

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA14898**

**Date ISDS Prepared/Updated:** 10-May-2016

**Date ISDS Approved/Disclosed:** 27-May-2016

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Timor-Leste	<b>Project ID:</b>	P155541
<b>Project Name:</b>	Sustainable Agriculture Productivity Improvement Project (P155541)		
<b>Task Team Leader(s):</b>	Gayatri Acharya		
<b>Estimated Appraisal Date:</b>	31-Mar-2016	<b>Estimated Board Date:</b>	30-Jun-2016
<b>Managing Unit:</b>	GFA02	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Agricultural extension and research (30%), Crops (30%), Irrigation and drainage (20%), Animal production (10%), General agriculture, fishing and forestry sector (10%)		
<b>Theme(s):</b>	Global food crisis response (40%), Water resource management (20%), Other rural development (10%), Poverty strategy, analysis and monitoring (30%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	22.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			1.00
Trust Funds			21.00
Total			22.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The Project Development Objective (PDO) is to increase the productivity and marketed production of smallholder agriculture in selected geographical locations in Timor-Leste.

### 3. Project Description

The Project aims to assist MAF to modernize and reform its systems of providing agricultural and environmental support services. The project will support (i) participatory district and community plans; (ii) farmer group formation and training; (iii) support for agriculture and small-scale rural investments aimed at promoting livelihoods and sustainable watersheds; (iv) strengthening MAF's capacity to deliver advisory services; and (v) and improving planning, programming, and evaluation capacity.

The program comprises the following components:

Component 1: Integrated watershed agriculture development planning. The objective of this component is to improve agriculture development planning within targeted watersheds. Watershed Management Councils will be formed, and Watershed Agriculture Development Plans will be prepared to guide planning at the watershed level. More detailed Sustainable Community Agriculture Development Plans will also be developed to guide investment at the community level.

Component 2: Smallholder organization, advisory support and training. Development and strengthening of farmer groups to improve farm productivity and marketability is a priority area under the MAFSP. Component 2 will therefore facilitate the formation of farmer groups where needed, building on cohesion developed during the SCADP preparation process, and strengthen existing groups formed for other purposes by NGOs, and other relevant programs. These farmer groups will be supported by complementary investments in sustainable agricultural production and environmental protection (see Component 3) to implement SCADPs.

Component 3: Sustainable watershed management and support to farmer groups. The objective of this component is to support the implementation of SCADPs through the provision of targeted on-farm investments. The support will include equipment and technologies promoting reduction of post-harvest losses, increasing value addition, addressing soil erosion and promoting climate resilience.

Component 4: Strengthening MAF's Services, Planning, Programming, Coordination and Monitoring and Evaluation Functions. This component will support MAF to strengthen its institutional capacity to reflect the latest organizational changes in the Ministry. The SAPIP support will focus on: (i) improved corporate services (including extension); (ii) planning; (iii) more efficient budget programming with the objective of increasing sectoral investment returns and achieving corporate targets and objectives; (iv) better coordination with development partners' projects and programs, and improved focusing of development partner expenditure on the Ministry's annual action plan objectives; and (v) improved monitoring and evaluation, and subsequent reporting to Government. Component 4 will include support for the Timor-Leste Agriculture Advisory Council (TLAAC) and the Timor-Leste Agriculture Research and Development Institute (TLARDI), which are initiatives from the national Strategic Development Plan.

Component 5: Project management and monitoring. The Government is in the process of creating a unified Project Management Unit (PMU) within MAF to manage and coordinate the implementation of all projects and programs in the agricultural sector. The SAPIP PMU will be responsible for: (i) annual planning and budgeting in compliance with Government requirements and guidelines, and with SAPIP's final design; (ii) coordination across Components and other Donor-funded projects/programmes to drive complementarity; (iii) support for field-level technical and natural resource planning staff; (iv) support for a governance framework to manage the disbursement of grants to farmer groups; (v) communications, and knowledge management and distribution; (vi) maintenance

of a mapping and planning database in ALGIS to record WADPs and SCADPs; (vii) a special focus on gender and vulnerable group inclusiveness in Project-supported activities; and (viii) monitoring of and reporting on the SAPIP results framework. The project will develop and apply accountability mechanisms through citizen engagement, monitoring and grievance redress.

