

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC1049

Date ISDS Prepared/Updated: 30-Oct-2014

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Ecuador	Project ID:	P151963
Project Name:	Ecuador - Sustainable Family Farming Modernization Project (P151963)		
Task Team Leader:	Remi Charles Andre Trier		
Estimated Appraisal Date:	09-Feb-2015	Estimated Board Date:	02-Jul-2015
Managing Unit:	GFADR	Lending Instrument:	Investment Project Financing
Sector(s):	General agriculture, fishing and forestry sector (56%), Irrigation and drainage (37%), Agricultural extension and research (4%), Agr o-industry, marketing, and trade (3%)		
Theme(s):	Rural services and infrastructure (50%), Water resource management (20%), Rural markets (20%), Climate change (10%)		
Financing (In USD Million)			
Total Project Cost:	77.30	Total Bank Financing:	60.00
Financing Gap:	0.00		
Financing Source		Amount	
Borrower		6.00	
International Bank for Reconstruction and Development		60.00	
Local Govts. (Prov., District, City) of Borrowing Country		6.15	
LOCAL BENEFICIARIES		5.15	
Total		77.30	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

12. The project development objective is to enhance the profitability and sustainable production of small and medium farmers in targeted areas by improving productivity and by supporting more

efficient and climate-smart uses for land and water.

13. To reach its objective, the project will support technical assistance, capacity-building activities, on-farm and complementary off-farm investments geared toward a more efficient use of natural resources, especially water, an increased adaptation to climate change, improvement in productivity and market access. On-farm investments are made within the farmer's plot. Off-farm investments are referring to interventions on irrigation and drainage networks upstream of the intake of the farmer's plot.

14. Project beneficiaries. The project beneficiaries are small and medium-sized family farmers, including indigenous communities. Small and Medium farmers are established by MAGAP according agroclimatological regions:

- Sierra: 0 - 5 ha. (small farmers) – 5 to 20 ha. (medium farmers)
- Costa: 0-20 ha. (small farmers) - 20 to 40 ha (medium farmers)

15. Project areas. While the project is national in scope, the Sierra Central and the Coastal regions are the main target areas for investment subprojects where climatological conditions justify investments in water storage and irrigation to foster diversification and intensification of agriculture.

C. Project Description

18. The Project supports a framework program to strengthen sustainable modernization and intensification of agriculture systems with an emphasis on beneficiary and community participation. The Project will support: (i) demand-based investment subprojects; (ii) capacity-building activities that strengthen national and local institutions (MAGAP, GADP, mainly) and farmers' organizations; (iii) climate-smart project planning; (iv) training and technical assistance to enhance productivity, increase value-added and improve market access; and, (v) small investments to protect natural resources linked to the subprojects (see details of Project Concept in Annex 3).

19. In order to maximize the positive impact and sustainability of activities, the project will seek to coordinate its actions with existing government programs aimed at agricultural development such as the MAGAP's Hombro a Hombro Program (national extension program for family farming) and the agricultural component of the Plan Nacional Buen Vivir 2013-2107; as well as programs developed by Provincial Governments in thematic support agricultural production and marketing. The project should also ensure that rural credit programs and/or micro-credit (Cooperative Savings) will be accessible to project beneficiaries.

20. The proposed Project will build on the successful model of the PIDD (see details of project description and main lessons learned in Annex 3). The PIDD or Proyecto de Inversiones de Desarrollo Productivo (P094784), which closed in June 2014, financed subprojects of modernization works for 55 small and medium scale collective irrigation systems, benefiting 4,685 ha and 7,900 families. The most important lessons learned from the PIDD, taken into account in the proposed project's design are the following (details in Annex 4):

- a) Combining physical investments with capacity building. The PIDD followed an integrated approach with rehabilitation and modernization of irrigation systems and strengthening of the capacity of Water Users Association and improving farmers' irrigation and agricultural practices and the commercialization of agricultural produce.
- b) Frontloading technical assistance and training to the institutional stakeholders. This capacity building needs to be done in technical screening, design, supervision of sub-projects), and fiduciary aspects (procurement, in financial management and safeguards).

