



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

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

Date Prepared/Updated: 01/15/2021 | Report No: ESRSA01123



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Guatemala	LATIN AMERICA AND CARIBBEAN	P170391	
Project Name	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Guatemala		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Sustainability & Inclusion	Investment Project Financing		2/26/2021
Borrower(s)	Implementing Agency(ies)		
National Steering Committee	Asociación Sotz'il		

Proposed Development Objective

The Project Development Objective is to strengthen the capacity of, and benefits gained by Indigenous Peoples and Local Communities' in their role in sustainable forest and natural resource management.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>4.50</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 Dedicated Grant Mechanisms (DGM) for Indigenous Peoples and Local Communities (IPLC) in Guatemala is one of the four projects that make up Guatemala's Forest Investment Program (FIP). The FIP supports the countries' efforts to reduce deforestation and forest degradation and implement sustainable forest management. The objective of the proposed DGM for IPLC in Guatemala is to strengthen IPLCs capacity to participate in sustainable forest and land management through enabling conditions for the application of traditional systems and providing economic opportunities and livelihoods to incentivize sustainable forest management.



Project consists of three components:

Component 1: Support for traditional IPLC forest management systems and enabling conditions for their sustainability (US\$ 1.6 million). This component aims to strengthen the documentation, implementation and recognition of IPLC traditional forest management systems while addressing critical outstanding issues for IPLCs in capacity, planning, land administration or dialogue with other stakeholders that create the enabling conditions for sustainable management. Under this Component, the Project will work with beneficiaries to prepare and implement traditional and/or cultural forest management plans (CFMPs) and a pilot IPLC Mechanism for Compensation for Ecosystem Services (MICSEA) to compensate conservation results delivered through the CFMPs. Activities within this Component will also strengthen enabling conditions for sustainable forest management by providing support for at least 10 IPLC communities, nominated by each network, to overcome outstanding legal, administrative, or technical issues for strengthened and more sustainable communal forest management.

Component 2: Support for forest dependent IPLC economies and food security (US\$2.225 million). This Component would finance approximately 50 subprojects to support existing and new sustainable livelihood alternatives as well as small-scale food security initiatives for forest-dependent IPLCs who have been greatly impacted by COVID-19, its related containment measures, and/or by the tropical storms Eta and Iota, or other climate change related phenomena. It would also finance the technical assistance costs incurred by the NEA to support community-level organizations to prepare and assess the feasibility of the subprojects and provide ongoing support and accompaniment during implementation. Eligible investments under new sustainable livelihood alternatives include: pre-feasibility studies, research and development, market analysis, small community works, technical assistance, equipment for forest monitoring, and plans for communities to secure intellectual property rights and patents, among others. Eligible investments to support existing livelihoods would include: inputs (seeds/tools/small-scale infrastructure or machinery), adoption of technologies, support to articulate producers and strengthen associations, technical assistance to improve quality or gain certifications, establishment and/or consolidation of commercial partners, support to access financial services, among others. Investments under the food security subprojects would include the purchase of tools and supplies, seeds, small live-stock, promotion of community gardens, and post-harvest processing and storing equipment for community and family consumption needs.

Component 3: Project Administration, Monitoring, and Evaluation (US\$0.675 million). This component would finance operation and administrative fees the NEA for project implementation including: (a) coordination and with all relevant stakeholders; (ii) preparation and implementation of calls for proposals, sub-project and beneficiary organizational assessments, and supervision of technical, fiduciary, environmental and social aspects for all investments; (iii), coordination, provision of support, and reporting to the NSC; (iv) monitoring, evaluation and reporting to the Bank; and (vi) communications.

#### **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 Project would support demand-driven interventions in selected municipalities around the country. The NSC has prioritized 166 municipalities with significant number of IPLCs where there exists potential for the implementation of



activities to be supported under the Project. Given the demand-driven nature of the project, the exact location of the Project beneficiaries would remain unknown until subprojects are selected. The beneficiary organizations would be subject to meeting eligibility and selection criteria defined by the NSC, NEA and the Bank and described in the POM.

