

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC6681

**Date ISDS Prepared/Updated:** 18-Oct-2014

**Date ISDS Approved/Disclosed:** 21-Oct-2014

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Nicaragua	<b>Project ID:</b>	P148809
<b>Project Name:</b>	Caribbean Coast Food Security Project (P148809)		
<b>Task Team Leader:</b>	Augusto Garcia		
<b>Estimated Appraisal Date:</b>	20-Oct-2014	<b>Estimated Board Date:</b>	30-Jan-2015
<b>Managing Unit:</b>	GFADR	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General agriculture, fishing and forestry sector (60%), Agro-industry, marketing, and trade (20%), Health (10%), Public administrati on- Agriculture, fishing and forestry (10%)		
<b>Theme(s):</b>	Micro, Small and Medium Enterprise support (40%), Nutrition and food security (40%), Rural non-farm income generation (10%), Managin g for development results (10%)		
<b>Financing (In USD Million)</b>			
Total Project Cost:	33.90	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Global Agriculture and Food Security Program			33.90
Total			33.90
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

The proposed project development objective is to improve food and nutritional security in selected food insecure communities of the Caribbean Coast of Nicaragua.

The PDO will be achieved through promoting: (i) increased and environmentally sustainable agricultural productivity and market inclusion, (ii) rural non-farm income, (iii) technology and GAP adoption, (iv) food and nutrition education and improved monitoring of malnutrition, (v) formation of producer associations, and (vi) reinforced public-private partnerships. The project will have particular focus on women, children, and indigenous communities.

### **C. Project Description**

The proposed project is based on a grant proposal submitted by the GON for funding under the Global Agriculture and Food Security Program (GAFSP). The proposal was approved by the GAFSP Steering Committee on September 6, 2013 and awarded a grant amount of US\$ 33.9 million.

Overall design:

The project puts forth short, medium- and long-term interventions for rural producers' integration into agricultural and non-agricultural value chains already being implemented under PRORURAL-I. In the short term, household and community agricultural production models would focus, for example, on fast-cycle crops such as basic grains and vegetables. In the medium term, models would promote additional income through perennial crops and the introduction of top-quality seeds and genetic material, as well as investment in post-harvest storage and agro-processing. Finally, long-term agro-forestry production models aim at ensuring environmental sustainability and promoting locally endemic timber species. These actions will be accompanied by technology development centers (i.e., incubators) and experimental farm construction and retrofitting, which will strengthen regional capacities for researching and generating locally adapted technologies appropriate for tropical rainforest's crops.

Component 1: Increased Agricultural Productivity (US\$15.1 million): This component will support the PDO by increasing agricultural productivity and rural income based on economic and environmental sustainability. Two main activities include:

1. Agricultural technology generation and transfer would improve production yields, strengthen the public goods provision of strategic and adaptation research, and finance technical assistance to boost agricultural technology generation and transfer, increase production diversification, ensure sustainable natural resource use and build in resilience to the dynamics of climate change.
2. GAP capacity building would target knowledge services to rural producers to expand their production and management know-how as an input toward increased productivity. Business and financial management training and workshops would complement these knowledge services.

The means of packaging technology transfer and capacity-building for rural producers would be Innovation Development Plans (IDPs). The IDP would pool producer organizations' contributions (both cash and in-kind) with those of other stakeholders (i.e., private sector) and program funds under a matching grants methodology to finance fixed investment in on-farm innovations. The matching grants to producer organizations would finance up to 90 percent of investment costs under their respective IDPs. Anchor enterprises and financial institutions would be expected to play roles in IDP formulation and implementation, including finance. Private-sector alliances would also be sought through investment promotion via PRONicaragua.

Component 2: Non-Farm Rural Livelihoods (US\$3.6 million): This component will support the PDO by promoting innovative non-farm small enterprises and building capacities to increase participants' access to labor markets and self-employment opportunities. These activities will be implemented through IDPs similar to those under Component 1. Investments to support the modernization of

artisanal fisheries would benefit communities in the RAAN (Tawira, Prinzu, Awala, Prinzu-Auhya) and RAAS (Little Corn Island, Awaltara Lupia Nani).

