Public Disclosure Authorized

Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 07/22/2020 | Report No: ESRSC01139

Public Disclosure Authorized
Public Disclosure

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Belize	LATIN AMERICA AND CARIBBEAN	P172592	
Project Name	Climate Resilient and Sustainable Agriculture Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	9/7/2020	7/1/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Economic Development	Ministry of Agriculture		

Proposed Development Objective

The Project Development Objective is to enhance climate resilience of targeted farmers.

Financing (in USD Million)	Amount
Total Project Cost	25.00

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]

Agriculture is a key driver of growth in Belize: it forms over 88% of merchandise exports and employs approximately 15% of the 155,950 persons in the national workforce. The proposed Climate Resilient and Sustainable Agriculture Project (CRESAP) is expected to enhance climate resilience of targeted farmers. It is designed as an investment project financing (IPF) operation to be implemented over five years.

Given the central importance of agriculture to the country and the need for farmers to build resilience against the impacts of climate change, the project, the project is closely aligned with the Belize Country Partnership Framework (2018-2022), especially Focus Area 1 on “Fostering Climate Resilience and Environmental Sustainability”.

Public Disclosure

The project would intervene through four project components:
Component 1 – Institutional Strengthening (US$ 6 million). This component consists of two subcomponents. Subcomponent 1.1 would focus on strengthening the capacity of relevant government & academic institutions. These include the different departments of the Ministry of Food and Agriculture, the National Meteorological Service (NMS), and the University of Belize. Subcomponent 1.2 would focus on strengthening the capacity of participating financial institutions, farmers and farmers' organizations such as (i) Development Finance Corporation (DFC), participating commercial banks, and credit unions to enhance their knowledge on new CSA technologies and practices, as well as their capacities for the selection and appraisal of eligible climate smart subproject proposals; and (ii) the Belize Credit Union League (BCUL), which is an advocacy and training body for credit unions, to enhance their knowledge on the new technologies and approaches promoted by the project, as well as in lending advisory support to the credit unions. ; and (iii) strengthen the organizational, operational and business capacities inter alia of farmer organizations (FO) supported via the project; (ii) provide technical assistance and extension services to share know-how on best fit technologies and practices with individual farmers benefitting from the Climate Smart Incentive Facility (CSIF).

Component 2: Promotion of CSA Approaches and Investments (US$16 million)
This component consists of two subcomponents. Subcomponent 2.1 is focused on promoting on-farm CSA technologies and practices at the individual level (on-farm level), would promote the uptake of best fit CSA technologies and practices, with the overarching aim of increasing resilience to climate shocks and weather events, and stabilizing/improving productivity while simultaneously lowering production costs, contributing to increases in profitability. Most of the investments under this subcomponent would include individual small-scale investments and technologies linked with water in agriculture (such as individual water harvesting, modern on-farm irrigation and drainage technologies, etc.), as well as CSA practices (such as drought-resistant seeds, change of production system toward more resilient practices such as agroforestry, improved soil management, etc.). Subcomponent 2.2 is focused on collective Climate Smart Agriculture (CSA) investments. It would finance complementary infrastructure of collective use that will increase the impacts of the subcomponent relating to on-farm CSA investments and/or eliminate constraints: (i) tertiary rural and feeder roads and associated drainage investments; and (ii) pilot collective small-scale water-harvesting assets including identification, feasibility studies, construction, technical assistance and support to Operation and Maintenance (O&M).

Component 3 - Project Management, and Monitoring and Evaluation (US$ 3 million). This component would finance all the activities falling under the responsibility of the Project Implementation Unit (PIU). The Ministry of Food and Agriculture (MoFA) would create a full-fledged PIU under its anchorage. However, in order to speed up the implementation progress in the initial stage of the project, it has been envisaged by MoFA to use the services of the Fiduciary Team (Procurement, Financial Management and Monitoring and Evaluation) of the Social Investment Fund to provide hands-on support and training to the PIU during the first year of the project. Other options such as the Protected Area Conservation Trust (PACT) and Inter-American Institute for Cooperation on Agriculture (IICA) were also identified. This collaboration would be done through the signing of a Memorandum of Understanding (MoU) between the MoFA and the Institution which will be chosen to support the project.

Component 4- Contingent Emergency Response Component (CERC) (US$0 million). A CERC will be established and managed in accordance with the provisions of World Bank Policy and World Bank Directive on Investment Project Financing. The CERC will be triggered only when the GoB has officially declared an emergency and a statement of the facts is provided, justifying the request to activate the use of the emergency funding.