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

The Project will be implemented in four watersheds, located in the municipalities of Lautem (Raumoco watershed), Ainaro (Be Luic watershed), Liquica (North Loes watershed), and Oecusse (Ekat-Tono watershed). These watersheds have been selected on the basis of: (i) food and nutrition insecurity criteria; (ii) complementarity with other development partners and Government programs; and (iii) potential for small-scale agriculture development. The characteristics of each watershed will be detailed through community participatory planning in the design of watershed-scale management plan.

The majority of Timor-Leste's population resides in rural areas predominately dependent on subsistence agriculture dependent on rainfall, where land and soil is largely degraded. As a result of a rapidly growing population, food insecurity is also evident. Some parts of the country are irrigated which provide greater food security and better ecosystem health, but overall infrastructure is inadequate and natural resources are coming under increasing pressure. The Project will assist approximately 16,500 households in four municipalities. There will be about 100,000 direct and indirect beneficiaries of persons indigenous to Timor. The presence of ethnic minorities and scale of forest cover in targeted watersheds will be identified during screening.

The Ekat-Tono watershed in Timor-Leste shares a boundary with Indonesia for which an MOU was signed in 2010. The Government of Indonesia was formally notified in writing of the project and its potential activities in April 2016 as a requirement of OP7.50.

#### **5. Environmental and Social Safeguards Specialists**

Claire Marion Forbes (GSURR)

Nicholas John Valentine (GENDR)

Ross James Butler (GSU02)

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	This Project will finance activities to improve agricultural production and watershed management. This may involve policy reform, formation of management councils, new management strategies and technologies, community grants, etc. A participatory planning process involving key stakeholders at national, municipal and local levels will facilitate a bottom up approach to watershed management. Community grants will be delivered through community-driven development, and farmer groups may elect to construct small-scale infrastructure or equipment to support land/agriculture or water management such as water pumps, maize storage drums, small ponds, etc. Site-specific environmental impacts may result but are expected to be minor or negligible and readily

		manageable. The Project has been initially assigned a category "B" consistent with the nature of these impacts and the requirements of OP4.01. An Environmental and Social Management Framework (ESMF) has been prepared for guidance.
Natural Habitats OP/BP 4.04	Yes	Program activities are expected to take place in areas already under cultivation, and thus not involve significant loss or degradation of natural habitats. However this policy has been triggered as a precaution since exact subprojects sites are not yet known and could potentially occur in highland areas, sensitive riparian areas and other natural habitats.
Forests OP/BP 4.36	Yes	Integrated watershed management will ensure forest areas are protected, and activities will only occur on cultivated lands and non-forested areas as guiding by the screening process. However this policy has been triggered as a precaution since exact subprojects sites are not yet known, and watershed-level planning includes forest areas.
Pest Management OP 4.09	Yes	Although the project will not directly finance pesticides (as per Annex A), OP 4.09 applies where farmers may use pesticides as part of agricultural pest management. While it is unlikely that project activities will require pest management or fund pesticides for agricultural use or crop protection, this policy has been triggered as a precaution in case watershed planning requires integrated pest management.
Physical Cultural Resources OP/BP 4.11	Yes	Participatory planning process with local communities will ensure sites of archaeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance are avoided. A Chance Finds Procedure is included in the ESMF as a precaution.
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered in Timor-Leste in accordance to the Environment and Social Safeguards Guidelines for Pacific Island Countries (ESSIP). The project is designed to maximize the benefits and opportunities of Indigenous People through a participatory process with communities in target areas of Timor-Leste. It will involve the formation of farmer groups, watershed councils and management plans to guide the management of natural resources for resource owners and users under customary tenure arrangements. Communities will also identify priority agricultural activities to enhance livelihoods and have an opportunity to build their capacity on commercialization of produce. To ensure the participatory process for each Component is inclusive and benefits are

