



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 08/28/2019 | Report No: ESRSC00790



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|---|--------------------------|----------------------------|
| Country | Region | Project ID | Parent Project ID (if any) |
| India | SOUTH ASIA | P170645 | |
| Project Name | Chhattisgarh Inclusive Rural and Accelerated Agriculture Growth Project | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Agriculture and Food | Investment Project Financing | 2/27/2020 | 7/15/2020 |
| Borrower(s) | Implementing Agency(ies) | | |
| Department of Economic Affairs, Ministry of Finance, Government of India | Department of Agriculture, Government of Chhattisgarh | | |

Proposed Development Objective(s)

The PDO of the proposed project is “to improve access to quality essential services and to enhance and diversify sources of income in select tribal dominated areas of Chhattisgarh.

| Financing (in USD Million) | Amount |
|----------------------------|---------------|
| Total Project Cost | 225.00 |

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

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project will address critical challenges of human capital development and support productive opportunities through improved use of natural capital, marketing and technical capacity. Dietary diversity and targeted programs for vulnerable sections such as adolescent girls will be supported. These households are expected to benefit from more effective delivery systems for basic services. Targeted households, together with local entrepreneurs, agribusiness firms and rural enterprises are expected to benefit from value chain development activities, by accessing new knowledge and information, new technology and market linkages. The institutional capacity and policy

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environment will be strengthened by promoting marketing reforms and resource efficient rural growth; building capacity of related line departments; developing partnerships between national/international knowledge organizations and local resource institutions and agencies (e.g. KVKs; Agriculture/Animal Husbandry Universities); and triggering private investments.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project is in the state of Chhattisgarh, which lies in the center-east of India with parts comprising of the Chota Nagpur plateau. It has an area of 135,191 sq km making it the tenth largest state of India. The main river basin of the state is that of Mahanadi and there are several sub-basins of the various tributaries of the Mahanadi. The northern and southern parts of the state are mostly hilly with good forest cover, whereas the central part is mostly fertile plains, known for agriculture. The eastern highlands have mostly deciduous forests due to an overall tropical climate of the state. The state experiences hot and humid climate followed by monsoonal rains (July to October). The average rainfall in the state is about 1250 mm. Winters are not very severe. The state has a population of about over 25 million, comprising a high number of Scheduled Tribes, or STs (about 30%). Scheduled Castes (SCs) are about 12% of the total population. STs are mostly in the forested areas, primarily in Bastar and similar areas in the southern parts.

Administratively the state has five divisions and twenty-seven districts. The state is rich in mineral resources and coal. Large areas are subject to mining and the state produces almost 15% of the steel in India. Yet, the state has over 75% rural population which is mainly engaged in agriculture and allied activities practicing conventional rainfed agriculture with limited access to irrigation. Rice is the main crop covering over 70% of the net sown area. In all likelihood the focus of the project will be on tribal districts in the north and south. The state's tribal communities generally follow traditional farming systems that include cultivation of indigenous crops, use of their own seeds, use of cattle dung, etc. The plot of land adjoining their homes is called Badi wherein they grow vegetables. Rearing animals such as cattle, pigs, ducks, poultry etc. and planting trees in community lands and backyards, are integral part of their farming systems.

At concept stage, activities relevant to environmental and social assessments are (a) investments in agricultural and non-timber forest produce (NTFP) value chains; (b) enhancing access to formal markets; (c) organizing farmers into producer companies; and (d) natural resources management (improving land productivity, water use efficiency, agro-forestry etc.). The project will provide both technical assistance and specific investments with an overall focus on improving nutritional value and climate resilience of the agriculture sector.

D. 2. Borrower's Institutional Capacity

This is the first lending operation being undertaken by the Department of Agriculture, Government of Chhattisgarh. The Department has not previously undertaken any operation with the World Bank and the sub-national government has recently negotiated a loan in the FM sector. Given the lack of experience with Bank-supported operations, and given that this project involves a multi-sectoral, multi-stakeholder approach, inter-departmental coordination between and among several government departments and agencies will be difficult because of the complexity of coordinating across a large number of actors with different perspectives and varying capacities on environment and social risk management.



It can therefore be surmised that the borrower has limited overall capacity to deal with the environmental and social risks of the project. Although, agriculture is generally not input intensive, a push for modern and intensive agriculture for accessing markets and adopting a value chain approach may introduce practices that have some potential for generating adverse environmental and social impacts. For example, the state’s agriculture extension system may find it challenging to introduce and promote new methods of Integrated Pest and Nutrient Management. Similarly, inclusion of marginal and vulnerable farmers may be a daunting task given the high value NTFPs that will be promoted through the project. Therefore, it would be important to understand how perceived environmental and social risks and impacts of the project are currently handled by the participating departments and how their capacity can be improved for better implementation.