Public Disclosure

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The proposed project activities will take place in four districts of Belize: Cayo, Orange Walk, Corozal, and Belize. The agriculture sector in these districts faces several environmental and social challenges that may have a bearing on the proposed project interventions. The four districts are prone to floods and droughts. Most of the agriculture in the proposed project areas is rainfed and depending on the specific location and crop water requirements, farmers obtain additional water from creeks, rivers, ponds, and wells.

Many of the largescale farms, typically over 1,000 acres, belong to the Mennonite communities who live in separate locations from the rest of the population and receive minimal or no government financing or intervention. The communities do not regularly assess environmental and social risks of their farming activities and in some cases convert natural forests in their private lands to agriculture. These practices have reduced forest cover and affected important habitats and breeding grounds. Traditional Mennonite communities utilize family labor, including children, for their on-farm activities and are reluctant to adopting certain newer technologies in their work.

Most of the investments under subcomponent 2.1 will include individual (farmer level) small-scale investments and technologies linked with water in agriculture (such as individual and small-scale collective water harvesting, modern on-farm irrigation and drainage technologies), as well as uptake of Climate Smart Agriculture (CSA) practices (such as drought-resistant seeds, change of production system toward more resilient practices such as agroforestry, improved soil management). These technologies are expected to improve the overall environmental management in the project area. It may be noted that the project will not support the procurement of pesticides and insecticides using the project funds. The PIU will directly manage all project components except for those under subcomponent 2.1 where Financial Intermediaries (FIs) will be used to channel resources for the activities. The FIs will co-finance a portion of each sub-loan to the farmers and the project will provide matching grants to farmers through the FIs. After project effectiveness, farmers will be requested to submit projects for funding through a call for proposals. Therefore, the size, location, and technical specification of the physical works will only be available at the project implementation stage based on the proposals the project will select from farmers. The Government of Belize is in the process of identifying potential FIs but the selection of participating FIs will be done after project effectiveness using a criteria that will be developed as part of the Operational Manual.

Some of the collective investments under the subcomponent 2.2 include the identification of potential sites for rainwater harvesting which will be based on an analysis being carried out with support from FAO (to be finalized in November 2020). Similarly, MoFA has not made available the list of priority rural roads to be upgraded; it is anticipated that a priority list will be identified at appraisal and the final selection done after effectiveness. Therefore, these investments will not be known by the appraisal stage. However, the physical activities under this component are not expected to have significant environmental and social risks/impacts based on the initial discussion.

The Component 3 will finance establishment of a Project Implementation Unit (PIU) and related project management support, including implementation and monitoring of ESF requirements.

Public Disclosure

The Component 4 includes Contingent Emergency Response Component (CERC), which can be implemented all over Belize in the event of a disaster.

D. 2. Borrower's Institutional Capacity

The Ministry of Food and Agriculture (MoFA) will be responsible for overseeing the entire project and will house the Project Implementation Unit (PIU). The PIU will directly manage all project components and will oversee activities under subcomponent 2.1 in which Financial Intermediaries (FIs) will be used to channel resources for the activities. The FIs will be identified after the project effectiveness. In general, the FIs have limited experience and capacity in managing environmental and social risks. All the FIs will have to establish an effective Environmental and Social Management System (ESMS) acceptable to the World Bank before processing its first disbursement.

MoFA has limited environmental and social capacity and experience in implementing World Bank projects and this will be its first project to be prepared under the ESF. Under component 3, the capacity of MoFA to manage environmental and social risks in agriculture and water management will be strengthened through ESF trainings, hiring staff knowledgeable in environmental and social risk assessment and management as part of the PIU, and technical support from Department of Environment (DoE) who have in the past managed World Bank projects applying the safeguards policies.

In addition to hiring staff as needed and training to assist the project in identifying and addressing environmental and social risks effectively, MoFA assigned an Agricultural Officer and DoE and designated their Head of Project Evaluation/EIA Unit to support the project in addressing environmental and social risks and impacts during preparation. Environmental and social risk management will be new to the FIs and a strong capacity building plan will need to be prepared for all private sector stakeholders.

