

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1132

Date ISDS Prepared/Updated: 23-Jan-2015

Date ISDS Approved/Disclosed: 11-Feb-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Brazil	Project ID:	P147158
Project Name:	Paraiba Sustainable Rural Development (P147158)		
Task Team Leader(s):	David Tuchsneider		
Estimated Appraisal Date:	20-Apr-2015	Estimated Board Date:	22-Jul-2015
Managing Unit:	GFADR	Lending Instrument:	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (40%), Agro-industry, marketing, and trade (10%), General water, sanitation and flood protection sector (40%), Public administration- Agriculture, fishing and forestry (10%)		
Theme(s):	Rural markets (40%), Rural services and infrastructure (20%), Micro, Small and Medium Enterprise support (10%), Rural non-farm income generation (10%), Water resource management (20%)		
Financing (In USD Million)			
Total Project Cost:	79.86	Total Bank Financing:	50.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			29.86
International Bank for Reconstruction and Development			50.00
Total			79.86
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed development objective is to reduce household vulnerability and improve smallholder access to markets in Paraiba's rural areas.

C. Project Description

Beneficiaries:

Key beneficiaries are rural households, organized in community associations (CA), and family farmers, associated in a variety of producer organizations (PO). The project intends to empower them through their organizations in order to identify, prioritize and manage vulnerability reduction subprojects and productive alliances, respectively. Capacity varies greatly among these organizations so the project would deploy a well-targeted communications campaign and a variety of training and technical assistance activities designed to build capacity and reduce information asymmetries. Secondary beneficiaries include: (i) private agribusiness enterprises and government entities who may enter into partnerships with producers under alliances; and (ii) the entities that may participate in and manage state-wide services promoted by the project. Special efforts will be made to ensure Quilombola and Indigenous groups are adequately informed of project procedures and benefits in order to promote their participation. No identifiable group would be negatively affected by project activities.

Component 1: Institutional Strengthening.

This component aims to strengthen the institutions that implement project investments and take charge of their operation and maintenance. It would encompass: (i) support for the identification and preparation of vulnerability reduction subprojects and alliance business plans; (ii) provision of training and technical assistance to community associations and producer organizations for subproject administration and management; (iii) setting up a supra-local system for rural water and sanitation, and a state-wide agricultural risk information system. Subcomponents include:

Demand generation. This subcomponent would provide support for:

- A communications campaign to provide information to communities, smallholders and their organizations, municipal associations, service providers and potential buyers of products and services on: (i) project objectives and procedures (identification of demands, rules of access to funds, procurement modalities and public access to information); (ii) approved, postponed and rejected subprojects and alliances; (iii) Community Association (CA) and Producer Organization (PO) best-practice exchanges; and (iv) project results.
- Organization and administration of calls for proposals for vulnerability reduction subprojects and productive alliances.
- Technical assistance to CAs and Municipal Associations (MA) for the preparation of subprojects and to PAs and their business partners for the preparation of productive alliances and related PO subprojects. For alliances, technical assistance could include networking, and brokerage or match-making support to establish linkages between interested POs and purchasers of agricultural and artisanal goods and services.

Capacity building of Community Associations and Producer Organizations. The subcomponent would finance the following activities:

- Technical assistance to CAs and POs to set up or strengthen institutional arrangements and capacities for the organization of service provision to its members and buyers of their products and services, and the sustainable management of investments. Support for the formalization of smallholder POs may also be provided for pre-approved alliances.
- Training in subproject administration for CA and PO leaders on project rules and procedures, including financial management, procurement, safeguards and organizational accountability and transparency.

- Managerial training of CAs on cost recovery mechanisms, operations and maintenance and linkages to state-wide rural water and sanitation system.
- Training of POs on business processes (administration of common infrastructure and services, accounting, audits and access to finance), as well as management of information on agricultural risk, safety and market regulations, input and output markets and prices.
- Administration of a registry of institutional and private providers of goods and services for CAs and POs.

State-wide services. The subcomponent would finance support for two key institutions to improve resilience of rural productive and sanitation systems:

- Strengthening of the rural sanitation system. While communities and their associations can build the capacity to manage their systems of water supply and sanitation, there is wide agreement that of the need for a supracommunal entity--at state or other level--to support associations when they face issues that go beyond the current activities of operation and maintenance, such as repair and replacement of equipment or analysis of water quality. The management model that includes the identification of such organization, its duties, requirements, financial resources and the type of financing, among others, would be assessed during project preparation.
- Creation of an agro-climatic risk information system. Given the level of risk associated with water availability in Paraiba, the project would provide support for setting up a system to generate, systematize and disseminate data and information on weather projections and their potential effects on regional water availability and agricultural production systems. The institutional model that includes the location of such organization, its relations to existing providers and users of information, financial requirements and sources of financing would be assessed during project preparation. This activity will be developed in close coordination with other regional initiatives such as the development of a drought index for the NE region of Brazil.