IPLCs are critical contributors to sustainable forest management in Guatemala. There is a strong overlap between indigenous land use and conservation, with most protected areas overlapping or bordering traditional indigenous territories. The strengthening of IPLCs' capacity to participate in sustainable forest and land management will benefit local communities whose livelihoods depend on the natural resources protected within those areas by enhancing the long-term availability of resources and sustainability of economic activities. In essence, this is an environmental conservation project that intends to positively affect forests, through enhanced protection and community participation. Potential project impacts are expected to be localized. An estimated 1.58 million ha of land are under community ownership (12 percent of the country). These include over 500,000 ha of lands that are traditionally managed by communities based on ancestral use; 300,000 ha of communal municipal forests; 400,000 ha of community forest concessions in the Mayan Biosphere Reserve; and smaller extensions of land that include lands owned by cooperatives, sacred sites, and public lands with local access rights (for example in coastal mangroves).

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

The DGM project would be implemented by a National Executing Agency (NEA) under the guidance and direction of a National Steering Committee (NSC). The NSC is composed of the three principal IPLC networks working at a national level in Guatemala in the areas of climate change, forestry and REDD+, and which are organized following a three-tiered vertical integration structure: first-level organizations are local, small scale associations or groups; second-level organizations emerge from the alliance among first-level organizations who share common objectives; and third-level organizations function as broader platforms integrating several second-level organizations. The networks of the NSC are third-level entities that represent local organizations with complementary strengths and experiences. The National Alliance of Community Forest Organizations of Guatemala (ANOFCEG) represents ten second-level networks and 224 first-level organizations managing 427,000 ha of forests throughout the country—including the 400,000 ha of community forest concessions in Petén. The National Network of Beneficiary Communities for PINPEP (RED PINPEP) represents at least 35,000 individual beneficiaries participating in forestry incentives and managing 118,000 hectares of land; they have a long track record of working with systems of compensation for ecosystem services. The third network is the Indigenous Roundtable on Climate Change in Guatemala (MICCG), representing 37 organizations and over 40,000 households, with extensive experience in traditional cultural forest management of over 350,000 hectares and policy participation on climate change issues and indigenous peoples rights.

Acting jointly as the NSC, these three networks serve as the Bank's primary counterpart together with the National Executing Agency (NEA), Sotzil, that was selected in July 2020. The NEA has subsequently continued to lead the conceptualization of project activities, territories to be supported, operational procedures for implementation, indicators, and facilitate all community consultation and participation. Preliminary assessment indicates that NEA's ability to develop ESF instruments and manage E&S risks and impacts in accordance with the Bank's ESF could be limited, even if Sotzil has had experience implementing World Bank projects including the Second Phase of the Forest Carbon Partnership Facility (FCPF) Capacity Building Program (CBP) on REDD+ for Latin America. Although the organization has knowledge and skill in developing safeguards instruments, this would be its first time applying the Bank's Environmental and Social Framework (ESF).

Any capacity strengthening measures and needs will be reflected in the Environmental and Social Commitment Plan (ESCP). Based on the available information, the following potential measures are recommended:



i. Designating or hiring a dedicated environmental and social specialist of the NEA’s core staff to strengthen its capacity to comply with the ESF during implementation. The specialist, with support from NEA staff will coordinate to prepare and consult E&S instruments and supervise E&S aspects at the territory level during implementation, for which the necessary institutional arrangements will be laid out. The specialist will coordinate one social consultant and one environmental consultant during subproject activities to support E&S management.

ii. The NEA will establish the necessary coordination strategies with the NSC and other organizations playing a role in the implementation of the Project. The measures for monitoring and oversight, and necessary arrangements during Project implementation will be laid out in the E&S instruments.

iii. The NSC will continue to be supported by technical advisors in close communication with the NEA, in order to ensure a participatory process throughout and provide coordination support.

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

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

Substantial

**Environmental Risk Rating**

Moderate

The project’s Environmental Risk Rating is Moderate given much of the focus in on technical assistance, governance and sustainable community forestry and natural resources management. The project is expected to have a significantly positive environmental outcome as it will promote sustainable management of natural resources, including forests in areas where local communities depend on these resources to sustain their livelihoods. It will complement activities from the Bank’s ongoing Forest Investment Program (FIP) which seeks to strengthen forest governance and increase access to diversified livelihoods and benefits for forest-dependent communities. However, as DGM project activities will be carried out within or in the vicinity of forested areas or natural habitats, certain adverse impacts of a limited and manageable nature may occur if not properly planned, which will in turn require mitigation measures. The associated impacts could pertain to biodiversity, natural habitats and forests, soil erosion, health and safety, and use of pesticides. Possible negative impacts from these small-scale investments are expected to be minor, localized and reversible.