Public Disclosure

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

A. Environmental and Social Risk Classification (ESRC) — Moderate

Environmental Risk Rating — Moderate

The environmental risk rating is Moderate at this stage. The proposed project activities to be financed through component 2 on climate smart agriculture and rural infrastructure may include small to medium scale civil works such as water harvesting structures and upgrading of feeder roads. In addition, the project includes some technical assistance (TA) activities. Further to that, the Component 4 would be triggered in the event of a disaster. Overall, the project will result in positive environmental and social benefits but these project activities have some environmental implications during its implementation phase depending on factors such as the number, location, footprint, and geographic dispersion.

This risk classification is based on the following:

i) Type, location, sensitivity and scale of the project –The proposed project aims to finance numerous sub-projects with a wide spatial extent in the four districts. This geographic dispersion increases difficulties in preparing,

implementing, and monitoring project activities. The potential risks per se are anticipated to be low-level, but could have a moderate likelihood of occurrence.

ii) Nature and magnitude of the potential environmental risks and impacts –The current agricultural practices consist of unregulated land clearing for cultivation which pose environmental risks on natural forests and habitats. Many of the farmers do not have an awareness and a culture of following the country's environmental regulations and permitting process. However, the issues will be carefully assessed using the agreed approach in the Environmental and Social Management Framework (ESMF) and any potential risks and impacts will be managed through site specific Environmental and Social Management Plans (ESMP).

iii) Capacity and commitment of the Borrower – MoFA has limited capacity to manage environmental risks and impacts and enforce regulations as well as effectively monitor activities. MoFA also has limited capacity to oversee the activities that will be carried out by the FIs that similarly have limited capacity and experience in managing risks. Most of FIs in Belize do not have any Environmental and Social Management System (ESMS) or limited scale ESMS.

iv) Belize faces several climate-related risks that are outside the control of the project such as hurricanes, drought, and floods which may augment the project risks during the preparation and implementation phase. These natural disasters are high risk but have a low to medium probability of occurrence depending on the type of disaster. However, changes in the climate are increasing the frequency of occurrence of such events.

A mitigation hierarchy will be used to manage the risks outlined above. The Government of Belize (GoB) will prepare an Environmental and Social Management Framework (ESMF) and other documents such as terms of reference and work plans, which will be reviewed to ensure their consistency with the ESF and World Bank Group's Environmental, Health and Safety Guidelines (EHSGs). The ESMF will include a negative list of activities, including activities with high or substantial risk, which will not be eligible for project financing. Environmental and social screening and/or impact assessment will be conducted depending on the nature of the investments and associated risks and impacts prior to implementation of any works. The FIs will be required to develop and maintain an ESMS to assess, manage, and monitor the risks and impacts arising from subprojects. Risks due to farmers' activities can be mitigated by raising awareness on the importance of preserving biodiversity, organizing learning sessions with DoE on the environmental permitting process, strengthening DoE's environmental enforcement unit, and by training farmers on safe OHS practices in handling and operating farm machinery and farm inputs.

Social Risk Rating Moderate

The social risk rating is moderate as: i) although the locations of civil works are unknown, works and the improvement of rural roads may involve land acquisition or resettlement; ii) community-level water harvesting structures may require voluntary land donation from farmers; iii) civil works, especially on the feeder roads, may involve community labor for some tasks; and iv) FIs and MoFA have limited capacity in managing social risks, including those related to voluntary land donation, labor issues and stakeholder engagement. Given the potential of land take during the infrastructure improvements as well as the management of possible voluntary land donations ESS5 is relevant. ESS5 outlines requirements that VLD is indeed voluntary and landholders are not coerced, and that the donation can be rejected. In the case of any VLD, the project will ensure that this process conforms with the requirements and parameters set out in ESS5 through proper due diligence. As the Mennonite farmers commonly engage family labor from the ages of 14-16, specific requirements will be followed of ESS2 for the use of child/family labor. For example, children under the age of 14 cannot be engaged in labor. If children from the ages of 14-16 work, the labor cannot be

Public Disclosure

hazardous as defined in ESS2. The project team will ensure that there is a monitoring system to ensure that children under 14 are not working and that children from 14-18 years that work with their families conform to the requirements set out in ESS2.

As detailed in the environment section above, mitigation measures will be used to manage the risks including the preparation of an Environmental and Social Commitment Plan (ESCP), ESMF, Environmental and Social Screening and/or Impact Assessment, Social Assessment, and ESMSs for FIs. In addition, a Stakeholder Engagement Plan will be prepared to ensure stakeholder engagement, including marginalized groups such as women, youth elderly, etc., in project design, implementation and evaluation. The Bank will review and update the plan throughout the project as needed. A project Grievance Redress Mechanism (GRM) will be developed that is accessible to all community members and resolves issues in a timely manner. To ensure that individuals are not adversely impacted, the Resettlement Policy Framework will include an RPF-specific Grievance Redress Mechanism. A Labor Management Procedure (LMP) will be prepared to ensure appropriate hiring practices, including those related to youth and women.