c) Increasing ownership and sustainability. Irrigation component follows a demand-driven and participatory approach in which WUAs/farmers' groups participate in subproject design, financing, execution and supervision and are fully responsible for Operation & Maintenance. This approach, by ensuring subproject ownership, increases subproject sustainability and effective use and will be used for the new operation.

d) Thinking scalability. The project cycle developed by the PIDD, especially the effective participation of beneficiaries from the design to the construction, has been adopted by the Provincial Government of Chimborazo as a public policy to develop any investment intervention in the future.

e) Building Partnerships. Several partnerships between different organizations and institutions at local, national and international level have been developed during the preparation and implementation of the PIDD, and will be replicated in the new operation.

21. The proposed project will also be designed taking into account some lessons learned from other similar operations in the region such as, for example, the PSI Sierra in Peru (P104760), which has very similar scope, activities and target group, or the PROSAP (P106684) in Argentina, which can bring experience on the construction of the project framework and the progressive process of delegating responsibilities to the sub-national level (Provinces).

22. The proposed project (US\$60 million in IBRD financing) will be implemented over a period of five years and comprises four components: (1) Investments for productive sub-projects; (2) Capacity building for institutional stakeholders and beneficiaries' organizations; (3) Natural Resources Management Enhancement and; (4) Project Management.

Component 1: Investments for productive sub-projects (estimated amount US\$ 50M.)

23. This component will finance subprojects aligned with the project objective and provincial priorities related to the following investments: (i) individual and/or collective small water storages (ponds); (ii) collective and/or individual on-farm investments for modernization of irrigation techniques (drip, sprinkler or modern gravity techniques) and; (iii) complementary works aiming at improving off-farm irrigation and drainage networks.

24. Subproject proposals will be reviewed against a set of objective criteria in order to be eligible for financing, including consistency with project objectives and scope. To ensure the balanced and equitable allocation of public funding, subproject preparation will include specific selection criteria to be applied early on in the selection and approval process, which will include: (i) demand expressed by the potential beneficiaries, which should have sufficient organizational capacity to manage sustainable infrastructure; (ii) formal prioritization by the relevant Provincial Government preferentially in their Provincial Irrigation Plan; (iii) compliance with the requirements of beneficiaries' profile (small and medium farmers); (iv) valid water use concession granted by SENAGUA; (v) financial profitability presented in the project profile and validated by the Project Implementation Unit (PIU) of the Project; (vi) social and environmental sustainability justified in the project profile and validated by the PIU; (viii) compliance with investment criteria (e.g. - investment ceiling per beneficiary family, per hectare, per sub-project, etc.); (ix) financial contribution of beneficiaries to investment costs and; (x) subproject activities that may affect International Waterways will not be eligible. Details will be elaborated in the implementation manual.

25. Component 1 will finance works, consulting and non-consulting services, training and workshops and goods and equipment. Retroactive Financing may be provided for this Component under BP 10.00 for a selection of subprojects. The selection will be done during appraisal stage within the current MAGAP's pipeline of subprojects and will be subject to the criteria identified in

the operation manual.

Component 2: Capacity building for institutional stakeholders and beneficiaries' organizations (estimated amount US\$ 5 M.)

26. This component will support a range of services that provide support for: (i) agricultural modernization and intensification to the beneficiaries and their organizations (Water Users Organizations and Farmers Organizations) and; (ii) institutional strengthening to the main institutional stakeholders (MAGAP central and regional offices, Provincial Governments / GADPs).

27. Component 2 will finance consulting and non-consulting services, training and workshops and goods and equipment. Activities will include: (i) Extension services, training and Technical Assistance and; (ii) Institutional and organizational capacity building (see details in Annex 3). This training will be focused on improving and supporting the outcomes related with the subproject investments.

