



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

### **(ESRS Appraisal Stage)**

Date Prepared/Updated: 02/10/2020 | Report No: ESRSA00373



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Paraguay	LATIN AMERICA AND CARIBBEAN	P168153	
Project Name	PY - Market Access for Agricultural Products Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	2/11/2020	3/19/2020
Borrower(s)	Implementing Agency(ies)		
Republic of Paraguay	Ministry of Agriculture and Livestock Production		

Proposed Development Objective(s)

The objective of the Project is to enhance access to markets by Agricultural Producers’ Organizations and Indigenous Communities through investment subprojects inserted in value chains in selected parts of the Borrower’s territory.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>110.00</b>

**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]**

The project will contribute to creating long-term economic opportunities for the rural small and medium-sized producers and vulnerable rural population by applying a two-fold approach: (i) intervene at the level of grass-roots organizations of farmers via capacity building (sub-component 1.1) and investment sub-projects focused on improving access to markets, based on increasing competitiveness and improve resilience to extreme weather events and climate change (component 2); and (ii) improve critical public sector institutions and their delivery of key services (sub-component 1.2). In the short and medium-term, the project will put into operation an inclusive agribusiness model based on productive alliances, formed between producers’ organizations (including indigenous communities),



aggregators, agribusinesses and buyers. Producers will enhance their income-generating capacity by becoming more engaged in business activities, in close coordination with the final buyers/consumers and able to respond more effectively to market changes, while incorporating more climate-resilient technologies and approaches. In the long-term, the project will spark the creation of both on-farm and off-farms jobs and strengthen sectoral resilience, while contributing more significantly to human capital creation and economic development.

#### D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The project will be focused on Eastern Paraguay. During the midterm review, the possibility of including also Western Paraguay (known as the Chaco Region will be assessed and if so, all Environmental and Social framework and pertinent instruments will be updated accordingly. Paraguay is a diverse country, so the Project activities will consider differing regional/local aspects such as strategic value chains, the prevalence of indigenous communities and smallholders, and the existence of potential partners such as anchor firms, public purchasers, cooperatives, and local NGOs. Paraguay is rich in natural endowments as rainfall, fertile soil, and forests are abundant, which combined with high-quality inputs and comparatively low costs have given the country a comparative advantage in agriculture and livestock production. As a landlocked country, Paraguay's rivers are an important characteristic of its geography. The Paraguay River divides Eastern and Western Paraguay into two strikingly different regions - Eastern Paraguay/Paraguay Oriental, known as the Paranean region, and Western Paraguay/Paraguay Occidental, known as the Chaco region. Eastern Paraguay is relatively flat with a maximum elevation of 842 meters above sea level. Around 65 percent of the soil of the Eastern Region is fertile and well-drained, and thus excellent for crops and pasture.

The Project will also consider the great diversity of IPs in Paraguay and their specific differences in culture, language, and access to development opportunities. According to the 2012 National Census 117,150 people living in Paraguay (1,8% of the Paraguayan population) self-identify as indigenous. There are a total of 19 IPs belonging to 5 linguistic families. 91% of this IP population is rural and 52% live in the Eastern Region and belong mostly to the Guaraní linguistic family.

#### D. 2. Borrower's Institutional Capacity

Institutional capacity of the Ministry of Agriculture and Livestock (MAG) to implement the Bank ESSs was assessed by the Bank prior to the Project Appraisal, and an institutional strengthening plan was prepared and agreed upon accordingly to be financed under Component 3 of the Project. Overall, MAG has low institutional capacity to adequately address the new social features of this project. MAG has years of experience on Bank's IP's policy, but this has often been implemented by external consultants. Thus, the institutionalization of knowledge acquired through the current operation PRODERS is limited and new features of the project, such as proposing to form alliances between traditionally excluded social groups and organizations with more assets, will require specific arrangements. MAG will assign/contract capable professionals to lead E&S risks and impact management. The proposed organizational structure to manage the social and environmental aspects of the project will be composed of an Environmental Specialist and a Social Specialist based on the central Technical Unit and eight Socio-Environmental Field Assistants working from the 4 Agricultural Development Centers (CDA), where the PIU will be present. This team will be supported by a GIS specialist and a gender specialist. The Bank Team is providing close support to MAG in the preparation of the project while building capacity and securing achievement of development outcomes materially consistent with the applicable ESF objectives.

