

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

**Report No.:** ISDSC7104

**Date ISDS Prepared/Updated:** 11-Dec-2013

**Date ISDS Approved/Disclosed:** 12-Dec-2013, 13-Dec-2013

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	El Salvador	<b>Project ID:</b>	P124935
<b>Project Name:</b>	El Salvador FCPF REDD Readiness (P124935)		
<b>Task Team Leader:</b>	Gerardo Segura Warnholtz		
<b>Estimated Board Date:</b>			
<b>Managing Unit:</b>	LCSAR		
<b>Sector(s):</b>	Forestry (100%)		
<b>Theme(s):</b>	Climate change (100%)		
<b>Financing (In USD Million)</b>			
Total Project Cost:	3.60	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Readiness Fund of the Forest Carbon Partnership Facility			3.60
Total			3.60
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

1. The Project Development Objective is to assist El Salvador in the implementation of key REDD+ readiness activities identified in its R-PP including: (i) institutional arrangements and participatory processes, (ii) development of a national REDD+ Strategy, and (iii) establishment of a national forest reference/emission levels, and a national system to monitor greenhouse gas emissions.

### C. Project Description

The Readiness Preparation Proposal (R-PP) identifies a broad set of activities aimed at strengthening the technical and institutional capacities for the GoES to participate in a future REDD+ mechanism. The financial envelope for these activities is estimated at US\$8.187 million. The activities to be financed by the FCPF Preparation grant were selected jointly with MARN, and in coordination with other donors, considering the following criteria: (i) activities needed to strengthen the immediate institutional capacity of MARN to conduct participatory and consultation processes for REDD+; (ii) fundamental readiness activities for which the GoES had specific financial needs, not covered by other donors; (iii) a discrete set of activities that would generate a specific outcome (with no- or minimal parallel-financing that could jeopardize the achievement of the project objective); and (iv) a activities that complemented those of other donors and the government, and that could serve to strengthen the achievement of the project objective.

Below is a detailed description of the grant components and the activities to be financed by the FCPF as portion of the REDD+ Readiness in El Salvador:

#### Component 1: REDD+ Readiness Organization and Consultation (US\$1.208M).

1.a National Readiness Management Arrangements. (US\$318,000.00). This subcomponent will support efforts initiated by MARN to establish, strengthen and operate the national Committee on Climate Change, integrated by MARN, Ministry of Public Works, Housing and Urban Development (MOP for its acronym in Spanish), MAG, Ministerio de Hacienda (MH), and Ministry of Foreign Affairs (MIREX for its acronym in Spanish) under the SINAMA. Within this institutional framework, MARN will also complete the participatory design and initiate operations of the Interministerial Consultative Platform (PCI for its acronym in Spanish), as the consultative body for climate change, including REDD+. The PCI will operate at both national and local levels and will be integrated by a broad array of actors previously identified by MARN under a stakeholder analysis and mapping developed during the formulation phase of the R-PP. Activities to be funded by this subcomponent include salaries for consultants to administrate the platforms, travel costs for participants, studies, workshops and meetings.

1.b. Information Sharing and early Dialogue with Key Stakeholders Groups. (US\$ 280,000.00). Under this sub-component a national communications and dissemination strategy for REDD+ will be designed and implemented. This activity will strengthen the communications capacity of MARN in the areas of climate change and REDD+ by designing and implementing a national communications strategy. A communications specialist will be hired to develop and produce knowledge, attitudes and abilities baseline, and a communications and training strategy based on annual implementation plans. The strategy and its plans will be designed based on the principles of communication for development, which emphasizes the broad and effective participation of all REDD+ stakeholders with a culturally sensitive approach. The subcomponent will finance salaries for a communications specialist, studies for the design of the strategy, dissemination campaigns, operating costs and materials.

1.c. Consultation and Participation Process and Grievance Redress Mechanism. (US\$ 610,000.00). This subcomponent will support the design and implementation of a national participation and consultation plan for REDD+, which will be developed in close coordination and with the support of the communications and dissemination strategy. The strategy will include specific guidelines and activities for the engagement with indigenous communities. In addition, this subcomponent will also finance the strengthening of the national Grievance Redress Mechanism (GRM) as outlined in the

general R-PP template. The general R-PP template indicates that such a mechanism needs to be available to REDD+ stakeholders from the earliest stages of R-PP implementation in order to facilitate the handling of any requests for feedback or complaints by any REDD+ Readiness stakeholders, wherever they originate, with particular attention to providing access to geographically, culturally or economically isolated or excluded groups. The Bank considers the GRM to be a key element of social accountability and meaningful participation. In terms of activities, the subcomponent will finance consultancies and analytical work required to prepare the participation and consultation plan and the GRM as well as implementation costs such as workshops (national and regional) and production of materials including necessary adaptation and translation.