Component 3: Natural Resources Management Enhancement (estimated amount US\$ 1.5 M.)

28. This component aims at laying the foundations for conservation and sustainable management of watersheds and natural resources, in areas where investments on irrigation sub-projects will be developed.

29. Component 3 will finance small investment and management subprojects of natural resources protection (reforestation, protection of páramos, and conservation of watersheds) linked to the subprojects of Component 1. The component will adopt an integrated and participatory approach to watershed management intended to make rural populations more accountable and encourage them to manage their land and natural resources in a more sustainable manner. Thus, the component would contribute to: (i) protect watersheds by reducing or preventing erosion and sedimentation; (ii) increase the productivity and sustainability of agricultural production based on agroecological and agroforestry technologies; and (iii) strengthen the management of natural resources to improve the environment and living conditions.

30. Component 3 will finance small works, consulting and non-consulting services, training and workshops and goods and equipment (see details in Annex 3). This component will be placed under the responsibility of the regional offices of MAGAP who, depending on the local capacities and the existence of services, will enter into agreements with the GADPs, consulting firms, local ONGs or community organizations for the preparation and implementation of subprojects. The procedures will be detailed in the operation manual.

Component 4: Project Management (estimated amount US\$ 3.5 M.)

31. This component will support the functioning of the Project Implementation Unit (PIU) to be installed within the Sub-Secretary of Irrigation and Drainage in the MAGAP in Quito and some eligible costs related to the Project on the regional offices of MAGAP and Provincial Governments/ GADPs. The component will also finance Monitoring and Evaluation, impact evaluations, progress reports, and audits.

32. The Project Implementation Unit (PIU) will be responsible for the overall administration of the Project, within the MAGAP in Quito. Component 4 will finance: consulting and non-consulting services, training and workshops, small works, goods and equipment and operating costs.

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

Specific subprojects are not likely to be identified before appraisal and therefore the specific locations and environmental and social conditions and impacts of each subproject are not likely to be known at this stage. While the project is national in scope, the Sierra Central and Coastal provinces constitute the target area for investment subprojects, which constitute the most sizable part of the operation.

The central Sierra in Ecuador is inhabited by a significant number of indigenous communities and for this reason it is expected that a large number of potential beneficiaries will be indigenous families. At project identification however we are unable to identify the specific locations for project intervention as this is a demand driven project.

E. Borrowers Institutional Capacity for Safeguard Policies

MAGAP familiarity with the World Bank's safeguard policies is very limited at this stage as they have no prior experience with World Bank projects. The Bank project team introduced the operational safeguard policies to the MAGAP team and emphasized the need to build capacity and reinforce their team with both environmental and social specialists. MAGAP Zonal Offices will also include local project promoters to ensure reaching all potential beneficiaries.

F. Environmental and Social Safeguards Specialists on the Team

Alonso Zarzar Casis (GSURR)

Abdelaziz Lagnaoui (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The proposed project is expected to generate overall positive environmental and social impacts given its objective to increase agricultural revenues and resilience of Ecuador's family farming sector by promoting on farm investments geared toward a more efficient use of natural resources, especially water, increased adaptation to climate change, improvement in productivity and market access, overall contributing to an increased competitiveness and sustainability of agricultural production systems. This policy is triggered as the project may involve investments in productive activities and construction or rehabilitation of small irrigation infrastructure that is expected to have limited environmental impacts. As specific sites and exact activities are not known at this stage, an environmental and social management framework (ESMF) will be prepared to screen, assess, and mitigate environmental impacts related to proposed