## II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS



**A. Environmental and Social Risk Classification (ESRC)**

Substantial

**Environmental Risk Rating**

Moderate

The environmental risk is rated Moderate, given the nature and scale of negative environmental risks and impacts of the project activities are expected to be mainly site-specific and limited in size given the focus on small-scale agricultural activities and processing. The downgrading from Substantial at Concept Stage to Moderate is based on the assessment during preparation of limited risks and impacts given the number and scale of sub-projects in the landscape and relatively easily managed impacts related to small-scale agriculture with appropriate mitigation measures included in the ESMF. The project design is geared to reduce both environmental risks and negative direct, indirect and cumulative impacts of rural smallholder production in Paraguay, as well as their prevailing exposure to environmental risks and degradation. The project is intended to promote climate-smart productive systems to prevent and recover environmental degradation and deforestation, yet the latter in Paraguay has mainly been due to the expansion of the agricultural frontier by large commercial farmers. The focus will also be placed on increasing vulnerable producers' resilience to face increasing climate risks, including drought.

Despite these environmentally positive design objectives, the moderate risk is due to (i) relatively limited consideration of environmental sustainability in the agriculture sector in Paraguay over the past decades; (ii) the need for longer-term work and field-based presence needed to work with low(er)-capacity producers to achieve behavioral changes in terms of environmental management, especially for management and use of pesticides, and groundwater use; (iii) uncertainty on the location of the subproject investments and need to consider environmental sensitivity in terms of soils, water and biodiversity; and (iv) an overall low capacity in Paraguay, with some limited capacity on environmental management within MAG. The ESMF includes measures to manage these risks appropriate to the nature and scale of the activities and include adequate training and equipment provisions for producers.

**Social Risk Rating**

Substantial

Social risk is rated Substantial. Overall the low institutional capacity of MAG to adequately address the new social features of this project might hinder the achievement of the proposed PDO to enhance the linkages to markets for Indigenous Peoples (IP) and smallholder producers in a sustainable manner. Although MAG has years of experience on Bank's IP's policy, this has often been implemented by external consultants. Thus, limited institutionalization of knowledge acquired through the current operation PRODERS and new features of the project such as proposing to form alliances between traditionally excluded social groups and organizations with more assets will require specific arrangements and innovative measures. Prompting a collaboration between these communities and cooperatives and firms that have always been seen as exploiting IP's could lead to diverse issues such as elite capture of Project benefits.

Other social risks include potential issues of child and adolescent labor in productive activities; barriers to access to project benefits of more vulnerable groups, such women, youth or the disabled; taking of land for infrastructure works resulting in loss of economic activities; potential conflicts related to activities of land regularization of indigenous peoples supported under the project.

Public Disclosure



An assessment of the above-cited possible social risks and MAG institutional capacity to adequately manage them was carried out as part of the ESMF, which proposes measures included in the institutional strengthening plan to be supported under component 3 of the Project.