This project will support eligible IPLCs to develop and implement sub-projects, according to criteria that the steering committee will establish. Component 1 will provide support for traditional forest management systems and create enabling conditions for improved governance and participation in sustainable land and natural resource management, focused on land and forest tenure security, governance, and knowledge management. Component 2 will address poverty and promote sustainable livelihoods and food security through activities that incentivize sustainable forest management and related activities that reduce pressure on forests. This could give rise to a series of adverse impacts of a limited and manageable nature.

**Social Risk Rating**

Substantial

The social risk classification for the project is considered Substantial. The proposed project is expected to generate mainly positive social impacts by: (i) strengthening the participation of forest-dependent IPLCs in strategic dialogues or participatory processes related to forest and natural resource management; (ii) placing IPLCs at the center of the

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decision-making processes, which is expected to increase ownership, build capacity and promote active participation during project design and project implementation; (iii) recovering, documenting and promoting the implementation of traditional and customary mechanisms of land and forest management, and; (iv) promoting income-generating opportunities and food security by financing sustainable productive activities that could also mitigate economic and social impacts from COVID-19.

The main social risks associated with the proposed project include: (i) project activities or financed sub-projects somehow exacerbate historical conflicts or disputes; (ii) possible elite capture and exclusion of specific vulnerable groups or groups whose interests are traditionally underrepresented, such as women, elders, youth and persons with disabilities within beneficiary communities if targeted strategies to ensure their active engagement are not incorporated into the project design; (iii) risks of insufficient technical capacity of NEA to develop and comply with Bank's policies and procedures, including the preparation of ESF instruments and their management, particularly given the number of sub-projects that require supervision; (iv) not meeting expectations and demands of IPLCs that want to benefit from the project given limitation of funds; (v) potential for children working in project related activities; (vi) conflicts within the NSC, between the NSC and the NEA, and/or complaints by organizations that do not form part of the NSC who feel project activities fail to represent their communities or interests; (vii) the social impacts brought by the COVID-19 pandemic could limit the engagement or shift priorities of certain beneficiaries and their capacity to access project activities; and (viii) the general risk of crime and violence across the country, which could impact the development of certain activities and the safety of local communities.

## **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. core project instrument to assess and manage environmental and social risks and impacts will consist of a project-level Environmental and Social Management Framework (ESMF). This ESMF will be developed, consulted and disclosed no later than sixty days after Project Effectiveness. The ESMF will include measures for avoiding, minimizing, preventing or mitigating risks and impacts in accordance with the applicable Environmental and Social Standards (ESSs) and proportional to their scale and complexity. From a social perspective, each sub-project should include a clear mapping of stakeholders and identification of social risks, opportunities and adoption of measures to avoid impacts and promote benefits. The Project's ESMF will include the following minimum components:

i. Legal Framework: highlighting national regulations, international agreements and EHS Guidelines that are applicable to the Project and relevant to the application of each ESS. Emphasis will be placed on national regulations related to (a) the E&S management of natural resources and relevant environmental legislation; (b) land use administration and protection; and (c) relevant standards applicable to project activities.

ii. Institutional Framework: describing the necessary institutional arrangements for the implementation of the Project, the level of decentralization for the supervision and oversight of interventions, as well as the capacity of the NEA to manage Project E&S aspects according to the ESF.