Component 3: Investments in Market Inclusion (US\$8.4 million): This component would support the PDO by forging market linkages for organized producers, encouraging value-added in agricultural, livestock and fish products. This component aligns with the technology generation, sanitary and phytosanitary surveillance and innovation development financed under component 1. Four main activities are proposed:

1. Food safety value-added would ensure quality standards are met for agricultural, livestock and fish products. Plant health and animal health surveillance investments would support public goods provision toward improved sanitary and phytosanitary levels.
2. Strengthening producer organizations would support the formation of legally constituted producer organizations to improve their competitiveness, management and decision-making capacities.
3. Value added IDPs, similar to those financed under components 1 and 2, would support income diversification for vulnerable populations and young people.
4. Market information and financial services would contribute to a favorable environment that nurtures improved small enterprise performance through equitable access to: (i) market infrastructure; (ii) rural financial services; and (iii) price and market information.

Component 4: Reduced Childhood Nutritional Vulnerability (US\$4.7 million): This component will support the PDO by reinforcing selected multi-sector activities of the National System of Social Welfare in the target areas. The component will draw on experiences and strategies of MINSA, MIFAN, and MINED in delivering food and nutrition education as well as the school feeding program in the Caribbean Coast. Project activities will support priorities under a broader safety net approach that is culturally adapted to the context of rural and indigenous communities. Activities could include: establishing community school gardens, emphasizing nutritional education, and tapping local farmers produce.

Component 5: PRORURAL-I Institutional Strengthening (US\$2.1 million): This component will support the PDO by improving the effectiveness of PRORURAL-I and its executing institutions in administrative and financial management. This will include supporting PRORURAL-I institutions to increase their current coverage in targeted areas. Improved Government Spending Management would promote the implementation of a result-based budget process for PRORURAL-I. Enhanced analytical capabilities of staff in planning, budgeting and reviewing would improve the quality of sector public spending.

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

The proposed project location is Nicaragua's Caribbean coastal region that includes the North Atlantic Autonomous Region (RAAN) and South Atlantic Autonomous Region (RAAS). In terms of surface extension, the project area covers around 85 per cent of the country's protected areas, including for example the Bosawás Biosphere Reserve and Indio Maíz Biological Reserve. Indigenous and Afro-Nicaraguan peoples living in the project area are expected to benefit from the project activities.

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

The main implementing agency will be the Ministry of Family Economy (MEFCCA), which was

created by Presidential Decree in 2012 on the basis of the previously existing Rural Development Institute (IDR). The MEFCCA is also the main implementing agency of PRORURAL's National Agro-Industry Program and has extensive experience implementing large rural development projects with financing from International Fund for Agricultural Development (IFAD) and Inter-American Development Bank (IADB), as well as bilateral donors. Nonetheless, its experience with World Bank projects is rather recent and reduced; based on one of the components of the Micro, Small, and Medium Enterprise Development Project (P109691). A comprehensive institutional assessment, including capacity assessment related with implementing the Bank safeguard policies, is being carried out by the task team as part of project preparation.

The MEFCCA leads the preparation of an Environmental and Social Management Framework (ESMF) and an Indigenous Peoples Planning Framework (IPPF) and Resettlement Policy Framework (IRF). The MEFCCA collaborates closely with three other implementing agencies: the Ministry of Agriculture and Forests (MAGFOR), Nicaraguan Institute of Agricultural Technology (INTA), and Nicaraguan Institute of Fisheries (INPESCA). MAGFOR and INTA have extensive experience with Bank projects and implementing relevant safeguard policies, and all four agencies have an internal environmental unit. All of them have also institutional presence in the Caribbean coastal region, yet limited to certain areas and reduced staff. Given the complexity of the target areas, a complete assessment of incremental institutional capacity needs will be undertaken during preparation, and main identified capacity gaps are expected to be filled by the project.

At the preparation mission, the MEFCCA conveyed an inter-institutional technical working group to get in charge of the project's environmental and social safeguards involving the environmental units of MEFCCA, MAGFOR, INTA, and INPESCA. The Bank team discussed the project's socio-environmental management in detail with the group, and the mission produced an advanced draft of the social and environmental ToRs for the GoN to prepare an integrated Environmental and Social Management Framework.