## **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:***

Specific sub-project investments will be identified during project implementation. MAG has therefore prepared and disclosed an advanced draft Environmental and Social Management Framework (ESMF) that includes an Environmental and Social Assessment (ESA) on January 20, 2020. E&S risks and impacts were assessed at a framework level to identify key risks and impacts and provide measures to manage them in line with the mitigation hierarchy. Further, the ESMF establishes the entry points of E&S considerations throughout the subproject cycle, where E&S aspects were analyzed in an integrated way as required particularly when successful project implementation requires behavioral changes by vulnerable, low capacity smallholder producers. The scale and type of the subprojects under component 2 will be subject to site- specific screening prior to approval to evaluate potential risks and mitigations. The approval of these sub-projects will be linked to specific monitoring activities by the E&S Unit. Most of sub-projects are expected to be small-scale, community-driven development subprojects that involve matching grant schemes. Potential value chains to be supported include : (i) vegetables (tomatoes, onions, potatoes, carrots, beets, peppers, lettuce); (ii) aromatic and medicinal plants; (iii) fruits (citrus fruits, passion fruits, banana, pineapple, etc.); (iv) milk and milk products; (v) small animals (chicken, sheep); (vi) honey production; (vii) yerba mate; (viii) flowers; (ix) cattle; (x) grains (beans, corn, sesame, etc.); (xi) cassava; and (xii) organic sugar cane. Potential areas of interventions and types of support were analyzed in terms of risks and mitigation measures. A checklist for subproject screening has been prepared; this will facilitate the early identification of risks and management measures required. The outline for the preparation of specific E&S management plans for subprojects have been prepared as well as guidelines for assessing mitigation measures presented and gap- filling measures needed for specific environmental requirements if they arise. A list of activities not eligible for funding by the project have also been included.

Social aspects considered in the ESA include, among others: (i) barriers for targeted vulnerable groups to participate in Project activities and access to its benefits including cultural and economic barriers to participating in innovation partnerships under Component 2; (ii) risks of creating or exacerbating conflicts with stakeholders who may have developed patronizing political and economic relations with smallholder farmers and/or Indigenous Peoples and risks of elite capture of Projects benefits; (iii) risks or impacts associated with land and natural resource tenure and use; (iv) risks of child and adolescent labor associated with the proposed subprojects; (v) barriers to developing an inclusive and culturally adequate stakeholder engagement strategy.

Environmental risks and impacts considered include: (i) potential for improper application, storage, and disposal of pesticides (ii) worker and beneficiary health and safety risks of small- scale agricultural production and within processing facilities, (iii) community health and safety risks from operation of farm machinery and other agricultural activities, (iv) potential for small-scale impacts to critical, natural, or modified habitat from expansion of production activities without proper planning, (v) food safety and animal health concerns, (vi) potential for road accidents



related to transport and marketing of products, (vii) potential for land degradation and soil erosion from improper farming techniques, among other potential impacts. Management measures have been included in the ESMF aligned with the ESS's, best-practices, and considering the WBG EH&S General and Agribusiness sector guidelines as well as FAO Code of Conduct for pest management. Projects will be screened and supervised based on procedures included in the ESMF and in the draft operational manual as well as monitoring and evaluation requirements for ongoing investments and overall project footprint to consider cumulative impacts.

The ESA also developed a stakeholder analysis considered in the SEP. The SEP covers consultations on the ESMF and other ESF-related documents that have been disclosed.

### **ESS10 Stakeholder Engagement and Information Disclosure**

The project design was consulted at a regional and national level with project-affected people and other interested parties, including a particular consultation with IP leaders. These consultations were carried out between October 22 and November 14 as the first part of the SEP and informed the design of the Project and the associated environmental and social risk management. Consultations were held in locations that were identified by MAG to facilitate stakeholder participation.

The MAG prepared a SEP disclosed on its website January 20, 2020. Stakeholders identified by MAG include Its Agricultural Advisory Council (production trade unions and the cotton business chamber); the Ministry's Family Farming Advisory Council (producers organizations, commercial and industrial chambers, representatives from departments and municipalities); the Rural Association of Paraguay; SENAIVE (National Service of Quality and Plant and Seed Health); the DEAG (Directorate of Agrarian Extension); SENACSA (National Service for Animal Health and Quality); INDERT (National Institute for Rural and Land Development); IPTA (Paraguayan Institute of Agricultural Technology); potential project beneficiaries including indigenous communities and producers committees; cooperatives, universities and NGOs; and media.

