective actions as needed; and (vii) includes

guidance to conflict prevention and addressing requests and complaints.

INVEST-H under the General Government Coordinator of the Presidency will be the project's implementing agency. Since 2005, INVEST-H has implemented the Millennium Compact with the USA. The Compact included: (i) a rural development component (US\$72.2 million) covering farmer training, TA, access to credit, farmer to market roads, and a grant facility for rural public goods; and (ii) a road component (US\$125.7 million), including the widening of the CA-5 highway to four lanes and the rehabilitation of several secondary roads and vehicle weight control posts. Moreover, INVEST-H is implementing projects funded by the Inter-American Development Bank (IDB), CABI and USAID. INVEST-H staff from the environment and communications departments has considerable prior experience with projects funded by multilateral agencies and bilateral donors. Much of this experience involved working with EA procedures, indigenous peoples, and rural producers, as well as with some involuntary resettlement and natural habitat conservation needs that resulted from road sector investments.

INVEST-H management team will be responsible for the overall (field) supervision of the project's activities and implementation by two the selected contractor(s), as well as for monitoring of the performance of the project activities, including implementation of the ESMF. Under the terms of the GAFSP agreement, the World Bank is the project's Supervising Entity and INVEST-H will implement the project in line with the Bank rules, procedures, fiduciary compliance, and environmental and social safeguards. The management unit is headed by a Manager and composed of professionals in communications, transport development, rural development, environment, social development and gender, administration and finance, procurement, and monitoring.

INVEST-H will contract two national or international management firms (Operators) to implement Component 1 and 2 of the Project in different geographical areas following a quality and cost-based procurement procedure. In case the Operators want to subcontract some of the services, INVEST-H will be responsible for providing no objection to the terms of reference, selection processes and sub-contracting contracts. INVEST-H will monitor contract implementation through the ACS staff.

The Operators will be responsible for: (i) project implementation including of the project's Environmental and Social Management Framework (ESMF); (ii) preparing annual implementation plans, budgets, and cash flows to be approved by INVEST-H; (iii) contracting, supervising and monitoring their staff (such as agricultural and nutrition extension specialists), and firms or NGOs implementing parts of the annual project plans; (iv) preparing, implementing and following-up agricultural, marketing, business development, home garden and household hygiene SPs; (v) hiring subcontractors and making payments to suppliers for the implementation of the SPs; and (vi) preparing quarterly and annual implementation reports.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Selection of the target population. The target participant households are

- i. poor and extreme poor HH, beneficiaries of the Bono Vida Mejor (conditional cash transfer) program and who pass an additional poverty verification test. Many of these HH have difficulties meeting their responsibilities in health, education and nutrition;
- ii. highly vulnerable HH that have low food stocks and have no stable means of income (including remittances, lack of employment);
- iii. female headed HH with presence of pregnant women, nursing mothers and children under

five years of age or other children with nutritional risks;

iv. have access to land (owning, renting, sharecropping, communal land, etc.), possibly with potential for access to water resources (for agricultural SPs only);

v. a limited number (less than 500) of recognized leaders of community-based organizations (SLS, water boards, community councils "trustees" among others) who can influence other members of the community to participate in the Project.

The selection criteria of the participants will be refined in the Project Operational Manual and during implementation. The Project preparation team estimates the number of participants as follows: 10,000 eligible HH will participate in component 1 and 6,000 HH in component 2. The Project will seek the highest possible overlap, and it is estimated that around 4,000 HH will participate in both components, resulting in a total of 12,000 HH.

Beyond the direct beneficiaries, other stakeholder groups include rural extension agents that will be contracted by the project; local promoters that will engage to assist the project in reaching out to the poorest families of the municipalities; specialized institutions that will provide specific training such as business development, management of rural organizations, marketing, and savings and loan societies' financial management; nutrition extension specialists that will provide the delivery of the proposed nutrition education and promote close coordination with all programs promoting nutrition-related issues; and the ACS donor partners. Further, relevant sector authorities at national, departmental and municipal level, civil society/NGOs, and local residents.

The SIA included a gender assessment and produced a Gender Inclusion Strategy. Based on said assessment, the main source of income among women living in Corredor Seco is agriculture (63%), followed by wage labor (29%) and trade (8%). The assessment found that female-headed households constitute roughly 1 in 5 households throughout the project area, with a slightly higher percentage residing in urban areas. Given the significant time constraints on women, interventions that affect women's time allocation can help improve their own nutrition as well as that of their children. The project will contribute to empowering women and improve gender equality through several actions: ensure women's voices are heard at gatherings; free up women's time by improving access to water and new technologies; provide training at venues that are sensitive to women; provide child care during training; encourage female membership in leadership roles among producer groups; and encourage non-farm income generation, etc.