Component 2: National REDD+ Strategy (US\$965,000.00).

2.a Drivers of Deforestation and Landscape Degradation. (US\$150,000.00). This subcomponent will focus on expanding and deepening the analysis of the critical direct and underlying causes of deforestation and degradation, focusing on those identified during the engagement of national and local stakeholders and in the first phase of the SESA process. Emphasis will be put in those drivers that reduce the resilience of local communities to climate variation and that continue to exacerbate ecosystem degradation in areas that have already lost forest cover. Attention will also be given to the analysis of legal and institutional elements that need to be in place to ensure the harmonization, coordination and synergy of policies and programs of the various relevant sectors affecting REDD+. Among others, these will include a revision of access to land and forest tenure rights by local stakeholders. The subcomponent will finance specialized national and international consultancy services, studies, and dissemination/consultation activities.

2b. REDD+ Strategy Options (US\$250,000.00). This subcomponent will contribute to the design of policies and programs for the implementation of REDD+ activities with an MbA approach and under the institutional framework of the PREP program currently in implementation by MARN. Some of these would include incentive and compensation mechanisms and technology transfer packages to promote the conservation and sustainable management of natural resources and agricultural/livestock practices (e.g. agro-silvo-pastoral systems). The technical and social soundness, and long term viability of these instruments will also be assessed at the local level, and with additional technical support from the Bank. The subcomponent will finance specialized national and international consultancy services and studies, and dissemination/consultation activities.

2c. REDD+ Implementation Framework (US\$200,000.00). This subcomponent will focus on the design of legal and technical instruments needed to ensure effective implementation of the national REDD+ strategic options. These include a legal framework analyses to identify possible legal/institutional perverse incentives that induce deforestation/degradation, inter-sectoral harmonization plans, and a national entity to be in charge of managing REDD+ funds in a transparent fashion, with robust fiduciary and safeguard standards. The subcomponent will finance specialized national and international consultancy services and studies, and dissemination/consultation activities.

2.d Social and Environmental Impacts (SESA and ESMF). (US\$365,000.00). This subcomponent will finance activities that are outlined in the National SESA Workplan, including an update of the stakeholder map, analytical studies to evaluate possible social and environmental impacts associated with the REDD+ strategic options and a comprehensive consultation and participation process. One of the main products of the SESA will be an ESMF, or other safeguard instrument as appropriate, that will be prepared in order to manage risks and impacts and maximize the potential benefits of any future REDD+ investments. A preliminary list of the analytical work that will be undertaken includes

research on: indigenous rights; land tenure and property rights in forest lands (including protected areas); carbon ownership and benefit sharing for REDD+; social and environmental assessments of areas that may be subject to REDD+ activities; traditional knowledge related to climate change adaptation; and gender analysis and role of local governments in REDD+ processes. This subcomponent will finance consultancies, studies, training events, and consultation and participation workshops as outlined in the budget in the attached National SESA Workplan.

### Component 3: National Forest Reference/Emission Level (US\$247,000.00).

Establishing a national Reference Emissions Level/Reference Level (REL/RL) for the forest sector based on historical data is one of the key pillars of a ENA-REDD+, as it constitutes the benchmark against which future REDD+ efforts will be assessed as measured by the national forest monitoring and MRV system. The GIZ will play an important role in the development of the REL/MRV system in El Salvador as it is providing the bulk of technical support as well as the necessary hardware/software through its Regional REDD Program for Central America and the Dominican Republic.

The component will complement existing support from GIZ to assist MANR in the definition of methodologies, identification and collection of major data requirements, and institutional capacity needs to design and establish a REL/RL scenario for El Salvador. Given the emphasis of El Salvador's REDD+ strategy on adaptation, particular attention will be given to define reference levels for the conservation of remnant forests lands (e.g. mangroves, native and riparian forests), sustainable forest management, and enhancement of degraded forest lands (e.g. agroforestry and silvo-pastoral systems). The component will finance studies, equipment, software, training; and information sharing, outreach, and consultation with key stakeholders to conduct the following activities: (i) establish a forest definition for REDD+ (US\$ 25,000.00); (ii) develop a consistent time series of land use change based on standardized protocols (e.g. Intergovernmental Panel on Climate Change (IPCC)) as a basis for the country's REL/RL (US\$ 100,000.00); (iii) Develop potential Business as Usual scenarios based on econometric and spatial modeling (US\$ 17,000.00 with parallel financing); (iv) strengthen the capacity of key institutions on IPCC methodologies for the compilation of GHG inventories for the Land Use, Land-Use Change and Forestry (LULUCF) sector (US\$ 105,000.00).