Stakeholder engagement initiated early in project preparation has also continued to socialize the safeguard instruments to ensure project stakeholder can provide meaningful input in the design of the project and the mitigation measures to address potential social and environmental risks. Two consultations events with representatives of IPs were carried out on January 21 and 22, 2020. Participants expressed satisfaction that comments made during the first round of consultations were taken into account and incorporated in the IPPF. Consultation on the draft ESMF was carried out on January 31, 2020. An online consultation is ongoing for expanding access and comment of the ESMF and pertinent instruments and comments will be included in the final updated documents. The SEP provides for a grievance mechanism (GM) whose main principles include: (i) accessibility for all beneficiaries and stakeholders, with particular attention to their socio-cultural characteristics and needs; and (ii) clear procedures and timelines for analyzing and resolving claims. The GM will also be culturally appropriate and easily accessible by IPs by being available in indigenous language and adopting existing community conflict resolution mechanisms, among others.

The GM will be supported by ICT as appropriate. Regarding ESS2, there will be a specific GM for all project workers. Both SEP and GM have been disclosed before the Project Appraisal.



## B.2. Specific Risks and Impacts

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

### ESS2 Labor and Working Conditions

MAG developed a draft Labor Management Procedures (LMP) applicable to the Project in accordance with the requirements of ESS2. The LMP consider five different groups of Project workers: (i) direct workers; (ii) contracted workers; (iii) primary supply workers; (iv) community workers under financed subprojects in general; and (v) community IP workers under financed subprojects in particular.

Within the subcomponents of the Project, there is a concern related to potential child labor, particularly in family farms. A study of UNICEF from 2016 revealed that a large percentage of children in Paraguay need to work daily to survive and help their families – and many of them are even exposed to dangerous working conditions. The study highlights that the most affected areas are rural areas, where 39.6 percent of children are involved in child labor. Underage males are those who work most (32.8 percent), while only 19.7 percent of girls and adolescents need to work. Acknowledging this situation, Paraguay launched a National Strategy for Child Labor Elimination for 2019 - 2024. Based on this strategy, the ESA paid attention to risks of child labor to include preparation of the necessary mechanisms in the LMP to prevent, monitor and remedy it under financed subprojects, while building the MAG and other partner institutions' capacity to prevent, identify and address the use of child and/or forced labor. The LMP discusses the risk of child labor and measures and procedures to ensure that children below the age of 14 are not employed in project activities. MAG will carry out in agreement with the Ministry of Justice and Labor a training of Project officials and beneficiaries on the prohibition of Child Labor in children under 14 years of age and the prevention of dangerous teenage work. A risk assessment will be carried out for each subproject on the risks of child labor and regular monitoring of health, working conditions, and the number of working hours will be carried out. MAG will also monitor that none of the activities directly or indirectly related to the project and that require the participation of children over 14 years of age and adolescents are included in the list of hazardous child labor.

A GM is also described in the LMP to ensure concerns from project workers can be adequately addressed. Worker health and safety concerns are addressed in the LMP and the ESMF including safe use of agricultural machinery and processing equipment and ensuring use proper protective gear, safety equipment, and adequate training.

### ESS3 Resource Efficiency and Pollution Prevention and Management

The project will require attention to sustainable and efficient use of resources and preservation of ecosystem services required for sustained agricultural production. Access to water will be assessed as necessary for subproject preparation in particular in the areas where water is a limited resource. Although no subproject is expected to imply high water demand, development of detailed water balances might result useful, if not critical, particularly in areas vulnerable to droughts. Water access and provision will be evaluated in sub-project identification and screening based on provisions in the ESMF. In every case, and as good management practices, opportunities for improvement in water use efficiency will be identified and implemented. The need for assessment of potential cumulative impacts



of water use upon communities and the environment will be determined on a case by case basis, and the Bank will support MAG in identifying and implementing appropriate mitigation measures. At MTR, an assessment of cumulative uses of water will allow to assess overall water use footprint of the project based on individual sub-project assessments and monitoring. If necessary based on the assessment, additional mitigation measures will be implemented regarding efficiency and water resource management and conservation.

Regarding pollution, the project design and ESMF include measures to reduce agricultural discharge to surface water through runoff of pesticides, fertilizers and manure, or leaching of nitrogen into groundwater through best agricultural practices. The project is not expected to imply major potential for air pollution, disturbance by noise or other forms of pollution. Organic waste will be managed as a productive asset and other waste management implemented based on the 4Rs principle on reduction, reuse, recycling and recovery.