The E&S assessment will shed more light on the current capacity of the relevant state departments and agencies to address environmental and social issues. Their capacity to implement Bank’s ESSs will be assessed during the preparation period prior to project appraisal and an institutional strengthening plan will be suggested and agreed upon and accordingly included in the design of the project.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The current scope and activities of the project indicate a “Substantial” risk rating from the environmental safeguards perspective.

If not mitigated, project activities, such as, diversifying the crop mix, agro-forestry, NTFP value chain development etc. have the potential to adversely impact the physical and natural environment. Likely impact could include unsustainable use and harvesting of biodiversity and other natural resources, involvement of critical habitats, impacts on the physical environment (soil, land productivity, natural resources, water use efficiency), increased use of pesticides and other agrochemicals etc. Since project activities will be geographically spread out, they are likely to have minimal localized impacts that could be mitigated. An Environmental and Social Assessment (ESA) will be undertaken to identify the potential risks and impacts (refer section B.1 ESS1 for details). Given that project locations are not known, an Environmental and Social Management Framework (ESMF) will be developed.

Social Risk Rating

Moderate

Proposed activities are primarily envisaged in areas inhabited by indigenous peoples who practice traditional modes of agriculture and are involved in harvesting NTFPs. The current practices are likely to impact not only their modes of cultivation and post-harvest processing, and impacting their participation in the higher value chains, but also impact their traditional dietary practices and nutritional standards. The proposed project aims to develop sustainable production systems of the tribal homesteads for improving year-round production of diversified commodities and building the household capacity to manage and utilize the assets optimally. None of these activities will result in any



kind of adverse impacts. The project however will undertake an assessment and evolve an approach that benefits participating indigenous peoples in positive ways through an Indigenous People's Plan.

Given the above, the social risk rating at this stage is moderate.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS 1 is relevant to understand and assess potential environmental and social risks and impacts associated with the Project in addition to assessing the overall capacity of the client to mitigate and manage these. Based on components identified at Concept stage, overall risks are expected to be Substantial. Capacity and processes to procure, store, handle, manage and dispose pesticides is the key environmental risk. Social risks are mostly related to stakeholder engagement, participatory and inclusive opportunities, including that with indigenous peoples and setting up a Grievance Redressal Mechanism (see ESS 10). A detailed ESA will be carried out for the planned activities under the project and appropriate measures following the mitigation hierarchy will be designed - to avoid, minimize, mitigate or offset any potential risks and impacts. An ESMF will be developed for mitigating the identified risks and impacts. Based on the findings of the ESA, an Environment and Social Commitment Plan (ESCP) will be agreed with the client.

Areas where “Use of Borrower Framework” is being considered:

The borrower/government has not proposed for adoption of borrower’s E&S Framework to address environmental risks and impacts of the project. The project will comply with the Bank’s new Environmental and Social Framework and its Environmental and Social Standards and as well as the National/State level requirements

ESS10 Stakeholder Engagement and Information Disclosure

This project is adopting a multi-sectoral, inter-departmental approach in addressing poverty through improvements in agriculture and nutrition. Led by the Chhattisgarh Department of Agriculture, this project will also find synergies with the Departments of Tribal Welfare, Women and Child Development, Rural Development, and Forests, among others. In addition, linkages will be developed with other developmental partners such as UNICEF and IFAD that are working in select districts on themes such as nutrition and agricultural productivity. Further, the intended beneficiaries are subsistence farmers and NTFP harvesters from tribal districts whose incomes and lives will be enhanced through the project and whose involvement in the stakeholder engagement process is critical.

Therefore, stakeholder engagement and information disclosure are at the heart of the project and are envisaged as a continuous, ongoing process throughout its life. This approach will ensure participation, inclusiveness and transparency. During project preparation, all stakeholders will be identified and a Stakeholder Engagement Plan (SEP) will be prepared. All E&S documents/reports will be made accessible to project stakeholders and will be publicly disclosed.

B.2. Specific Risks and Impacts



A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant.

The Project will be managed by a PIU and all requirements relevant to ESS2 will apply.

Occupational Health & Safety concerns for farmers and/or workers exposed to chemical pesticides in private farmlands will be addressed as per the mitigation measures included in the ESMF and Pest Management Plan (PMP). The mitigation action may include, awareness and training on safe use of pesticides, promoting alternative and safe bio-pesticides, and encouraging use of personal safety equipment.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. The project intends to introduce new technology practices (for example, use of drip irrigation, climate smart agriculture practices etc.) for bringing efficiency of resource use in agriculture and related NTFP value chains. While the project is not envisaging procurement of pesticides, the use of these cannot be ruled out by farmers who would intend to increase productivity through a diversification of cropping. To deal with issues of pesticides, a Pest Management Plan (PMP) will be prepared.