iii. Environmental and Social Assessment. The ESMF will assess main social and environmental issues, risks, and impacts related to the Project's proposed activities and areas of intervention. Main issues to assess include: i) the potential for Project activities to create or exacerbate conflicts related to land or the use of natural resources; ii) the potential for the Project to cause tension within and between IPCL organizations; iii) the need to take lands involuntarily or enforce legally designated protected areas where IPCLs use natural resources; iv) the relationship between migration and Project activities, including potential impacts on migrant populations; v) social conflict in relation to non-indigenous, or migrant populations and access to means of production, jobs, access to financial services, etc.; vi) the general labor needs of potential activities to be financed by the Project and potential labor issues, including the participation of children in productive activities, as well as the status of implementation of local labor laws; ix) potential barriers to access to Project benefits of the elderly, people with disabilities, and LGBTI individuals within IPAM communities, including elite capture, contextual crime and violence, and gender based violence. The ESMF will be partly informed by a Social Assessment carried out in 2019, which provides baseline information on IPLC organizations, their territorial distribution, potential areas for intervention and project activities, and a preliminary identification of relevant stakeholders and potential beneficiaries among IPLCs. The draft social assessment for the project also identified potential sub-projects eligible for financing. In addition, the ESMF will develop a Gender Assessment that will inform a Gender Action Plan, also included as part of the ESMF.

iv. Environmental and Social Management process, including: (a) A procedure for the screening, review and approval of technical assistance activities to be financed by the Project. As a result of using this procedure, the NEA will be able to: identify interventions that need to be excluded based on their E&S impacts and risks; for each intervention, determine the need for subproject-specific ESMPs and the applicable E&S Management Guidelines that need to be considered and included in such ESMPs to comply with both national regulations and ESSs requirements; and identify interventions that require an E&S instrument (and corresponding E&S authorization) to comply with national law. The ESMPs will be developed and implemented by the selected subproject beneficiaries, with technical assistance and guidance from the NEA. (b) E&S Management Guidelines for subproject beneficiaries developing site-specific ESMPs, aligned with the requirements of relevant ESSs and national regulations. These will be required as necessary based on the results of the screening procedure. (c) Detail of the necessary consultation, communication and public participation activities. (d) Monitoring measures during implementation, including Project reporting system and how the ESF provisions will be sampled and reported on.

v. A Process Framework (PF) describing the processes to determine the measures necessary to mitigate any risks brought by project activities which might result in community/voluntary enforcement of existing restrictions of access to protected areas and natural resources. The PF will include measures for potentially affected communities to participate in determining the risk response strategies, and their integration into subproject ESMPs when relevant.

vi. Capacity building measures to strengthen the PIU on E&S aspects of Project management, at the central and territory level, as well as Project beneficiaries. Implementation, monitoring and reporting arrangements, capacity building measures, and budget for E&S management. The ESMF will also include guidelines with measures regarding the COVID-19 pandemic, aligned with international health recommendations and national response directives.

The structure and content of the ESMF is outlined in the project's Environmental and Social Commitment Plan (ESCP), in agreement with the Bank and containing the measures and actions to ensure compliance with the ESSs.



### ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant. A draft Stakeholder Engagement Plan (SEP) has been developed and consulted, and shall be reviewed, consulted and implemented by project effectiveness. Given the diversity among IPLC organizations, ensuring continuous and representative stakeholder engagement, effective information disclosure and communication will be an ongoing challenge for the Project. To mitigate this risk, the SEP will describe a consultation and participation strategy in line with both the traditional participatory mechanisms of IPLCs and the NSC's structure, ensuring accountability and information to flow between the different organizations levels and reach to all interested parties.

The project's draft social assessment (developed in 2019) identified potential stakeholder communities and organizations that manage over half of community-managed forests in Guatemala, mapping local organizational patterns, socio-economic relations, situation of land tenure and land governance, as well as interests and current and potential conflicts. Potential stakeholders have been identified by territory, including the Itza-Petenero territory, Xinka de Chiquimulilla territory, Champerico Mangrove multicultural territory, Kaqchikel del Altiplano territory, Mam de Volcan Tajumulco (Chman Witz) territory, and K'iche' de Totonicapan territory. The NEA began a process of consultations and engagement with the NSC to broaden the project's stakeholder mapping. This has included a NSC-wide meetign on November 20th 2020, and separate meetings with each of their networks' board of directors on December 16th 2020. Subsequently, and as part of the preparation of the draft SEP, the NEA continued its engagement and consultation process with several groups, including representatives from the NSC, representatives of NSC member organizations and government officials from the Instituto Nacional de Bosques (INAB). In early January 2021, a draft version of the SEP was consulted and validated in sessions with the NSC and representatives of member organizations that are potential beneficiaries. Participatory dialogues are being planned for early 2021 with stakeholders that represent interested groups who are not direct beneficiaries and with organizations that represent vulnerable populations within beneficiary IPLC groups. Specific consultations with beneficiary IPLC communities and potentially affected parties will be carried out when subprojects are identified, prepared and approved for support, in line with the provisions established within the ESMF, IPPF and SEP. The SEP is designed to consider mobility and gathering limitations brought by the COVID-19 pandemic, including the active use of virtual platforms and remote data gathering to reduce risk of contagion and adhere to health guidelines, in line with WB Technical Note: "Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings, March 20, 2020".