The project is considered lower risk for Gender Based Violence (GBV), Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH), based on the application of the World Bank GBV assessment tool, which will be updated as needed when sites are selected. To mitigate the risks of GBV, as set out in ESS10, the Social Assessment (SA) will assess the underlying GBV risks and the Stakeholder Engagement Plan (SEP) will include plans on informing communities about GBV project related issues. A special channel for the intake of complaints related to be GBV (SEA, SH) will be part of the Grievance Redress Mechanism (GRM) as applied for ESS10 under ESS4. It will include confidential reporting with safe and ethical documenting of GBV cases. For resolution of these types of complaints, this channel will include procedures to refer complaints to the appropriate WB approved NGOs/ institutions (identified during PIU mapping). In addition, a Code of Conduct (CoC) will be designed including assessment, sanctions and responses for SEA and SH to be detailed in the ESMF (ESS1) and implemented as part of the Labor Management Plan (as described under ESS2). The CoC will be signed by all those on the project site. The World Bank will provide training to the PIU and contractors on the Code of Conduct. The Bank will review the ESRC on a regular basis throughout the project life cycle to ensure it continues to accurately reflect the level of risk the project presents.

Public Disclosure

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:

This standard is relevant. Although the project is expected to reap positive environmental and social benefits, some of the project activities may have direct and indirect environmental and social risks. To understand the environmental and social risks and impact, the project team has reviewed a number of documents as part of the environmental and social screening including: (1) A Quick Guide to Environmental Clearance, Department of Environment. 2019; (2) National Agriculture and Food Policy of Belize, Ministry of Agriculture. 2015; (3) Environmental Management Frameworks (Belize - Climate Resilient Infrastructure Project, Management and Protection of Key Biodiversity Areas Project, and Marine Conservation and Climate Adaptation Project); (4) Environmental Policy, Environmental Impact Assessment Checklist, and Environmental Compliance Plan, Development Finance Corporation; (5) Irrigation and

Drainage Planning Presentation, FAO. 2019; (6) Environment and Social Management Framework and Policy on Gender and Equality, Protected Areas Conservation Trust; (7) Climate-Smart Agriculture in Belize, CIAT; World Bank. 2018; (8) Belize Agricultural Information Management System 2019; (9) Framework for Combating Land Degradation and the Impacts of Drought in Belize, Ministry of Natural Resources and Agriculture. 2014; (10) Drought assessment and impact presentation, Sugar Industry Research and Development Institute; (11) Agricultural Development Management and Operational Strategy, Ministry of Agriculture; (12) Rural Finance Belize: Gender Manual for Credit Unions, IFAD. 2014; (13) Detailed program design report, Resilient Rural Belize, IFAD. 2017; (14) Safeguards compliance for CERC Operation Manuals for Climate Resilient Infrastructure Project, World Bank; and (15) Proposed National Corridor Maps, University of Belize Environmental Research Institute, 2019. These studies were supplemented with field visits to large scale Mennonite farms in Blue Creek (Orange Walk District) and Spanish Lookout (Cayo District), smallholder farms in Nago Bank (Belize District) and St. Margaret's (Cayo District), and to rural feeder roads in Orange Walk and Corozal Districts. Other insights from informal interviews and meetings with various stakeholders were also incorporated as part of the screening process.

The main environmental and social risks that were noted relate to the construction of water harvesting structures, drainage infrastructure, and improvement of rural roads and other rural infrastructure (to be identified before project implementation). These risks and impacts are associated with i) waste management of solid and hazardous waste associated with infrastructure works; ii) pollution of creeks, rivers, wetlands, and groundwater from pesticides and fertilizers; iii) nuisance related to noise and air emissions from the different project interventions including current agricultural practices such as slash and burn; iv) occupational health and safety of workers and supervisors of on-farm works and infrastructure works; and v) community health and safety from on-farm works and infrastructure.

