



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 03/25/2020 | Report No: ESRSC01220



BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|---|--------------------------|----------------------------|
| Country | Region | Project ID | Parent Project ID (if any) |
| Nicaragua | LATIN AMERICA AND CARIBBEAN | P164134 | |
| Project Name | Nicaragua Dry Corridor Nutrition-Sensitive Agriculture Project | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Agriculture and Food | Investment Project Financing | | 3/31/2020 |
| Borrower(s) | Implementing Agency(ies) | | |
| Fundación para el Desarrollo Tecnológico Agropecuario y Forestal de Nicaragua | Fundación para el Desarrollo Tecnológico Agropecuario y Forestal de Nicaragua | | |

Proposed Development Objective(s)

| Financing (in USD Million) | Amount |
|----------------------------|-------------|
| Total Project Cost | 3.00 |

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

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 implemented in rural areas across six municipalities within three departments, namely: Department of Chinandega (Municipalities of San Juan de Cinco Pinos and San Francisco del Norte), Department of Esteli (Municipalities of San Juan de Limay, Condega, and Pueblo Nuevo); and Department of Madriz (Municipalities of Somoto and Totogalpa) which are part of the Dry Corridor area of Nicaragua. The Dry corridor, which is a tropical dry forest area located in the country, is highly vulnerable to natural hazards, particularly to prolonged droughts, floods, hurricanes, and tropical storms. According to World Bank data, climate variability has been significantly impacting the availability of water resources for crop production resulting in substantial economic losses to agricultural production and productivity in this region since 2012.

The Dry Corridor region is crucial to the country's economy, with its agricultural production supporting the entire country. The project aims to target farms defined as small scale subsistence family farms with land extension less than 1.7 hectares in the Dry Corridor. These farms account for 21.4% of all farms nationwide. Moreover, the selected municipalities of the project are characterized by subsistence family farmers in the bottom two percentiles of income, and therefore the poorest municipalities in the Dry Corridor. Regarding the indigenous communities in this region, the indigenous community of the municipality of Totogalpa (same name) has an important presence since 12,400 out of the 13,000 inhabitants that make up its total population are self-identified as indigenous.

Subsistence producers have an average of 1.2 hectares, and average gross annual production of approximately US\$ 985 (Castro-Leal y Laguna, 2017, using V CENGARO 2011). The next category of farms in the Dry Corridor is defined as transitional family farms, accounting for 14.3% of all farms nationwide, which is significantly larger than subsistence farms, with an average of 19 hectares. Transition farms have an average gross annual production value of US\$6,492, approximately 560% higher than subsistence farms. Relative to transition farms, which also face limited productivity and profitability, subsistence farmers fair significantly worse. In the rural area of the Dry Corridor, 50.1% of farmers live under the poverty line, out of which 16.3% live in extreme poverty. The six municipalities selected in the project are located in areas with a higher number of poor and extreme poor.

Women in the project area usually do not own the means of production, mainly land, except those (20% of women) that have been benefitted from the WB Strengthening of property rights (PRODEP) (P117836) Project. There is substantive inequality between women and men categorized as producers (19.8 percent vs. 80.2 percent). In terms of poverty, after 25 years of age, women's situation tends to deteriorate due to the issue of access to job opportunities, study, etc.

D. 2. Borrower's Institutional Capacity

The proposed project will be implemented by the Foundation for Technological Development of Agriculture and Forestry of Nicaragua (FUNICA) through a Project Management Unit. FUNICA has vast experience in agricultural development projects with over 17 years of work in Nicaragua. Moreover, FUNICA has previous experience implementing projects financed by the WB in close coordination with the Nicaraguan Ministry of Agriculture and under compliance with the Banks IPF environmental and social safeguards policies. This experience draws upon the already completed Agricultural Technology & Rural Technical Education Project (P064915) that was closed in 2005. Currently, FUNICA has alliances with twenty-two public and private sector partners, agricultural and forestry producer associations, universities, NGOs, and associations of professionals in agronomy. The project component on management, monitoring and evaluation will support FUNICA to hire and train qualified Environmental and Social Specialists to comply with the WBs Environmental and Social Standards requirements, which will be reflected in the ESMF.



For the implementation of activities under Component 1 of the project Strengthening productive capacities of farmers and small agribusiness through CSA and renewable energy technologies, FUNICA will implement demand-driven subprojects and technical agribusiness services for which it will sign agreements with beneficiary groups or organizations that will implement the subprojects. The capacity of the beneficiary groups and organizations are unknown at the moment; as such the project will carry out a capacity assessment of each beneficiary group or organization at early stages of subproject preparation, and will decide amongst three different mechanisms to channel fiduciary support to these subprojects: (i) fiduciary administration of subprojects by FUNICA (or delegated administration) on behalf of the beneficiaries; (ii) shared administration, in which the procurement process/decisions will be taken by the beneficiary groups, but payments will be done by the Project/FUNICA; (iii) direct transfer of funds to formalized/legalized groups of beneficiaries (cooperatives, associations, community-based organizations, and others) with enough capacity, including Environmental and Social management capacity to implement the subproject by themselves and report expenses to the implementing agency as required in the Project Operations Manual (POM). These arrangements will be detailed in the POM. The project will build on the experience of the WB with similar implementation arrangements in recent operations in Nicaragua and Central America. The project will also provide capacity building to beneficiary groups and organizations in relation to the management of potential environmental and social risks related to eligible subprojects.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Moderate

The environmental risk rating for the project is moderate at this stage. The project will include technical assistance and investment activities in sustainable agricultural practices, organic honey production and small-scale civil works such as community seed banks for drought-resistant and biofortified seeds, biointensive gardens, rainwater tanks, drip irrigation systems, photovoltaic (PV) water pumps, and small-scale agribusiness technologies (solar-powered equipment or machinery for agri-food processing). Overall, the project will promote the adoption of climate-resilient and nutrition-smart agriculture practices to strengthen the national food and nutritional security.