Regarding hazardous materials and minimization of adverse impacts on human health and environment, focus is expected to be on integrated pest management (IPM) as the project is expected to allow procurement and use of low toxicity pesticides. The ESMF defines institutional responsibilities and will guide IPM and preparation of management plans at subproject level as needed, including sufficient budget. The Integrated Pest Management Plan is an integral part of the environmental management process of the project providing guidance to improve agricultural production and productivity while supporting safer and more efficient use of agrochemicals. The project is not expected to be a significant source of GHG emissions or significant consumer of energy. As part of a climate-smart agriculture approach, minimizing GHG emissions will be considered at value chain/subproject level especially those that may use firewood as a source of energy.

#### **ESS4 Community Health and Safety**

Project actions under Components 1 and 2 are expected to decrease community exposure to risks and impacts, including measures to increase adaptive capacity to increasing climate variability and change. The ESA will include identification of necessary measures to improve community health and safety in financed subprojects and define mechanisms to monitor their implementation. Due consideration will be given to promotion of, and training on, IPM to secure prevention of negative health impacts among producers, their families and the adjacent communities. Use of water by the project will consider ecosystem services as provided by ESS3.

Regarding food security, implementation of subcomponent 2b, and particularly actions to support productive integration in strategic value chains will take into account experiences of Chaco Region cooperatives that certify the quality of meat and dairy products from indigenous communities especially in the control of brucellosis.

Risks of gender based violence associated with the project have been assessed as low. An in-depth evaluation will be carried out, however, if during the execution of the Project it is detected that there are risks. Measures to prevent and mitigate gender-based violence and sexual abuse and exploitation will be developed, adopted and implemented in a manner acceptable to the Bank. Similarly, other risks associated with potential influx of labor have been assessed as low. The contractors to be selected for small infrastructure subprojects supported by the project are expected to be small, local firms employing local workers.





### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Project implementation may result in small-scale land acquisition that may affect livelihoods and income generation of people affected by land acquisition. Subprojects that may cause physical resettlement are not eligible for financing under the project. Since civil works under this Project will be defined during its implementation, a draft Resettlement Policy Framework (RPF) was prepared by the Borrower and disclosed on January 20, 2020. Site-specific RAPs will be prepared when required and will be implemented prior to carrying out subproject activities that cause economic displacement. The commitment to prepare subsequent site-specific RAPs is included in the ESCP. No acquisition of land subject to traditional ownership or under customary use or occupation by IPs, nor relocation of IPs, are foreseen. In the case of sub-projects in indigenous communities, the construction of small infrastructure to support productive alliances will take place on community lands. The use of these community lands will not require land acquisition nor will it generate economic impacts as usufruct agreements will be reached with community authorities. These agreements will be previously consulted and MAG will obtain the FPIC of the communities in accordance with the provision of ESS7. The RPF also includes provisions for community engagement strategies which include the establishment of grievance mechanisms to handle economic resettlement related claims. A final updated version of the RPF will be disclosed prior to Board approval. No land donation is expected to be necessary for project investments and activities however should the need arise during implementation, a protocol will be prepared following the requirements of ESS5 for such donations.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Main concerns under ESS6 are sustainable management of living natural resources including livestock and farmed fish, and preserving/enhancing core ecological functions and services of modified habitats (i.e. areas managed for agriculture and sustainable management of primary production). The ESA provided inputs to analyze ESS6 in project areas that include significant biodiversity value (e.g. Key Biodiversity Areas, Influence or Buffer zones of Protected Areas, wetlands and natural grasslands). Potential cumulative impacts of investments in conjunction with other projects will be considered to ensure that the landscape impacts will not exacerbate fragmentation of critical corridors, nor encroach on buffer-zones and core areas of protected habitats, private reserves, and undeclared areas of importance for biodiversity. The ESMF includes a robust screening system to gain a clear understanding of the geographic location of the activities and potential areas of concern related to critical habitats. Subprojects with potential significant risks and/or adverse impacts on biodiversity and those that would need clearing of any type of forested land will be excluded from financing by the project. It is possible that some of the subprojects particularly related with IPs could be located near natural habitats or legally protected and/or internationally recognized areas of high biodiversity value, even critical habitats. Such cases will need to be identified and assessed by qualified experts prior to any decision on project investments. Any subproject that might impact said areas will need to be managed in compliance with the respective management plan.