### Component 4: National Forest Monitoring Systems (NFMS) (US\$960,000.00).

As in the case of the REL/RL GIZ will play an important role in the development of the MRV systems in El Salvador. Complementary support is necessary to conduct several key activities at the national level and to strengthen the focal team of staff across the key agencies in charge of the design, planning and implementation of the national MRV system (MARN, MAG, National Geographic and Cadaster Institute (CNR)). In addition, given the contribution of GIZ to the national REL/MRV systems the F CPF preparation grant will place a strong emphasis in supporting the design of the information system for multiple benefits responding to El Salvador's national circumstances, related to environmental degradation and extreme climate variability.

4.a. National Forest Monitoring Systems. (US\$460,000.00). This subcomponent will complement existing support by GIZ to assist MANR in developing national forest monitoring systems to measure, report and verify (MRV) GHG emissions reductions and removals from the implementation of REDD+. As in the case of REL/RL, special attention will be given to activities related to sustainable management, conservation, and enhancement of carbon stocks. Protocols for the

monitoring of multiple benefits and other impacts potentially generated from the implementation REDD+ activities will also be designed and established. The subcomponent will finance salaries, studies, computer equipment, software, and information sharing, outreach, and consultation with key stakeholders in order to carry out the following activities: (i) establish the logical framework and required institutional arrangements for MRV (US\$ 50,000.00); (ii) strengthen the institutional capacity of key agencies involved in the NFMS for REDD+ (hiring of four specialists, hardware and software) (US\$ 310,000.00); (iii) develop and pilot community-based carbon monitoring methodologies (US\$ 50,000, co-financed); (iv) support a research program on forest monitoring (US \$ 50,000.), with parallel financing).

4.b National Information system for Multiple Benefits, Other Impacts, Safeguards and Governance (US\$500,000.00). Given El Salvador's priorities on climate change adaptation, it is important to develop systems and protocols to report on the co-benefits generated by the country's REDD+ strategy. This sub-component thus will assist MARN in assessing non-carbon benefits, and design protocols and methodologies for their monitoring. This system will also address other impacts related to the implementation of the REDD+ strategy including information on safeguards compliance. The component will finance studies, equipment, software, training; and information sharing, outreach, and consultation activities with key stakeholders to conduct the following activities: (i) development of monitoring protocols to assess the environmental impacts of the REDD+ strategy (e.g. biodiversity, soils, water) (US\$ 150,000.00 co-financed); (ii) development of monitoring protocols to assess the socioeconomic impacts of the REDD+ strategy (livelihoods, governance, safeguards, adaptation) (US\$ 300,000.00 co-financed); (iii) develop and pilot community-based, non-carbon monitoring methodologies (US\$ 50,000.00 with parallel financing).

Component 5. Monitoring and Evaluation Framework and Grant Administration (US\$220,000.00).

This component will support the establishment and operation of a technical/administrative implementation unit that will be in charge of coordinating and executing the technical and fiduciary activities of the readiness phase, including a monitoring and evaluation framework. This unit will be integrated by highly qualified staff in each of the areas of specialization required by the project (e.g. communications, social, environmental, forestry/carbon, fiduciary). Given the limited capacity of MARN to execute its mandate, and the relevance of the elements of the REDD+ process to El Salvador, an exit plan will be discussed and agreed with MARN at project initiation to ensure that staff, initially hired as external consultants for this project, would remain or formally be incorporated as regular staff of the ministry by project closure. In addition to salaries, the grant under this component would also cover operating costs, office equipment and supplies, computers, software and consulting costs necessary to develop internal grant audits.

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

The FCPF Readiness Preparation Grant is national in scope but will not finance physical investments or pilot projects on the ground. It is acknowledged that while Readiness Preparation is conceived as mostly strategic planning at this stage, key policy and regulatory precedents are being set that will have downstream impact at the national level once the National REDD+ Strategy is ready to be implemented. The activities of the Grant itself will not have specific impacts per se but may lead to recommendations for actions in the future which could bring such risks which will be assessed during the Grant period. In order to address any potential risks and/or negative impacts associated with the actions being considered for the National REDD+ Strategy, the grant will finance a number

of analytical and diagnostic studies as well as a series of consultation meetings and workshops with relevant stakeholders as outlined in the SESA Workplan (see Annex XIII of the Assessment Note) that has been reviewed by civil society in El Salvador and approved by the Bank.