When a sub-project meets the conditions requiring free, prior and informed consent (FPIC), the NEA will ensure that the IPPF and the SEP outline clear criteria of when FPIC is needed and procedures to ensure it is attained prior to sub-project start date. The SEP defines potential methodologies for consultations when FPIC is required. Other project-related information will be made available to stakeholders in a timely manner and in a form and manner they can understand, including through translation to indigenous languages where necessary. The SEP also includes a culturally appropriate and accessible grievance redress mechanism (GRM). This GRM will be available by effectiveness; however, before this benchmark, the NEA and the NSC will establish communication channels for potential beneficiaries to request Project information or other clarifications. Updating of the SEP as needed during project implementation will be a provision in the ESCP.

### 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**

This standard is relevant. Project implementation will involve various workers, ranging from NEA staff to specialized consulting personnel, service provision and beneficiary organizations as well as unskilled laborers and community workers. In sum, a diverse workforce is expected, and the Project will need to promote sound working relationships and to guarantee safe and healthy working conditions. The NEA will develop Labor Management Procedures (LMP) no later than sixty days after Project Effectiveness to manage labor related risks and impacts. The LMP will provide an overview of applicable legislation, expected types of personnel to be hired under the project, and measures to comply with ESS2, including child labor, minimum salary and work hours. As project activities would be small in scale and would support IPLCs, community members would have the potential to be employed as community workers by beneficiary organizations or by the NEA directly. The LMP will define the scope and nature of community workers, and will distinguish their condition from contracted or direct workers, particularly in cases where community workers are hired as part of project activities. Workers would become involved in the management of forests, planting of trees, and other small-scale natural resources management activities which may include risks such as exposure to pesticides, unfamiliar machinery, and potential accidents among others. For these activities the project would adopt safety measures, which may include proper management of pesticides, use of personal protective equipment (PPEs), wildfires, and proper disposal of solid and liquid wastes.

The participation of women and youth in the implementation of project activities is central to the project objectives and indicators. Appropriate measures to protect, assist and address vulnerabilities of these specific sub-group of workers will be included in the LMP. The LMP will include a GRM for project and community workers that is accessible, translated to local languages, and with measures to protect workers against any reprisal for its use. Full information on this GRM would be provided to all direct, contracted and community workers at the time of recruitment. The LMP will also include a Code of Conduct considering specific risks on GBV/SEA/SH, discrimination and other responsibilities for workers and beneficiaries who are part of project activities. The LMP's GRM will allow workers to address any health-related concerns that could arise from their participation in the Project's activities. No government civil servants will be working in connection with the project.

Risks addressed in the LMP include the potential for child or forced labor that must be managed in a culturally appropriate way given the focus on Indigenous Peoples. The social assessment identified a high prevalence of child involvement in most productive activities taking place in IPLCs, particularly those related to agriculture. This responds to socio-cultural norms and customs where children are expected to accompany their parents and learn simple tasks at a very young age. Child involvement in agricultural or livestock tasks, then, is only considered as part of customary traditions and pedagogical in nature. However, the project would not support any form of child labor and would comply with all relevant local labor laws; no children under 14 would be directly engaged or contracted in project work as per ESS2. Children between 14 to 18, as permitted by local law, can be engaged in non-harmful child labor in certain traditional and culturally related activities to be defined in the LMP and would have to have authorization to work from the Ministry of Labor and Social Security. The LMP will determine screening mechanisms and monitoring measures to prevent forced labor, with particular attention to cases where apparent voluntary community work might be exploited as a means for unsanctioned labor. The LMP will include measures to ensure compliance with this aspect of ESS2 and the relevant national laws.