The ESA includes risk analysis on existing drought-tolerant and disease-resistant plant varieties that subcomponent 2b would promote. A further aspect considered in the ESA is potential use of alien species, attending respective ESS6 requirements and excluding use of any invasive alien species.

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



Indigenous Peoples are targeted by the Project and since the project will initially cover the Eastern Region, the ESA assessed their presence in that Region. While there are at the national level 117,150 IPs (1,8% of total population) belonging to 19 IP from five linguistic families, and 91% of them are living in rural areas; 52% of them live in the Eastern Region. Component 2 would provide IPs, among other targeted social groups, a specific window to access matching grants to carry out investment subprojects and establish partnerships with purchasers. Component 1 will aim at addressing capacity building of communities and producer organizations to help them to take advantage of investment opportunities. Since activities of these components will be defined during project implementation, MAG has prepared an Indigenous Peoples Planning Framework (IPPF) to guide the elaboration of specific Indigenous Peoples Plans (IPP) during project implementation. Site-specific IPPs will be prepared for communities participating in the subprojects supported under component 2 of the project. MAG has made a first round of consultation at a regional level with second level indigenous representatives and the IPPF was disclosed on January 20, 2020. A second round of consultations to discuss the IPPF was held during the week of January 17. The final version of the IPPF, incorporating the feedback received during consultation, will be disclosed prior to Board approval. MAG has also prepared an IP consultation plan that foresees the adequate and opportune means by which IPs organizations and representatives of different ethnic groups jointly with the Paraguayan Indigenous Institute (INDI) can participate of the project's design and benefits. The IPPF contains measures to ensure IPs' s culturally-appropriate inclusion and participation in subprojects supported under the project. The IPPF also takes into account lessons learned from the PRODERS Indigenous Strategy, including strengthening the institutional arrangements of the MAG by incorporating specialized staff to work with different cultures, respecting different development and decision processes. It is not expected that the project would pose circumstances for adversely impacting indigenous cultural heritage, lands or natural resources. Nevertheless, should these impacts be assessed as a risk of a subproject to be considered for support under the Project MAG will obtain the Free, Prior and Informed Consent (FPIC) of the affected IP communities in accordance with the provisions of ESS7. No acquisition of land subject to traditional ownership or under customary use or occupation by IPs, nor relocation of IPs, are foreseen under the project. All indigenous communities will be eligible for the activities of organizational strengthening. In relation to investments in productive projects, only those communities who have title or their land use is not in dispute, may participate in the project. In this context, the project also supports land regularization activities for communities that need assistance for the formalization of their title or regularization of their lands, where there are no lands in dispute. For this purpose, a Land Regularization Plan setting forth procedures to conduct activities of land regularization has been included in the IPPF and the implementation of the plan has been set forth in the ESCP as a specific commitment. Furthermore, a tailored GM for IPs is elaborated in the IPPF and will be implemented and maintained throughout project implementation.

### ESS8 Cultural Heritage

No direct, indirect or cumulative impact on cultural heritage under the Project has been identified so far, since the projected activities are not expected to imply material impacts or cause commercial use of tangible or intangible cultural heritage. Consultation on project activities carried out during the ESA did not raise any outstanding aspect in the matter. Chance-finds provisions are included in the ESMF requirements to be included for any sub-projects with civil-works.

Management of cultural heritage at the national level is the responsibility of the Ministry of Education and Science, particularly under the Vice Ministry of Culture that was created as an area specialized in planning, administration and



evaluation of plans, programs and projects aimed at further developing national arts and culture. Subprojects will be evaluated in terms of their potential impact on cultural heritage and managed accordingly, with specific measures and in consultation with the Vice Ministry of Culture when necessary.