Component 2: Vulnerability Reduction.

The aim of this component is to increase resilience to the effects of water scarcity, drought and climate variability. It would finance CA subprojects (works, goods and services) on a matching grant basis for (i) access to water and sanitation, (ii) strengthening of agricultural production systems, and (iii) spot improvement of feeder roads.

Access to drinking water and sanitation. The subcomponent would finance community water supply systems, simplified/local sanitation systems or sanitary facilities, and water reuse systems. The focus on potable water supply systems will favor complete systems--that include abstraction, treatment, storage and distribution of water--over simple systems of water supply that do not include door-to-door delivery, and both of these over individual household systems.

Agricultural systems resilience. The sub-component would finance: (i) improvements in supply and storage of water for agriculture and livestock production (simple irrigation systems, small water collection infrastructure); (ii) promotion of agricultural practices that are resistant to drought, including storage and post-harvest infrastructure; and (iii) management of natural resources to improve adaptation to short- and medium-term climate variability. The final list of technologies and practice to be supported will depend on the results of a systematization being carried out as part of project preparation.

Spot improvement of feeder roads. This component would finance community-level, small works that ensure year-round access to the municipal and state road networks. No new road construction

would be financed. Focus would be on improvement of existing roads, including drainage works, fords and small bridges as well as minor road surface improvements.

Component 3: Productive Alliances.

The component aims to establish partnerships between POs and purchasers. It would finance PO subprojects included in business plans agreed with purchasers. The component will also finance managerial and business development services for alliances during the implementation phase of their business plans, and for at least one additional year of operations. It includes the following subcomponents:

Productive alliance investments. Financing would be provided on a matching grant basis to POs to implement subprojects designed on the basis of business plans agreed with their business partners. The objective of each subproject would be to reach the product specifications (quantity, quality, delivery, etc.) agreed and established in the business plan. Subproject financing can include expenditures at the level of both individual producers and their organizations, and may include technical assistance services, agriculture inputs, equipment, production facilities (nurseries, greenhouses), value addition investments (post-harvest processing and storage, packaging), as well as other minor infrastructure specific to the needs of the productive alliance. During preparation the team will explore the possibility of including technical assistance financing for private sector partners to facilitate access to bank loans or to reorganize business and production processes.

Technical assistance for alliance implementation. The subcomponent would finance technical assistance services for each alliance in order to: (i) strengthen PO capacity to manage business processes (procurement, accounting, information processing and administration of member services, etc.); (ii) support and help consolidate the relationship between POs and buyer-partners; and (iii) collect information for project monitoring and evaluation.

Component 4: Management, Monitoring and Evaluation.

This component would support the following: (i) project coordination and management; (ii) activity monitoring, evaluation and impact assessment; (iii) fiduciary administration, internal controls and audits; (iv) safeguards management; (v) a citizen's engagement mechanism, and (vi) project-related studies .

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

Paraíba is one of Brazil's smallest states, both in terms of size (56,000 km²) and population (3.4 million). The state is also exceptionally poor even by Northeast standards: in 2008, 55% of its population is poor, and two-fifths of Paraíba families live on less than one-half of the minimum wage (versus 22% nationwide). About 29% of the total state population resides in rural areas, where the share of households living on less than one-half the minimum wage rises to 56%. The project area encompasses rural areas in the same 222 municipalities of the state of Paraíba included in the previous operation (Cooperar II). The vulnerability reduction component focuses on the 100 municipalities with the lowest Human Development Index (HDI) rates, lowest rainfall levels and highest population density. Most of these are located in semi-arid regions which experience significant environmental degradation and chronic water scarcity, with long and severe droughts. The productive alliances component will cover all rural areas of the State.

E. Borrowers Institutional Capacity for Safeguard Policies

The project will be coordinated and managed by the Paraíba State Secretariat of Planning, which has previous experience with managing Bank-financed projects, having just finalized implementation of the Paraíba Second Rural Poverty Reduction Project (Cooperar II). However, safeguards management was generally below standard in that previous operation, which also did not mobilize sufficient staff to adequately ensure environmental compliance of project activities.

The proposed operation should ensure: (i) that the PIU includes sufficient safeguards capacity to oversee planned activities, (ii) that all necessary safeguards instruments (frameworks and guidelines, assessment and monitoring forms, electronic monitoring system) are in place before the onset of project activities, and (iii) plan adequate and timely training on safeguards implementation to all technical staff (particularly field staff). Bank supervision of the new operation should closely monitor safeguards implementation to ensure the construction and internalization of compliance procedures. An environmental audit of Cooperar II subprojects requested by the Bank may indicate further measures to enhance the Borrower's safeguards management capacity.