ESS4 Community Health and Safety

This standard is not relevant. The project is not investing in developing infrastructural elements, such as, buildings, roads, etc. that involves construction. It is also not proposing to purchase vehicles, large equipments etc. Any risks to community health fro agrochemicals are addressed under ESS3. Moreover, the interventions proposed under the project will address and focus on improving nutritional standards of indigenous communities, currently suffering from the worst incidence of malnutrition in the world. Thus, community health is expected to be enhanced and sustained.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not relevant. The project activities do not envisage any land acquisition. Proposed investments on developing NTFP value chains will be focusing on sustainability of NTFP extraction and trade and will not impose any new restrictions on access and use of NTFPs by the communities.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant. The project includes activities (developing NTFP value chains) which have either direct or indirect impacts on bio-diversity or any living natural resource areas. There could be increased extraction of NTFPs from forests as a result of project support. The ESA will assess the potential impacts and risks of proposed investments in building NTFP value chains and propose mitigation measures to address these.

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

This standard is relevant as the project will be implemented in areas dominated by indigenous or “tribal” peoples. An assessment will be undertaken of the current practices and protocols for including indigenous people and an Indigenous Peoples Plan (IPP) will be developed that will identify and address any potential gaps in achieving the



project objectives. This plan will help develop guidelines and mechanisms to ensure that tribes benefit from the project interventions. Protocols will be developed regarding activities to be carried out in IP dominated districts to ensure that they are culturally appropriate. If needed, interventions will be planned and undertaken only after the affected communities are engaged in a process of free, prior and informed consent (FPIC). The consultations involved will be organized in a manner such that different views are brought to light, e.g. by segregating by gender, age or tribe in focus groups and community meetings.

ESS8 Cultural Heritage

Although physical cultural assets are not likely to be affected by the proposed activities as currently envisaged, there is a strong likelihood of intangible cultural heritage being impacted during project implementation. This includes traditional knowledge around nutrition, customary practices involving sacred groves and other such natural assets, and so forth. Such heritage will be identified through community consultations as part of the IPP preparation. The Indigenous Peoples Plan will take aspects related to cultural heritage into consideration. The ESA will conduct further assessment to determine the extent of impact of the project on intangible cultural heritage. Based on the assessment’s findings, the ESA may suggest mitigation measures including developing a protocol to deal with the possibility of chance finds.

ESS9 Financial Intermediaries

Given the nature of the project, FIs are unlikely to be a part of the project’s implementation arrangements. This will be confirmed during project preparation.

B.3 Other Relevant Project Risks

Not identified at this stage of the project. The ESA may identify other relevant project risks that may have relevance for environmental and social aspects.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None identified.

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B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Actions to be completed before Appraisal:

1. Environment and Social Assessment: this will assess both Environment and Social Risks and will be based on E&S screening. Screening during preparation will focus on: (a) understanding current practices of handling pesticides and other agro-chemicals, (b) assessing staff capacity to handle identified environmental and social issues, and (c) implementation of the borrower’s Indigenous Peoples Plan. Any other E&S guidelines relevant to project activities, which the E&S risk screening may identify, will be proposed in the ESCP.
2. ESMF: Based on the findings of the ESA, the ESMF will include mitigation measures and a capacity building plan (institutional, technical and operational) for suitably managing environmental and social risks of the project.
3. Pest Management Plan: Will identify measures to promote Integrated Pest Management (IPM) approaches and training to relevant stakeholders on safe management (procurement, use, storage and disposal) of pesticides.
4. Stakeholder Engagement Plan (SEP) including engagement with indigenous peoples and GRM
5. Gender Analysis
6. The ESCP will be finalized with the borrower
7. Labor Management Procedures
8. Indigenous Peoples Plan

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

1. Screening process and procedure developed as part of ESMF for applying to sub-projects and activities proposed under the project.
2. Detailed staffing and capacity building plan as per ESA recommendations.
3. Monitoring plan to for ensuring implementation of the actions included in the ESCP.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-Mar-2020

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Department of Economic Affairs, Ministry of Finance, Government of India

Implementing Agency(ies)



Implementing Agency: Department of Agriculture, Government of Chhattisgarh

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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|-------------------------------|---|
| Task Team Leader(s): | Gayatri Acharya, Raj Ganguly |
| Practice Manager (ENR/Social) | David Seth Warren Recommended on 27-Aug-2019 at 17:01:0 EDT |
| Safeguards Advisor ESSA | Maged Mahmoud Hamed (SAESSA) Cleared on 15-Aug-2019 at 08:53:53 EDT |