Public Disclosure

Given that the location of the activities under component 2 will be identified after effectiveness, MoFA will prepare and disclose an ESMF prior to appraisal. The ESMF will include measures to address the environmental and social risks and impacts and will make use of the World Bank Group's Environmental, Health, and Safety guidelines (EHSGs). The ESMF will also outline the process of determining where and when site specific Environmental and Social Impact Assessments (ESIAs)/Environmental and Social Management Plans (ESMPs) will be required and activities that will only require screening of environmental and social risks. The project will be supervised and monitored to ensure that the quality of implementation is in line with the ESMF. In addition, component 1 also includes TA activities such as strengthening of institutional capacities. The TA activities are envisioned to be of Type 1 (supporting the preparation of future investments) and Type 3 (capacity building activities/strengthening borrower capacity). The MoFA will be responsible for the overall coordination of the project, including preparing environment and social documents, overseeing project activities, and monitoring compliance. MoFA will fully manage Components 1, 3 and 4 and subcomponent 2.2 and supervise the implementation of subcomponent 2.1 by FIs that the project will select after project effectiveness. MoFA's capacity will be strengthened with the required environmental and social staff to ensure comprehensive and seamless monitoring, evaluation, and reporting arrangements for the project. The requirements set out in the ESF (paragraphs 14–18 of ESS1) will be applied to TA activities as relevant and appropriate to the nature of the risks and impacts. In addition, the ESMF will include guidelines for screening, possible investments to be supported under the CERC activities, negative list (activities not to be supported under the CERC), possible mitigation measures, and monitoring following the Bank's CERC Guidance (Oct. 2017).

The Borrower will also prepare and disclose an ESCP prior to appraisal with the support of the Bank which will include the commitment and the timeline for the preparation of subsequent ESF instruments. For activities under

subcomponent 2.1, each participating FI will develop and implement an ESMS acceptable to the World Bank. The ESMSs will be appropriate and proportionate to the subprojects that will be funded through the calls for proposals.

Areas where "Use of Borrower Framework" is being considered:

None.

ESS10 Stakeholder Engagement and Information Disclosure

This Standard is relevant. A stakeholder analysis has not yet been undertaken. However, some of the potential internal and external stakeholders include the participating ministries such as the Ministry of Food and Agriculture, Ministry of Economic Development, and Department of Environment, small, medium, and large-scale farmers, Mennonite communities, agribusiness enterprises, Universities and vocational schools, youth and women in agriculture, farmers' credit unions, Development Finance Corporation, Belize Credit Union League, National Meteorological Service, NGOs, other projects present in this project's area of influence, and other groups not captured here. The Borrower will develop a Stakeholder Engagement Plan (SEP) to ensure that stakeholders are properly identified and to solicit their input and feedback throughout the project cycle. The SEP will identify key stakeholders, outline the proposed process for meaningful consultation, frequency of engagement including time and venue, how feedback will be solicited, recorded, and monitored, the grievance process, among other requirements set out in this standard. The World Bank will review the adequacy of the SEP which must be cleared by appraisal. The process of stakeholder engagement will begin during preparation and continue into implementation. Prior to appraisal, the following measures will be implemented: i) stakeholder identification and analysis and ii) planning the engagement with stakeholders, iii) disclosure of information, and iv) consultation with stakeholders. The SEP is expected to be updated from time to time as necessary and will be in place as soon as possible and no later than by appraisal. The Borrower will propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances. If relevant, the project level GRM should build upon existing systems already in place. The nature of eligible grievances under the GRM will be described as part of the SEP. As part of their ESMS, the FIs will put in place procedures for communicating environmental and social aspects of the project, particularly for activities detailed in subcomponent 2.1 that will be executed by FIs, and a grievance mechanism that will ensure timely responses to stakeholders.

A Social Assessment (SA) will be prepared to identify all project affected peoples in the targeted districts, particularly vulnerable populations such as youth, women, indigenous people, disabled, LGBTQ and others. The SA will be disclosed in-country and on the WB external website within 7 days of Project Effectiveness. Given that the investments will neither be designed nor selected until after Effectiveness, the results of the SA can and will be incorporated in the project design i.e. guiding the selection of investment sites, identifying eligibility criteria, avoiding exclusion of vulnerable groups, etc. Results of the SA will also feed into a revised SEP and the other instruments including the IPPF.