		subprojects that may involve investments in productive activities and construction or rehabilitation of small irrigation infrastructure. The ESMF will outline the process to prepare the necessary Environmental and social safeguards instruments for each investment activity that may be required to mitigate and manage potential environmental impacts. The ESMF will also provide specific guidelines to avoid or minimize risks and manage potential environmental impacts. Any subprojects considered as Category A will not be eligible for funding by the project.
Natural Habitats OP/BP 4.04	Yes	<p>The proposed project is on intensification of family farming in Ecuador. The project may include subprojects in the proximity of important critical natural habitats within high priority ecosystems in Ecuador (Páramos).</p> <p>The project activities will promote environmentally sound agricultural practices in areas, which may include innovative ideas to protect environmentally sensitive habitats. Human activity in the buffer zones induced by the project may indirectly impact natural habitats. But the project will not finance any activity that could potentially cause significant conversion or degradation of natural habitats. The ESMF will outline the procedures and mechanisms for screening out activities that may cause degradation or contemplate any significant conversion of natural habitats. The ESMF will include provisions to assess possible impacts prior to any actions being undertaken on the ground. Monitoring activities will be established during implementation to ensure that critical natural habitats are not adversely affected.</p>
Forests OP/BP 4.36	No	The project will focus on connecting small farming plots to the already existing irrigation infrastructure by providing farmers access to irrigation equipment. None of these activities are expected to impact forested areas.
Pest Management OP 4.09	Yes	The intensification of agriculture through irrigation and potential change in production systems may involve pest management and the use of agro-chemicals in subproject activities.

		The ESMF will include screening procedures for pest management and pesticide use. A Pest Management Plan will be prepared to build capacity among project staff and raise awareness among farmers on the rationale use and responsible management of pesticides. The project will not procure any pesticides as the focus is on irrigation equipment and infrastructure. The ESMF will describe the risks associated with pesticide use and the proposed measures for managing these risks.
Physical Cultural Resources OP/ BP 4.11	Yes	The policy on Physical Cultural Resources (OP 4.11) applies given the uncertainty regarding the exact locations of activities to be carried out under the project. Some landscapes concerned by the project might be considered to have historical or cultural significance such as spirit forests, sacred valleys or other features of the natural landscape. The ESMF will include specific provisions to assess the potential impacts on forests, sacred valleys or landscapes considered to have historical or cultural significance prior to any activities being undertaken on the ground. The ESMF will also include provisions for the treatment of physical cultural resources that may be discovered during project implementation (chance finds).
Indigenous Peoples OP/BP 4.10	Yes	This policy is triggered because the Sierra Central provinces constitute the target area for investment subprojects, an area that is inhabited by a significant number of indigenous communities. It is expected that a large number of potential beneficiaries will be indigenous families. At project identification however we are unable to identify the specific beneficiaries for this is a demand driven project. The borrower will prepare an Indigenous Peoples Planning Framework (IPPF) with support from the team social specialist. This framework will guide project staff to prepare Indigenous People Plans (IPPs) whenever these are required, and to follow its principles for adequate consultation with indigenous communities.
Involuntary Resettlement OP/BP 4.12	TBD	This policy is left as TBD because there is a small possibility that land acquisition might be required for pond and irrigation works under

		Component land for protection and conservation activities under Component 3. The team will assess whether land acquisition will be required during project preparation.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project will not support the construction or rehabilitation of dams nor will it support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered because project activities are not expected to impact international waterways. The criteria for reviewing eligible sub-project proposals will include transboundary impact considerations and will screen out sub-projects that would involve the use or potential pollution of the waters of an international waterway.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as there will be no subprojects in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 18-Feb-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:

The borrower will prepare an Environmental and Social Management Framework (ESMF) with support from the team environmental management specialist. The Terms of Reference for hiring an environmental specialist that will prepare the ESMF and coordinate implementation of all environmental safeguard instruments have already been prepared. The ESMF will be finalized before appraisal.

Regarding OP 4.10 Indigenous Peoples policy, the borrower will prepare with support from the team social specialist, an Indigenous Peoples Planning Framework (IPPF) before appraisal, which will guide subprojects preparation and implementation whenever relevant.

IV. APPROVALS

Task Team Leader:	Name: Remi Charles Andre Trier	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 31-Oct-2014
Practice Manager/ Manager:	Name: Laurent Msellati (PMGR)	Date: 03-Nov-2014

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.