Due to COVID-19, the LMP would outline relevant OHS measures as described in relevant WHO and World Bank guidelines for preventing and controlling the spread of the pandemic. During implementation, the LMP will be regularly reviewed and updated to integrate the latest guidance by WHO as it develops over time and experience addressing COVID-19 globally. The project will ensure sub-grantees follow the relevant requirements set under ESS2 and national law when hiring direct or community workers for sub-project implementation. Additionally, the NEA would conduct regular monitoring of health, working conditions, and hours of work, as required by this ESS2, placing emphasis on COVID-19 related labor precautionary measures.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

This Standard is relevant. Although the project will not directly finance the use of pesticides, there is the possibility of herbicides and pesticides being used to eliminate invasive plants and natural vegetation cover, which could impact soil health and associated wildlife, while also polluting nearby streams and water bodies. The project would promote integrated pest management (IPM) approaches and minimize the application of pesticides to reduce risks to human health and the environment, particularly in situations when pesticide and herbicide use may increase as a result of the project. The sub-projects are expected to be small-scale; nonetheless, the ESMF includes provisions for assessing the need for pest management and to ensure application of IPM, thus providing analysis of potential negative impacts resulting from the use of pesticides and herbicides and the risks associated with their inappropriate handling or storing. Appropriate training and equipment will be included as part of the sub-project design, as relevant.

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

This Standard is relevant. Given that project activities would be small in scale, adverse impacts on community health and safety associated with the Project are expected to be minimal and focalized. The Project would involve IPLCs as community workers in the management of forests, planting of trees, collecting and processing of timber and non-timber forest products among other natural resource-based and livelihood and/or food security activities for forest-dependent IPLCs. Some minor community infrastructure might be built that would require consideration of safety, accessibility, and other ESS4 risks. Subprojects would be screened for potential ESS4 risks and impacts and the management of community health and safety issues will be described in the ESMF.

Due to the COVID-19 pandemic, the project will promote measures that reduce risks related to the viral outbreak. Measures to protect community members or workers living in the vicinity of sub-projects will build upon international good practices and WHO protocols to describe: i) how Project activities which could increase exposure to the COVID-19 pathogen will be carried out in a safe manner in line with Good International Industry Practice (including WHO guidelines); ii) measures in place to prevent or minimize the spread of infectious diseases, such as adherence to social distancing measures and the use of Personal Protection Equipment; and iii) emergency preparedness measures in case of local outbreaks. Information on preventive health measures to communities surrounding the sub-projects would be provided periodically through continuous stakeholder engagement. The potential E&S issues relevant to ESS4 will be identified through screening as described in the ESMF, including conditions specific to COVID-19, and will be integrated into activity-specific Environment and Social Management Plans (ESMPs) as applicable.



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

This Standard is relevant. The project will not engage in land acquisition nor is expected to lead to involuntary resettlement or physical displacement. The ESMF include a screening tool to exclude any subproject that might lead to involuntary resettlement of formal or informal land holders/occupants. However, as project activities might result in community/voluntary enforcement of existing restrictions of access to protected areas and natural resources, the ESMF will include a Process Framework (PF) which will establish the processes by which potentially affected communities participate in determining the measures necessary to mitigate these risks.

The project would not support initiatives that directly seek changes in land use or impose additional restrictions, other than those already in place. In case that the project selects to finance a sub-project that results in enforcement of existing restrictions, the PF will explain the measures will be taken to ensure that this does not result in the loss of livelihoods to members of the community. The NEA will also provide guidelines for dispute resolution mechanisms to address disputes on land use or access to resources that result from voluntary/community enforced restrictions.