### **E. Borrowers Institutional Capacity for Safeguard Policies**

According to the main legal framework for public institutions of the GoES, MARN is the National Authority mandated to address all matters on environment and natural resources. It formulates, proposes, manages, and supervises compliance with national environmental policies, such as the Environmental Impact Assessment. . MARN has a number of experienced staff that worked on the preparation of the R-PP and this project. However, most of the staff have recently started collaboration with World Bank and have a rather limited experience with the Bank's consultation, participation guidelines and safeguard policies.

The Climate Change directorate of MARN (DGCCAE), who will be in charge of implementing the FCPF Preparation grant, has moderate capacity to manage social and environmental safeguards. Although they do not have a social specialist among their permanent staff, GIZ financed a consultant who provided technical assistance regarding safeguards during the preparation of the R-PP and the Bank's due diligence process. Going forward, MARN has agreed to hire a social specialist to assist with the implementation of the SESA process and to provide continued technical assistance regarding social issues including safeguards. This additional technical support and a strong SESA work plan that includes a clear methodology for the continued participation of indigenous peoples and other key stakeholders during REDD+ Readiness will certainly help to mitigate this risk. MARN will also be encouraged to increase their institutional support for consultation and participation as well as social safeguards by working with existing specialized offices focused on indigenous peoples already established in the GoES. It has also been agreed with MARN that at least one full-time environmental and social specialist staff would be dedicated to deal with future project activities and environmental/social requirements, as well as supervision. Incremental budget for compliance with environmental and social safeguards has been considered for this project.

Engagement with stakeholders. As MARN made progress in their stakeholder analysis and built a more robust stakeholder map during the preparation of the R-PP, participation became more inclusive reaching an acceptable coverage by the time the Bank concluded the due diligence process for this grant. Many NGOs and several universities provided technical assistance and were actively involved in the discussions regarding the National Environmental Policy and the preparation of the National Program for the Restoration of Ecosystems and Landscapes (PREP), both of which are important precursors for the ENA-REDD+. At the local level, many forest or resource dependent communities are part of the Asociaciones de Desarrollo Comunal (ADESCOs) and these platforms will continue to be used during the preparation phase (see annexes VIII and XIII of the SESA Workplan ).

National Indigenous Peoples Roundtable (Mesa Nacional Indígena). It is noteworthy that in order to address the historical gap in the relationship between the government and indigenous peoples, MARN created a special platform during the preparation of the R-PP specifically for them formally called, "Mesa de Dialogo con Pueblos Indígena y Ministerio de Medio Ambiente y Recursos Naturales". The "Mesa Nacional Indígena" currently includes 15 leaders representing all four of the indigenous areas in the country and its members have participated in some of the REDD+ early information sessions as well as several of the pre-SESA dialogues hosted by MARN (meeting reports on file). In addition, MARN financed two special meetings of the Mesa Nacional Indígena on May 17th and 30th, 2013 in order to provide the indigenous leaders with an opportunity to discuss REDD

+ issues among themselves and to assist them with formally establishing the framework for the Mesa Nacional Indígena and to define their participation in the National SESA Workshop and other FCPF related events in the region (meeting reports on file).

## F. Environmental and Social Safeguards Specialists on the Team

Abdelaziz Lagnaoui (LCSEN)

Kristyna Bishop (LCSSO)

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The policy on Environmental Assessment (OP/ BP 4.01) is triggered. However, since the explicit goal of the REDD+ strategy is to promote the reduction in rates of deforestation and degradation by rewarding measures to protect and conserve forests, the environmental impacts of the strategy are expected to be mostly positive. The REDD+ strategy itself would not finance the harvesting or conversion of forests so there is little to no direct adverse impact associated with activities planned as part of the strategic options.</p> <p>The principal risk from REDD+ would arise in the event that the strategies fail to achieve their objectives thereby creating unexpected indirect adverse impacts through the unintended creation of incentives to clear forests for other purposes. For these reasons, and due to the critical nature of strategic options and choices being considered, OP 4.01 is applicable to the R-PP activities. The principal instruments to document the environmental benefits and risks of the REDD+ strategy will be the Strategic Environmental and Social Assessment (SESA). SESA will assess key social and environmental risks and potential impacts associated with REDD+, and will develop a safeguard instrument (ESMF or other appropriate instrument) to manage and mitigate any possible risks and potential impacts during the implementation phase.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The policy on Natural Habitats (OP/BP 4.04) will apply considering that the REDD+ strategy will likely involve work both within existing protected areas as well as other forest habitats of varying significance. If the REDD+ strategies are successful, the impacts on critical forest</p>