B.2. Specific Risks and Impacts

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

Public Disclosure

ESS2 Labor and Working Conditions

The standard is relevant given that the project will contract direct workers for the implementing agency. While the exact composition of workers for the project is unknown, it is likely there will be a mix of contract workers and government civil servants. Civil works, especially on the feeder roads, may involve the hiring of community labor as contract workers for some tasks. As the Mennonite farmers commonly engage family labor from the ages of 14-16, specific requirements will be followed of ESS2 for the use of child/family labor. For example, children under the age of 14 cannot be engaged in labor. If children from the ages of 14-16 work, the labor cannot be hazardous as defined in ESS2. The project team will ensure that there is a monitoring system to ensure that children under 14 are not working and that children from 14-18 years that work with their families conform to the requirements set out in ESS2. Given the risk of on-farm child labor, additional due diligence will go into screening/monitoring and reporting to prevent the use of child labor on family run farms according to the standard requirements.

A full list of the restrictions will be laid out in a Labor Management Procedure (LMP) for the project and will be monitored and verified to ensure compliance with the standard. The contract workers as well as those implementing projects will be subject to the full breadth of ESS 2 and its requirements while government civil servants are subject to a more limited scope relating specifically to excluding child and forced labor. An LMP will need to be prepared by appraisal to determine roles and responsibilities as well as ensure that World Bank Group Environmental, Health and Safety Guidelines (EHSGs) are followed. A separate GRM from the one under ESS10 (or for works carried out contractors as part of subprojects) will be implemented by both Financial Intermediaries and Credit Unions (second tier) for their workers. The LMP will include a code of conduct that addresses, among others, nondiscrimination and equal opportunities, child labor and minimum age, worker's health and safety, etc.

Public Disclosure

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. Uptake of climate-smart agriculture among farmers is likely to reduce use of purchased inputs, promote the efficient use of water and nutrient cycling, reduce soil erosion, and reduce greenhouse gas emissions through introduction of leguminous crops. Climate co-benefits will also be assessed to quantify the contribution of the project towards climate change mitigation or adaptation. The ESMF and when necessary site-specific ESIA/MPs will include detailed sections on the assessment and management of risks and impacts associated with pollution and resource utilization. Under component 2, irrigation schemes that may potentially require significant amounts of water will include design and operational stage measures such as maximizing rainwater collection during the rainy seasons to avoid or reduce stress on surface and groundwater resources in the dry months and promotion of agricultural water conservation measures. The project will not support the purchase of pesticides and insecticides. The roads to be upgraded under subcomponent 2.2 will likely use asphalt cement or a similar material. Activities may result into dust and noise pollution, solid and wastewater generation, hazardous waste generation such as hydrocarbon oil from construction machinery and vehicles, and pesticide application. The ESMF and when necessary site-specific ESIA/ESMPs will clearly articulate specific ESS3 requirements for contractors to manage these and other risks.

ESS4 Community Health and Safety

This standard is relevant since some of the project activities may pose negative risks and impacts to the wellbeing of farmers, workers, and other community members. Site-specific ESIA/ESMPs will need to evaluate potential risks and develop mitigation measures which will be detailed in the ESMPs. For the water reservoirs and ponds, safety measures such as fences and controlled access should be put in place to prevent drowning of people, especially children and other vulnerable community members.

Upgrading of the rural roads is likely to contribute to road safety risks from increased traffic during the project implementation phase. Traffic management plans will be developed as part of the site specific ESMPs to protect direct workers, road users including particular vulnerable road users such as cyclists, and the surrounding communities. In general, relevant information concerning community health and safety will need to be included in the ESMF/ESMS. Community health and safety will include aspects related to labor influx and codes of conduct of workers and other necessary measures.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

As detailed in paragraph 4 of ESS5, this standard applies to land rights or claims to lands or resources relinquished by individuals or communities without full payment of compensation. Therefore, this standard is relevant given the potential of land take during infrastructure improvements, i.e. widening of roads), as well as the management of possible voluntary land donations for community level water harvesting. To ensure that individuals are not adversely impacted, a Resettlement Policy Framework will be prepared and disclosed prior to Appraisal, including an RPF specific Grievance Redress Mechanism. A protocol will need to be in place to document voluntary land donations and the related process and will require Bank approval. For the possible land take during infrastructure improvements (i.e. widening of roads), the land will be either public or private farmer land. In the unlikely event that land to be acquired has legacy issues, it will be excluded as part of the criteria of selection.