The project could potentially finance small infrastructure investments for which the rights to land tenure need to be clearly established. The PF section within the ESMF would detail the selection process for project-financed investments to ensure that grantees provide evidence of customary and/or official occupation/use rights. If the project results in the enforcement of already existing land restrictions the PF will include measures to address and manage these restricted access for affected communities or potential beneficiaries. To address potential conflicts or grievances between affected communities or individuals related to project activities, the PF will describe the process for resolving disputes, and grievances from those dissatisfied with the project's eligibility criteria, community participation or actual implementation. The PF will make reference to the project's GRM (described in the SEP and the ESMF) as one of the available mechanisms to address potential conflicts. The PF would also include detailed procedure for any land donation.

The project would not be acquiring land. However, activities within Component 1 of the project will assist communities in recovering and systematizing historical evidence and customary knowledge of land management and addressing pending issues regarding registration and/or resolution of land tenure rights to facilitate access to forest incentive/compensation programs, strengthen administration and management, or create the necessary environment for investments and conservation. Opportunities to create synergies with other Bank financed projects, such as the Guatemala Forest Investment Project (FIP) would be promoted and SC 1.3 will promote dialogue and participation platforms with governmental agencies to overcome critical pending issues regarding tenure security and management. The project will refrain from working with lands under historical disputes or conflicts.

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

This standard is relevant. Project activities would take place in and around forests, with associated impacts on terrestrial and aquatic ecosystems; however, they are expected to be of small-scale with limited impacts to biodiversity and habitats. Potential negative impacts may include over-exploitation of natural resources and lack of proper management of timber and non-timber forest products (NTFPs) in modified and natural habitat and may have a negative impact on biodiversity and natural habitats if not properly planned, implemented, and monitored. The ESMF will include guidance to evaluate the presence of natural habitat (critical, natural, and modified) and potential



impacts on them and include measures to prevent and mitigate the possible small, localized and reversible impacts that may be expected to achieve project outcomes, as described under ESS 1 above and that natural habitats are not adversely affected by the proposed sub-project activities. The ESMF provides guidance on avoiding or mitigating impacts on biodiversity/natural habitats following the mitigation hierarchy and a precautionary approach during design and implementation of the project. Interventions that could impact critical natural habitat must conform to the requirements stipulated in ESS6 and will require a Biodiversity Management Plan (BMP) and/or compensation/offset plan for any loss or degradation as part of the corresponding ESMP and in a manner acceptable to the Bank. As provided for in the ESMF, ESMPs will be prepared as required while mainstreaming environmental management measures into the selection, design and implementation of sub-projects. Provisions will also be included to incorporate adequate technical advice regarding species and ecosystem management to ensure management measures are informed appropriately and included in each ESMP as to ensure application of the mitigation hierarchy and management of any biodiversity impacts in accordance with ESS6.

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

This Standard is relevant. Project beneficiaries include numerous indigenous communities from various parts of Guatemala. Almost 44% of the Guatemalan population is indigenous, 41.7% of which self-identifies as Maya. All 22 departments of Guatemala have some presence of indigenous peoples; 14 of them account for more than 25% of the population. In Chimaltenango, Sololá, Alta Verapaz, Totonicapán and Quiché, the percentage of Maya population raises up to constitute more than 75% of total population.

Based on preliminary assessments, potential beneficiaries will be local communities that do not fulfill the criteria for Indigenous Peoples in ESS7. As Indigenous Peoples are not the sole beneficiaries, the Project is not considered an Indigenous Peoples project under paragraph 14 of ESS7. Considering that the project will adopt a selection-based approach, exact location of interventions will remain unknown until implementation, the NEA will prepare an Indigenous Peoples Planning Framework (IPPF) which will be consulted and disclosed no later than sixty days after Project Effectiveness. The IPPF will set out the way the Borrower will consult, reach agreements on prioritization and activation of investments, and return information to indigenous communities and organizations at different levels, and in accordance with ESS7's requirements on meaningful consultation, the national legal framework, and the communities' traditional decision-making processes.

The IPPF will provide a description and characterization of IP communities in Guatemala, applicable national and international legislation, including regarding free, prior and informed consultation and consent (FPIC), gap analysis between national legislation and ESS7, types and characteristics of potential subprojects and investments, opportunities for IPs to partake in project's benefits in a sociocultural adequate manner, potential adverse risks and impacts. Based on the consultations with national and local IP organizations, the IPPF will provide guidance on how to determine IP presence at subproject level as well as when and how Indigenous Peoples Plans (IPPs) will be developed in accordance with ESS7. The IPPs will document the participatory, consultation and FPIC processes carried out to prioritize, select, prepare and implement subprojects with Indigenous peoples, ensuring that their customary ways for decision making and traditional representatives are involved in line with their own norms of organization and decision making.