		culturally appropriate, a Beneficiaries Participation Framework has been developed to provide guidance on integrating key principles of OP4.10 into overall project design. A Consultation Strategy will outline methods to enable a process for free, prior and informed consultation (FPIC) to ensure broad community support for the Project, and a Social Assessment (SA) will identify potential socio-cultural impacts.
Involuntary Resettlement OP/BP 4.12	Yes	Activities likely to result in physical and economic displacement, will not be funded under SAPIP. Project activities will be undertaken voluntarily on either customary, government or private land and should not involve involuntary restriction or change of land/natural resource use. A Land Access and Resettlement Policy Framework (LARPF) has been prepared and includes Voluntary Donation Protocol for instances where landowners may wish to donate specific land for project purposes to directly benefit their community, or Land Use Agreements when temporary or permanent access to customary/private land is required under the Project.
Safety of Dams OP/BP 4.37	Yes	In order to sustain watersheds and support agricultural development, the Project may finance small-scale works including small ponds, weirs, small-scale irrigation, small-scale terracing to collect surface runoff and prevent siltation and erosion, among others, under Component 3.
Projects on International Waterways OP/BP 7.50	Yes	The project's targeted watershed includes the Ekat-Tono watershed in Oecusse which shares an international border with Indonesia. A MoU on watersheds between Timorese and Indonesian Governments was signed regarding watershed management in Oecusse. Although project activities are unlikely to have an adverse effect on the watershed, the downstream riparian (Indonesia) was formally notified in writing of the proposed project in April 2016.
Projects in Disputed Areas OP/BP 7.60	No	Project activities will be screened at the scoping phase to ensure activities do not take place in disputed territories or international boundaries.

## 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 overall social and environmental impact of the SAPIP is expected to be positive and none of the eligible activities that would generate significant risk or irreversible adverse environmental or social impacts if carried out in compliance with the project ESMF.

<p>The following have been identified as potential issues that can be easily mitigated or managed through the consultative and community driven design of the project</p> <ul style="list-style-type: none"> <li>➤(€ Exclusion of key stakeholders in focus groups and consultation activities.</li> <li>➤(€ Disagreement on the membership of WMC or content of Agricultural Development Plan.</li> <li>➤(€ Agriculture and rural infrastructure development priorities are not based on community need as agreed by target beneficiaries.</li> <li>➤(€ Potential land use change for agricultural purposes based on land suitability analysis.</li> <li>➤(€ Insufficient understanding about the customary access rights to land and natural resources.</li> <li>➤(€ Poor consideration of upstream or downstream impacts or users.</li> <li>➤(€ Impacts to water courses, water quality and quantity (siltation, contamination, up/downstream impacts)</li> <li>➤(€ Unsuitable seed varieties and seedlings or plants for erosion control and buffers.</li> <li>➤(€ Increased fertilizer and pesticide use as a by-product of intensified agricultural activity leading to environmental (e.g. water contamination) and social (e.g. health risks) impacts if used without training and control measures</li> <li>➤(€ Agriculture and rural infrastructure development priorities are not based on community need as agreed by target beneficiaries.</li> <li>➤(€ Localised temporary impacts of civil works for village water supplies, etc.</li> <li>➤(€ Lack of supervision and poor quality of construction for small-scale infrastructure.</li> <li>➤(€ Conflict due to restriction of access to natural resources or infringement of customary rights (e.g. firewood harvesting).</li> </ul> <p>These impacts and issues can be mitigated through safeguard instruments contained in the ESMF.</p>
<p><b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b></p>
<p>No long-term or indirect impacts of an adverse nature are anticipated. The overall objective of SAPIP is to benefit environmental health at the watershed-scale as a result of improved farming practices and agricultural technologies.</p>
<p><b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b></p>
<p>Project activities and alternative modalities have already been trialled and piloted successfully in Timor-Leste. SAPIP will upscale those proven to be successful and modifies in specific regions and watersheds as appropriate.</p>
<p><b>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.</b></p>
<p>Timor-Leste has limited institutional capacity for safeguards. Technical assistance is being provided to the road sector through the establishment of a Project Implementation Unit (PIU) in the MPWTC, which houses an Environmental and Social Unit. The MAF Institutional Reform and Transformation Project (P148698) [MIRT] provided capacity building and support on safeguards for the agriculture sector, prior to implementation of SAPIP. Safeguards training was provided to MAF staff (including NDPP) on 27 January 2016. The DPMSU have capacity to screen subprojects for impacts, however may require additional assistance for preparation of safeguard instruments. The project design includes capacity building at the national and municipal levels for project delivery, which will incorporate safeguards. Technical assistance and NGOs will be engaged to support this function.</p> <p>The CDD approach will enhance environmental and social benefits in participating communities in a respectful and inclusive manner that suits local socio-cultural realities. In this way, most</p>