Public Disclosure

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The standard is relevant. The main ESS6 risks relate to land use changes to bring more land under cultivation and water collection structures that may altogether pose risks to critical, natural, or modified aquatic or terrestrial habitats. Even though 37% of Belize's total terrestrial areas falls under protected status, there are many other areas of biodiversity significance that are habitats for critically endangered, endangered, and vulnerable species. Land clearing has contributed to reduced forest connectivity and habitat corridors, which is impacting important habitats and large-ranging species such as the vulnerable white-lipped peccary and the endangered Central American tapir. To address these risks, the ESMF will include procedures for determining biodiversity baselines and important habitats where special attention will need to be paid. The potential risks and impacts of farming activities on local or nearby areas of high biodiversity value will be assessed as per ESS6 (paragraphs 31–33) to ensure the overall sustainability of the activities. While the project is expected to develop funding criteria that do not include investments in ecologically-sensitive areas, where necessary, site-specific ESIA/ESMPs will determine the nature and scale of any risks and impacts related to these habitats and develop measures in the ESMPs according to the mitigation hierarchy. Specific criteria or negative list will be developed in the ESMF to exclude subprojects in legally protected areas and/or internationally recognized areas of high biodiversity value which may pose high or significant risks. For farming

activities with limited scope, screening of environmental and social risks will be carried out instead of site-specific assessments.

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

ESS7 is applicable as the four targeted districts proposed for implementation of project activities contain indigenous peoples. An IPPF will be prepared during preparation and disclosed prior to appraisal. The IPPF will detail: (1) consultations with IP groups; (2) inclusion mechanisms to ensure access for the IPs (i.e. through relevant application forms, trainings, information documentation and meetings); (3) needed technical assistance, if any; and (4) measures to manage potential adverse impacts, particularly related to land and access to natural resources, discrimination, etc. Depending on the results of the SA, specific eligibility criteria for lending will be included in the project's operations manual.

ESS8 Cultural Heritage

This standard is relevant. Belize is home to several well-known Maya sites such as Altun Ha and Lamanai archaeological sites in Northern and Central Belize, as well as numerous smaller finds which are at times discovered through chance. While the project is not foreseen to have any activities or potential impacts on cultural heritage, a chance finds procedure will be included in the ESMF in case a previously unknown cultural heritage is discovered during project implementation. The chance find procedure may include the following: i) set out how chance finds associated with the project will be managed, ii) include a requirement to notify relevant authorities on found objects or sites; iii) to fence-off the area of finds or sites to avoid further disturbance; iv) to conduct an assessment of found objects or sites by cultural heritage experts; v) to identify and implement actions consistent with the requirements of this ESS and national law; and vi) to train project personnel and project workers on chance find procedures. Meaningful stakeholder engagement will also include the identification of any intangible cultural heritage that may be hitherto unknown.

Public Disclosure

ESS9 Financial Intermediaries

This standard is relevant since the implementation of activities under subcomponent 2.1 will be carried out through the use of FIs who are better suited than MoFA to handle the numerous individual investments and the resulting administrative and fiduciary processes. Sub-component 2.1 will utilize Maximizing Finance for Development (MFD) by leveraging 60 to 80 percent of funding from the participating FIs. The project would co-finance the resources of the FIs by providing a matching grant through a Climate Smart Incentive Facility (CSIF) program. The Government of Belize is in the process of identifying potential FIs but the selection of participating FIs will be done after project effectiveness using a criteria that will be developed as part of the CSIF Operational Manual. The potential list of FIs that are under consideration include the Development Finance Corporation (DFC), farmers' credit unions, and commercial banks (e.g. Atlantic Bank).

Since MoFA will be responsible for implementing all activities except those under subcomponent 2.1, the management of environmental and social risks and impacts will be executed at different levels. MoFA as the implementing agency will develop a process for environmental and social risk management oversight for the project and will be responsible for overall environmental and social monitoring and coordination of the project. Each

participating FI will in turn have an Environment and Social Management System (ESMS) appropriate for the subprojects it will fund directly. The requirement to have a fully functional ESMS as per ESS9 will be a prerequisite for any FI before participating in the project.