F. Environmental and Social Safeguards Specialists on the Team

Agnes Velloso (GENDR)

Jason Jacques Paiement (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Possible negative impacts from agricultural and small-scale infrastructure activities, as currently planned, are expected to be small, localized and reversible through close monitoring and on-time adjustments. Positive impacts are also expected from investments in simplified sanitation systems and from the adoption of sustainable rural production practices. The project is thus classified as Category B. The environmental and social impact assessment (ESIA) should include a focused analysis of the social and environmental context and the potential (positive and adverse) impacts of the types of activities to be supported, including cumulative impacts when relevant (e.g. from drilling multiple wells for water supply in the same region). The ESIA will result in the development of framework guidance to ensure environmental and social sustainability and compliance of rural production and infrastructure investments, including procedures for screening subproject proposals, for monitoring implementation, and for preventing or mitigating eventual negative impacts. The ESIA will seek to identify and provide management solutions

		for all potential project-related risks and impacts to the natural and social environments, including to the health and safety of all project stakeholders.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered given the project's impacts on natural resources such as water. Environmental management frameworks to be developed for the project should include specific guidance on good rural production practices that support the conservation of natural resources (particularly water, soils and pollinators); screening procedures for proposed investments; and detailed guidance on compliance with environmental legislation and OP 4.04. Sanitation investments are expected to result in positive impacts on natural habitats and the safeguards frameworks should include an Environmental and Social Manual for Civil Works.
Forests OP/BP 4.36	TBD	No activity involving timber products is currently foreseen under the project. Some rural production subprojects may involve the use of non-timber products and/or the restoration of native forests, which should follow best practices to be outlined in the project's environmental management framework. Rural producers should be encouraged by project investments to maintain or restore forests in their properties as required by national legislation.
Pest Management OP 4.09	Yes	Agricultural investments should promote environmental sustainability of agricultural production with the adoption of practices such as agroforestry and integrated pest management, among others, that reduce or eliminate the use of pesticides. The project's environmental management framework should include guidance on the pesticide use restrictions prescribed by OP 4.09.
Physical Cultural Resources OP/BP 4.11	Yes	As the exact location of planned activities is not yet known and cultural heritage sites are present in the state of Paraíba, the project's environmental management framework should include guidance on the adequate procedures to be followed for chance findings, with relevant provisions to mitigate any potentially adverse impacts. Such provisions should include compliance with the guidelines defined by the National Institute for Historical and Cultural Heritage (IPHAN) regarding historical sites and/or archeological finding.
Indigenous Peoples OP/BP	Yes	According to the National Indian Foundation

4.10		<p>(FUNAI, Indigenous Census 2005/2006) Paraíba has an indigenous population of about 12,600. Under COOPERAR II, indigenous communities successfully identified and executed four subprojects – mostly agriculture - valued at around R\$291,000 and directly benefiting about 65 families. COOPERAR II also effectively served 602 Quilombola (Afro-slave-descendent) families with investments in water and transport infrastructure valued at R\$1,029,021.61.</p> <p>The proposed project will continue to provide support for diverse groups and ethnicities by expanding its sphere of action to cover regions, indigenous groups and ethnic communities not already reached.</p> <p>This will be facilitated by the preparation of an Indigenous Peoples and Afro-Descendants Planning Framework (IPADPF). The IPADPF will assist the Borrower to ensure that the interested communities support the proposed activities as well as any additional measures required to maximize their culturally appropriate benefits and/or avoid potentially adverse effects.</p>
Involuntary Resettlement OP/ BP 4.12	TBD	<p>Under COOPERAR II, there were no cases of land acquisition. The proposed project is not expected to require any land acquisition either, however because the exact location and design specifications for the proposed investments will only be determined during project implementation, the Environment and Social Impact Assessment (ESIA) to be completed prior to project appraisal will determine the likeliness of any land acquisition. If deemed sufficient, the Borrower will prepare a Resettlement Policy Framework (RPF) that will set out the guidelines, procedures and criteria to avoid, minimize, mitigate and/or compensate any unforeseen resettlement impacts that could potentially result from any eventual design specifications.</p>
Safety of Dams OP/BP 4.37	Yes	<p>Given that some project activities related to irrigation and water supply may rely on existing dams, or require the construction of farm ponds, this policy is preventively triggered. Adequate guidance and provisions according to this policy regarding the construction, use and/or restoration of existing dams</p>

		will be included in the project's environmental management framework.
Projects on International Waterways OP/BP 7.50	No	As currently planned, no project activity should interfere with international waterways as described under this policy.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas as described under this policy within the foreseen project area.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 07-Apr-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Environmental and social assessment, frameworks and any specific instruments should be completed and consulted by 07 April 2015 (before Appraisal).

IV. APPROVALS

Task Team Leader(s):	Name: David Tuchsneider	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Francis V. Fragano (RSA)	Date: 09-Feb-2015
Practice Manager/Manager:	Name: Laurent Msellati (PMGR)	Date: 11-Feb-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.