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

Jason Jacques Paiement (GSURR)

Tuuli Johanna Bernardini (GENDR)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	The project is proposed as Category B as per OP/BP 4.01. No large scale, significant and/or irreversible negative environmental or social impacts are foreseen. Project activities are expected to be mostly small-scale and enhance baseline conditions and procedures regarding socio-environmental management and sustainability. The IDP financing under components 1–3 is planned to provide between USD 1,000–1,500 per beneficiary. IDPs that pool additional sources of funding will be subject to same socio-environmental screening, assessment, and management as IDPs solely

		<p>financed by the project. An ESMF will be prepared to guide socio-environmental management of these demand-driven IDPs focused on enhanced extension services and producer training for example in good agricultural and manufacturing practices, including animal health. IDPs can also entail minor investments in productive facilities and equipment that will require socio-environmental management. The ESMF will include a negative list to secure exclusion of any large scale, significant and/or irreversible negative environmental or social impacts. Particularly, no activity that would imply advancing the agricultural frontier will be eligible for project funding.</p>
Natural Habitats OP/BP 4.04	Yes	<p>The project will promote sustainable use of natural resources and positive impacts are expected on protected areas through participatory identification and development of alternative livelihood sources for people who depend on protected areas for subsistence. Furthermore, the ESMF's negative list will exclude any activity that could lead to conversion or degradation of natural habitats.</p>
Forests OP/BP 4.36	Yes	<p>Taken the project's focus on rural areas and demand-driven nature, OP/BP 4.36 will be triggered to allow funding for potential forestry-related IDPs. Project activities aim at reducing pressure to deforest for agriculture and/or livestock purposes and promoting agro-forestry. Investments are also expected in research and generation of locally appropriate and sustainable technology packages. Financing of timber production or harvesting is not expected, but the non-farm income activities could entail small investments for manufacture of articles made of legally logged wood.</p>
Pest Management OP 4.09	Yes	<p>The project will finance agricultural activities where baseline conditions involve different levels of use of agrochemicals. The project will promote Integrated Pest/Crop Management through INTA's existing extension services which will be strengthened. The ESMF will include a list of prohibited agrochemicals. It will be determined during the ESMF</p>

		preparation weather green and blue label pesticides will be eligible for project financing.
Physical Cultural Resources OP/ BP 4.11	Yes	The project design does not particularly aim at financing activities related with physical cultural resources. However, taken its demand-driven nature and location in primarily indigenous territories, OP/BP 4.11 is triggered to make sure that component 2 on non-farm rural livelihoods will be able to address potential PCR/tourism-related IDPs. The project will only allow positive impacts on PCRs; the ESMF's negative list will exclude any activity that could lead to their degradation or destruction. The ESMF will also guide for applicable archaeological chance find procedures.
Indigenous Peoples OP/BP 4.10	Yes	The population of the Caribbean coastal regions of Nicaragua is significantly indigenous and afro-descendent. The Executing Agencies are preparing to hire an independent social consultant who will, among other tasks, prepare an Indigenous Peoples Planning Framework (IPPF). The IPPF will include a screening mechanism to identify applicable subprojects, as well as detailed instructions on how to prepare and consult Indigenous Peoples Plans. A draft IPPF will be presented during regional public consultations with potential beneficiaries, and will be revised based on feedback received.
Involuntary Resettlement OP/BP 4.12	Yes	Although none of the proposed project activities are expected to require land acquisition or resettlement, the grantee has agreed to prepare a Resettlement Policy Framework (RPF) to ensure that any subprojects that could require acquisition of small plots of land will be eligible for project financing as long as these activities are implemented in accordance with the policy principles and procedures established in OP 4.12. The same social consultant who will prepare the Indigenous Peoples Planning Framework (IPPF) will also prepare the RPF. A draft RPF will be presented during regional public consultations with potential beneficiaries, and will be revised based on feedback received.

Safety of Dams OP/BP 4.37	No	The project will not finance any mayor dam and is not expected to finance IDPs that would depend on an existing dam.
Projects on International Waterways OP/BP 7.50	TBD	The task team will consult with the country lawyer to verify existence of international waterways within the project area.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas within the project area.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS:** 07-Nov-2014

**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:**

Consultations in the selected eligible jurisdictions will be completed before appraisal begins and the ESMF, IPPF, and IRF duly disclosed in country and at the InfoShop before the appraisal.

### IV. APPROVALS

Task Team Leader:	Name: Augusto Garcia	
<b>Approved By:</b>		
Regional Safeguards Coordinator:	Name: Glenn S. Morgan (RSA)	Date: 20-Oct-2014
Practice Manager/ Manager:	Name: Laurent Msellati (PMGR)	Date: 21-Oct-2014

<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.