The initial stages of project preparation included various consultations that are presented in the original GAFSP project proposal available from the Project files. The project and ESMF were presented and discussed during a public consultation held on June 5, 2014 in the departmental capital of Choluteca. More than 120 people attended the event from a wide range of stakeholders, including representatives of the 25 municipalities (mayors, rural banks, municipal offices of environment, women, and health, etc.); members of the Sectoral Round Table of Gulf of Fonseca; representatives of related NGOs from the area; potential project beneficiaries; and representatives from key centralized institutions like the Ministry of Natural Resources and Environment (SERNA).

The Government disclosed the ESMF in-country on June 11, 2014 and the Bank in Info Shop on June 12, 2014. An revised version of the ESMF, which includes an updated project description, was disclosed in-country on July 16, 2015 and the Bank in InfoShop on July 16, 2015.

B. Disclosure Requirements

| | |
|--|-------------|
| Environmental Assessment/Audit/Management Plan/Other | |
| Date of receipt by the Bank | 16-Jul-2015 |
| Date of submission to InfoShop | 16-Jul-2015 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | //// |
| "In country" Disclosure | |
| Honduras | 16-Jul-2015 |
| <i>Comments:</i> The original ESMF was disclosed on the INVEST-H website: http://www.mcahonduras.hn/ on June 11, 2014 and on InfoShop on June 12, 2014. The revised ESMF was disclosed on the INVEST-H website on July 16, 2015 and on InfoShop on July 16, 2015 as well. | |
| Pest Management Plan | |
| Was the document disclosed prior to appraisal? | Yes |
| Date of receipt by the Bank | 09-Jun-2014 |
| Date of submission to InfoShop | 12-Jun-2014 |
| "In country" Disclosure | |
| Honduras | 11-Jun-2014 |
| <i>Comments:</i> Guidance on Integrated Pest Management is included in the disclosed ESMF. The revised ESMF was disclosed on the INVEST-H website on July 16, 2015 and on InfoShop on July 16, 2015 as well. | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. | |
| If in-country disclosure of any of the above documents is not expected, please explain why: | |
| | |

C. Compliance Monitoring Indicators at the Corporate Level

| | | | |
|---|---|--|--|
| OP/BP/GP 4.01 - Environment Assessment | | | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| OP/BP 4.04 - Natural Habitats | | | |
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | Yes [<input type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input checked="" type="checkbox"/>] |
| OP 4.09 - Pest Management | | | |
| Does the EA adequately address the pest management issues? | Yes [<input checked="" type="checkbox"/>] | No [<input type="checkbox"/>] | NA [<input type="checkbox"/>] |
| Is a separate PMP required? | Yes [<input type="checkbox"/>] | No [<input checked="" type="checkbox"/>] | NA [<input type="checkbox"/>] |

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| If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? | Yes [] No [] NA [×] |
| OP/BP 4.11 - Physical Cultural Resources | |
| Does the EA include adequate measures related to cultural property? | Yes [×] No [] NA [] |
| Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? | Yes [×] No [] NA [] |
| OP/BP 4.36 - Forests | |
| Has the sector-wide analysis of policy and institutional issues and constraints been carried out? | Yes [] No [] NA [×] |
| Does the project design include satisfactory measures to overcome these constraints? | Yes [] No [] NA [×] |
| Does the project finance commercial harvesting, and if so, does it include provisions for certification system? | Yes [] No [×] NA [] |
| OP/BP 4.37 - Safety of Dams | |
| Have dam safety plans been prepared? | Yes [] No [] NA [×] |
| Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank? | Yes [] No [] NA [×] |
| Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training? | Yes [] No [] NA [×] |
| OP 7.50 - Projects on International Waterways | |
| Have the other riparians been notified of the project? | Yes [×] No [] NA [] |
| If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent? | Yes [] No [] NA [×] |
| Has the RVP approved such an exception? | Yes [] No [] NA [×] |
| The World Bank Policy on Disclosure of Information | |
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes [×] No [] NA [] |
| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | Yes [×] No [] NA [] |
| All Safeguard Policies | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [×] No [] NA [] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [×] No [] NA [] |

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|--|---|
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |

III. APPROVALS

| | | |
|-------------------------------|-------------------------------|-------------------|
| Task Team Leader(s): | Name: Eli Weiss | |
| <i>Approved By</i> | | |
| Practice Manager/ Manager: | Name: Laurent Msellati (PMGR) | Date: 03-Sep-2015 |