The IPPF will also integrate affirmative actions to encourage IP participation in project’s benefits (e.g. socio-culturally adapted communication strategy and engagement processes and selection criteria). Finally, it will inform on the socio-cultural adaptations to project-level GRM included in the final SEP, as expressed by indigenous stakeholders during consultations.

The IPPF will be consulted with national IP organizations and in indigenous communities, complying with curfew and mobility restrictions in Guatemala and in line with WB Technical Note: “Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings, March 20, 2020.”. Consultations will be culturally appropriate, consider traditional systems of community engagement and decision-making, and encourage participation of specific vulnerable groups whose interests are traditionally underrepresented, such as indigenous women and youth. Feedback of the consultations will be integrated into the IPPF that will be disclosed online and in locations accessible to potentially affected communities and in a culturally appropriate manner. While the IPPF will be developed, consulted and disclosed by effectiveness, IP organizations that are members of the NSC have already been involved in consultation processes that focused on project design and stakeholder engagement during preparation. Their feedback was integrated in the SEP and project document.

### **ESS8 Cultural Heritage**

This Standard is relevant. The project will work with the recovery and protection of intangible and tangible cultural heritage. These traditional ways and sites represent the identity and traditions of beneficiary communities, and thus the project will ensure any risks and impacts to cultural heritage are avoided or mitigated.

Regarding intangible cultural heritage, the project will conduct activities directly related to the recovery and protection of traditional and customary mechanisms of land and forest management, including sacred and ancestral sites. Project activities are not expected pose risks or negative impacts on traditional knowledge. On the contrary, the project is expected to add value to these traditional systems by empowering IPLCs in their use and recognizing traditional knowledge as a valuable and useful tool to reduce deforestation and degradation vis a vis national institutions and the broader Guatemalan society.

Tangible cultural heritage sites could be potentially affected by the project. Some project activities would be carried out in ancestral territories where altars and archeological sites rest. Ancestral lands and altars are spiritually meaningful sites for beneficiary communities, who reside in them or present collective attachment to them. The NEA would take the necessary measures to avoid or mitigate risks and impacts in the case that specific sub-projects affect these sites. In this case, the project would carry out consultations (and FPIC in case Indigenous Peoples are affected) for the specific sub-project to ensure the affected community’s consent.

Some project activities and sub-projects could be carried out near Mayan archeological sites. During sub-project preparation, the implementing agency would conduct field surveys to document and map archeological sites that might be affected by project activities. Even though the project does not foresee direct interventions in recognized archeological sites, project activities related to Component 2, identifying and strengthening economic opportunities and livelihoods, might have an impact on archeological tourism. In the case that project activities involving small



infrastructure lead to discovery of a new archeological material, the NEA should consult with cultural heritage experts in order to manage archaeological material accordingly.

Relevant screening, mitigation, management and monitoring procedures for sites of interest from a cultural heritage perspective will be included in the ESMF. This will include: (i) a generic Chance Finds Procedure for all subprojects that might require earth movements, to take proper protective measures in case cultural heritage sites are discovered, including to stop activities if cultural property sites are; and (ii) a Cultural Heritage Management Plan (CHMP) outlining mitigation measures to avoid or reduce the impacts to tangible and intangible heritage, as well as possible access restrictions from the improved enforcement directly related to the project activities. It is important to note that Guatemala has a sound legislative framework for the protection of its cultural, historical and archaeological heritage.

**ESS9 Financial Intermediaries**

This standard is not relevant.

**B.3 Other Relevant Project Risks**

No

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

**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 Borrower Framework will not be considered for this project.

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: National Steering Committee

**Implementing Agency(ies)**

Implementing Agency: Asociación Sotz'il

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s):	Dianna M. Pizarro, Philippe Eric Dardel
Practice Manager (ENR/Social)	Valerie Hickey Cleared on 15-Jan-2021 at 17:51:50 GMT-05:00