adverse impacts will be avoided or mitigated in the design phase by beneficiaries themselves, with support from NGOs/CSOs and consultants.
<b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b>
Key stakeholders include MAF, municipality offices, sub-district level facilitators, farmers, resource users, and Suco leaders. A Consultation Strategy will be completed by the implementing agency in accordance with the principles and process set out in the Beneficiaries Participation Framework. The Consultation Strategy will detail methods for engaging project beneficiaries in the different project activities including the formation of farmer groups, watershed management strategies and priorities, amongst others.

### **B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	07-Mar-2016
Date of submission to InfoShop	08-Mar-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Timor-Leste	08-Mar-2016
<i>Comments:</i> Agricultural Development Plans will be developed and include characterisation of watershed areas and landscape values that will be enhanced by project activities and improved management regimes. Social assessments will also be undertaken to understand resource users, traditional rights or access and use, and identify vulnerable persons (all Timorese are classified as Indigenous People and OP4.10 applies).	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	07-Mar-2016
Date of submission to InfoShop	08-Mar-2016
"In country" Disclosure	
Timor-Leste	08-Mar-2016
<i>Comments:</i> All activities will be undertaken in a voluntary and participatory manner and not include physical or economic displacement.	
<b>Indigenous Peoples Development Plan/Framework</b>	
Date of receipt by the Bank	07-Mar-2016
Date of submission to InfoShop	08-Mar-2016
"In country" Disclosure	
Timor-Leste	08-Mar-2016
<i>Comments:</i> A Beneficiaries Participation Framework has been developed for this project in lieu of an IPPF since this is a CDD modality and is more appropriate to the needs of the project and its stakeholders. The BPF incorporates key elements of an IPPF and IPP.	
<b>Pest Management Plan</b>	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	NA

Date of submission to InfoShop	NA
"In country" Disclosure	
Timor-Leste	08-Mar-2016
<i>Comments:</i> Agriculture Development Plans or Watershed Management Plans may include integrated pest management and training will be provided.	
<b>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.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
<b>OP/BP 4.04 - Natural Habitats</b>	
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"/> ]
<b>OP 4.09 - Pest Management</b>	
Does the EA adequately address the pest management issues?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Is a separate PMP required?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] NA [ <input type="checkbox"/> ]
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 [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
<b>OP/BP 4.11 - Physical Cultural Resources</b>	
Does the EA include adequate measures related to cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.10 - Indigenous Peoples</b>	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
<b>OP/BP 4.12 - Involuntary Resettlement</b>	



Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Is physical displacement/relocation expected?  Provided estimated number of people to be affected	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	TBD [ <input type="checkbox"/> ]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)  Provided estimated number of people to be affected	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	TBD [ <input type="checkbox"/> ]
<b>OP/BP 4.36 - Forests</b>			
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
Does the project design include satisfactory measures to overcome these constraints?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>OP/BP 4.37 - Safety of Dams</b>			
Have dam safety plans been prepared?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
<b>OP 7.50 - Projects on International Waterways</b>			
Have the other riparians been notified of the project?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
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 [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
Has the RVP approved such an exception?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
<b>The World Bank Policy on Disclosure of Information</b>			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
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 [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>All Safeguard Policies</b>			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]

Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]
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: Gayatri Acharya	
<b><i>Approved By</i></b>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 24-May-2016
Practice Manager/ Manager:	Name: Nathan M. Belete (PMGR)	Date: 27-May-2016