		habitats are expected to be positive, nevertheless SESA will evaluate the possible risks associated with strategic options on forest habitats within PA as well as other sensitive forest habitats under private or communal control. It is expected that the ESMF or other safeguard instrument 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.
Forests OP/BP 4.36	Yes	The policy on Forests (OP/BP 4.36) will apply considering the importance of REDD+ as part of El Salvador's long term forest and environmental management programs and due to the fact that El Salvador faces severe degradation of its natural resources, especially its natural forests, soil, and water resources. Only two percent of its natural forests remain. Yet, there is evidence of a significant recovery of secondary forests and biodiversity. The R_PP will not finance the harvesting or conversion of forests.
Pest Management OP 4.09	Yes	The policy on Pest Management (OP 4.09) is triggered since it is conceivable that some forest management practices may involve pesticide use. At present it is not envisioned that the REDD+ strategy would finance or lead to an increased use of pesticides or other agricultural chemicals. The SESA will evaluate the potential for such use of chemicals in forest management and, if necessary, appropriate guidelines and analytical approaches would be defined in the ESMF or other appropriate safeguard instrument.
Physical Cultural Resources OP/ BP 4.11	Yes	The policy on Physical Cultural Resources (OP 4.11) will apply given the uncertainty regarding the exact locations of activities to be carried out under the REDD+ Strategy. Some forests or landscapes concerned by the REDD+ strategy might be considered to have historical or cultural significance such as spirit forests, sacred valleys or other features of the natural landscape. The ESMF or other safeguard instrument would include specific provisions to

		assess the possibility of such impacts prior to any activities being undertaken on the ground.
Indigenous Peoples OP/BP 4.10	Yes	The policy on Indigenous Peoples (OP 4.10) is triggered as there are indigenous peoples in El Salvador that meet the four criteria outlined in the policy. These populations are especially vulnerable to changes in land use or restrictions on their use of natural resources. The potential impacts of a future National REDD+ Strategy on indigenous peoples will be further identified during the SESA process and measures to mitigate any impacts or maximize the benefits associated with future REDD+ investments will be reflected in an ESMF or other appropriate safeguard instrument that will be prepared for use during the implementation of the National REDD+ Strategy. See Annex ?X? for full assessment of application of OP 4.10.
Involuntary Resettlement OP/BP 4.12	Yes	The policy on Involuntary Resettlement (OP 4.12) has been triggered as there is potential for restrictions on the use of natural resources in national protected areas. During REDD+ readiness, an assessment of the nature of these impacts as well as a survey of the potential affected populations will be carried out as part of the SESA process and depending upon the geographical focus of REDD+ investments and the strategic options selected for the final version of the National REDD+ Strategy, mitigation measures including support for improving the livelihoods of those impacted will be included in the ESMF or other safeguard instrument prepared to manage these issues during implementation of the National REDD+ Strategy.
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	The proposed activities are not the types of projects or studies covered by the policy.
Projects in Disputed Areas OP/BP 7.60	No	The proposed activities are not the types of projects or studies covered by the policy.

### III. SAFEGUARD PREPARATION PLAN

#### A. Tentative target date for preparing the PAD Stage ISDS: 30-Nov-2016

<sup>1</sup> 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.

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

During the formulation of the R-PP, MARN prepared a draft SESA Workplan that was then reviewed by a representative group of stakeholders during the National SESA Workshop held on August 29-30, 2013. The SESA Workplan includes a stakeholder map that clearly indicates which stakeholders will be involved in the SESA process, a methodology for participation of these stakeholders, a list of the analytical work that will be undertaken to address key social and environmental issues related to the REDD+ strategic options, information regarding how the SESA process will be integrated into the larger process of preparing the National REDD+ Strategy and a budget table that outlines how resources have been allocated for each of the above. The SESA Workplan has an execution period of ? years and will be supervised by the Climate Change Unit in MARN.

It is expected that an Environmental and Social Management Framework (ESMF) will be prepared based on the results of the larger consultation and participation process as well as the SESA process. The ESMF (or other safeguard instrument as appropriate) will provide guidance regarding the management of environmental and social safeguards during the implementation of the National REDD+ Strategy. An ESMF with a stand-alone IPPF/IPP and RF/RAP must be submitted as part of the R-Package in order to be considered by the Carbon Fund.

The ESMF is intended to be a live document that may evolve and be updated over time when new REDD + strategy options and projects or activities (including investments), or policies/regulations are identified during implementation of REDD+.

#### IV. APPROVALS

Task Team Leader:	Name: Gerardo Segura Warnholtz	
<b><i>Approved By:</i></b>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 13-Dec-2013
Sector Manager:	Name: Laurent Msellati (SM)	Date: 13-Dec-2013