The ESA assessed that there is a low risk that the adoption of “innovative technologies” in agroindustry pursued under component 2 may have an impact on intangible cultural heritage of IPs considering their traditional agricultural practices. Nevertheless, should this impact be assessed as a risk of a subproject considered for support under the Project, MAG will obtain the Free, Prior and Informed Consent (FPIC) of the affected IP communities in accordance with the provisions of ESS7.

**ESS9 Financial Intermediaries**

The project is not expected to use any financial intermediary

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

Yes

A notification letter was sent out to Paraguay's riparians, Argentina, Bolivia, Brazil, and Uruguay, on December 20, 2019 with January 24, 2020 as the deadline for response. No responses have been received. The riparian notification update memo was approved by RVP on February 5, 2020.

**OP 7.60 Projects in Disputed Areas**

No

**III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)**

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
<b>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</b>	
Establish and maintain an Environmental and Social Management Team (EGAS) with qualified personnel and resources to support environmental and social risk management throughout project implementation.	
Assess all the sub-projects specific risks and impacts proposed in accordance with the ESMF prepared for the project, and subsequently draft, adopt and implement Environmental and Social Management Plans (ESMPs) for the sub-projects subject to approval.	
<b>ESS 10 Stakeholder Engagement and Information Disclosure</b>	
Update, adopt and implement the SEP developed for the project throughout project implementation.	
<b>ESS 2 Labor and Working Conditions</b>	
Update, adopt and implement the LMP throughout project implementation.	

Public Disclosure



Establish, maintain and operate a complaint and grievance mechanism for project workers, as described in the LMP and in line with ESS2 throughout project implementation.	
Prepare, adopt and implement the OHS measures specified in the ESMF throughout project implementation	
<b>ESS 3 Resource Efficiency and Pollution Prevention and Management</b>	
Prepare, adopt and implement an electronic waste management plan. The first Electronic Waste Management Plan will be sent to the Bank for approval before launching the bidding process for the first purchase of electronic devices.	
Consider cumulative water use at MTR in order to evaluate overall footprint, analyze any effects, and guide efficiencies of practices and measures in place for resource efficiency and pollution prevention.	
Report on the purchase and use of pesticides as provided in the ESMF as well as training of producers in IPM	
<b>ESS 4 Community Health and Safety</b>	
Adopt and implement measures and actions to assess and manage traffic and road safety risks as required by ESMF throughout Project implementation	
Develop, adopt and implement measures and actions to assess and manage the specific risks and impacts for the community that arise from project activities throughout project implementation	
<b>ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</b>	
Prepare, consult, adopt, and implement resettlement plans (RAPs) for any subproject and Project activities that may require the preparation of RAP as set out in the Resettlement Policy Framework (RPF) and submit for Bank prior review.	
<b>ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>	
Mitigation measures for impacts on biodiversity conservation and from sustainable management of living natural resources will be included in the site-specific ESMP of the activities that require it throughout Project implementation.	
<b>ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities</b>	
Prepare, consult, adopt and implement an Indigenous Peoples Plan (IPP) for any Project activity that may require the preparation of an IPP as set out in the IPPF that has been prepared for the Project and in ESS7, in a manner acceptable to the Bank,	
<b>ESS 8 Cultural Heritage</b>	



Prepare, adopt and implement the chance find procedure described in the ESMF prepared for the project as relevant in sub-project ESMP's throughout project implementation.

**ESS 9 Financial Intermediaries**

Not currently relevant.

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?**

No

**Areas where “Use of Borrower Framework” is being considered:**

The use of the Borrower’s E&S Framework is not considered for this project.

**IV. CONTACT POINTS**

**World Bank**

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**Borrower/Client/Recipient**

Borrower: Republic of Paraguay

**Implementing Agency(ies)**

Implementing Agency: Ministry of Agriculture and Livestock Production

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s): Maurizio Guadagni

Practice Manager (ENR/Social) Valerie Hickey Cleared on 07-Feb-2020 at 08:56:56 EST

Public Disclosure