The DFC is the only development Bank in Belize and it operates under the DFC Act No. 1 of 2009 of the Laws of Belize. It has an established working relationship with farmers and has past experience in successfully implementing similar projects supported by other international organizations. DFC is in process of updating their environmental and social policies to include climate risk considerations and IFC's performance standards. If the final section of participating FIs includes FIs with an already existing ESMS, such as DFC, the capacity to manage environmental and social risks and impacts through the ESMS will be assessed to ensure that it meets the objectives set out in the ESF. This process will include a gap-analysis to identify areas where the ESMS can be strengthened. Selected FIs without an ESMS will be required to establish and implement an ESMS acceptable to the World Bank before their first disbursment. Where possible, the ESMS of the FIs will be similar in nature to ensure consistency and ease for the MoFA to consolidate environmental and social reporting. The capacity of the FIs will be strengthened, including with qualified staff, to ensure that their environmental and social resources are commensurate with the risks. These arrangements will be documented in the project's operational manual. The SEP and LMP conducted and disclosed by MoFA will be used to guide the processes under the FIs.

Public Disclosure

B.3 Other Relevant Project Risks

None.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways Yes

Belize shares five (5) watersheds with Mexico and Guatemala. These watersheds are Moho, Temash, Sarstoon, Belize River and Rio Hondo. The first three international waterways (Moho, Temash, Sarstoon) are located in the southern part of the country outside the area of project investments. In the case of the Belize River, the river originates in Guatemala and Belize is the lowest downstream riparian.

The last international waterway, the Rio Hondo River originates in Guatemala, then enters Mexico and then becomes the northern boundary of Belize with Mexico. A Basin Commission was created to collectively manage the water resources between Mexico, Guatemala and Belize. The Task Team has requested the GoB to facilitate contact with key specialists of the Basin Commission to have access to the most updated information to prepare the required documentation related to the OP 7.50.

OP 7.60 Projects in Disputed Areas Yes

By supporting the project, the Bank/Association does not intend to make any judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

None

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

Actions to be completed prior to Bank Board Approval:

Actions to be completed prior to Bank Board Approval:

- Preparation and disclosure of Environmental and Social Commitment Plan (ESCP)
- Preparation, consultation and disclosure of the Environmental and Social Management Framework (ESMF)
- Preparation, consultation and disclosure of the Stakeholder Engagement Plan (SEP) with its Grievance Redress Mechanism.
- Preparation, consultation and disclosure of the Resettlement Policy Framework (RPF), including an RPF specific GRM
- Preparation, consultation and disclosure of a Labor Management Procedure (LMP), with its Grievance Redress Mechanism prior to appraisal
- Preparation, consultation and disclosure of an Indigenous People Planning Framework (IPPF) by appraisal

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

The ESCP will likely address, at a minimum, commitments related to the following:

- Updating/Finalization and implementation of ESMF (including integration of Social Assessment Results)
- Preparation, consultation and disclosure of a Social Assessment including updates of other instruments no later than 7 days after the Effective Date.
- Implementation of the Resettlement Policy Framework, including an RPF specific GRM and development of Resettlement Action Plans as necessary
- Preparation of subproject environmental and social screening, site-specific Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP)
- Updating and implementing an Environmental and Social Management System (ESMS) of Financial Intermediaries with an existing ESMS in place (prior to first disbursement of FI component)
- Preparing and implementing an Environmental and Social Management System (ESMS) of Financial Intermediaries without an ESMS in place (prior to first disbursement of FI component)
- Updating and implementation of Labor Management Procedures and a Grievance Redress Mechanism for Project workers.
- Updating and implementation of Stakeholder Engagement Plan including Grievance Redress Mechanism /s (i.e. for project, LMP, etc.)
- Monitoring and reporting of implementation of environmental and social management plan
- Staffing and Capacity building of implementing agency on environmental and social risk management
- Implementation of IPPF including preparation, consultation, disclosure and implementation of IPPs as necessary

Public Disclosure

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 10-Jun-2020

IV. CONTACT POINTS

World Bank

Contact:	Soulemane Fofana	Title:	Senior Rural Development Specialist
Telephone No:	+1-202-473-0598	Email:	sfofana@worldbank.org
Contact:	Remi Charles Andre Trier	Title:	Senior Water Resources Management Specialist
Telephone No:	+1-202-473-5572	Email:	rtrier@worldbank.org

Borrower/Client/Recipient

Borrower: Ministry of Economic Development

Implementing Agency(ies)

Implementing Agency: Ministry of Agriculture

Public Disclosure

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL

Task Team Leader(s):	Soulemane Fofana, Remi Charles Andre Trier
Practice Manager (ENR/Social)	Valerie Hickey Recommended on 17-Apr-2020 at 20:16:11 EDT
Safeguards Advisor ESSA	Marco Antonio Zambrano Chavez (SAESSA) Cleared on 22-Jul-2020 at 12:32:29 EDT