All subproject activities are expected to be small scale in nature and are not expected to have significant negative environmental impacts. Possible negative impacts are expected to be site-specific, short-term, and reversible. The main potential impacts related to the agricultural activities may include: (i) water overuse for irrigation purposes; (ii) land conversion for farming practices; (iii) potential use of fertilizers and pesticides in seedling production and agricultural activities; and (iv) careless use of machinery and equipment. Regarding the main potential impacts related to the small-scale infrastructure works (seed banks, irrigation systems, and PV water pumps) these may include: (i) generation of solid waste from residual construction materials; (ii) nuisance related to dust generation, vibration and noise; and (iii) occupational health and safety hazards for the workforce. The scale of these impacts will depend on the extent of the agricultural activities and the infrastructure required. The project is not expected to cause any forest and soil degradation activities. Furthermore, the ESMF will include an eligibility list of subproject activities to exclude those that may result in significant negative environmental and/or social impacts.



Social Risk Rating

Substantial

The Bank classifies the Social risk of the project as “Substantial” after considering that there are potential social risks of elite capture or inequitable distribution of project benefits; disproportionate impacts on women, and indigenous groups, who, because of their circumstances, may be disadvantaged or vulnerable, and may not have equal access to project’s benefits, exacerbating existing pattern of social exclusion. The Project Concept Note states that women and female youth in Nicaragua are often disadvantaged in terms of access to inputs, control of outputs, and decision making despite managing a large share of agricultural activities. In the context of women in the Dry Corridor of Nicaragua, roughly 22-23 percent of agricultural holdings are led by women. Data also shows that 87% of rural women in the Nicaragua Dry corridor are not organized in any productive or commercial association; therefore, they are easier to be excluded out of the project’s benefits. In general, only 8% of all households have access to financing for productive activities, and this is much lower among female-led households.

The assessment of this risk also recognizes the context of the Indigenous community of Totogalpa, whose identity, and aspirations are distinct from mainstream groups of the country and for which the project will need to foster full respect for their dignity, aspirations, identity, culture, and natural resource-based livelihoods, including, respect for their land tenure system. Other risks are associated with the participation of children in agriculture activities (child labor); and the unsafe and unhealthy working conditions for vulnerable workers. The unstable political context of the country, characterized by a high level of polarization, and combined with the upcoming presidential election in 2021 can further polarize the country, thus creating external pressure to the project to exclude certain groups and persons, based on political affiliation.

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:

The standard is relevant given potential environmental and social impacts associated with the activities to be financed. Component 1 “Strengthening productive capacities of farmers and small agribusiness through CSA and renewable energy technologies” will finance: (i) Community seed banks for drought resistant and biofortified seeds; (ii) Bio intensive gardens (patios saludables); (iii) Organic honey production; (iv) Tanks for rainwater collection; (v) Drip irrigation systems; (vi) PV solar water pumps; (vii) Investments in small agribusiness technologies; and (viii) Creation of locally registered agribusiness startups for the provision of agricultural extension services. Potential environmental risks and impacts resulting from these activities are anticipated to be site-specific, temporary and manageable, and are mostly related to water use for irrigation purposes, pesticide and fertilizer use for seedling and agricultural activities, risks derived from apiculture activities if not properly managed, construction waste management, and occupational health and safety for the small-scale infrastructure works. The main social risk and impact anticipated to this component are related to potential inequitable distribution of project benefits because of their specific circumstances (indigenous, the most vulnerable – poor, women, young girls, youth at risks, disabled, and others.) Specific environmental and social measures to address these impacts will be included in the environmental and social instruments explained below.

Component 2 “Promoting improved food security and nutrition through information campaign” will finance consultancy services, training, and operational costs to develop and promote the use of communication tools such as



information campaigns, training materials, workshops, and focus groups to promote food and nutritional security. As such, it is not expected to incur in negative environmental impacts as activities are of a technical assistance nature. Potential social risks and impacts from this component are related to inequitable access of women and indigenous peoples to the capacity building activities. Finally, Component 3 “Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination addresses” activities are related to project preparation and implementation and as such do not pose environmental and social risks and impacts.

Based on the scope of the project’s activities, the Borrower will be asked to prepare, consult with main stakeholders, and disclose an Environmental and Social Management Framework (ESMF) in line with the Bank’s Environmental and Social Standards and the World Bank Group (WBG) Environment, Health and Safety (EHS) Guidelines prior to appraisal. The ESMF will also be disclosed on the Bank’s website prior to appraisal, and will include the following:

(i) A project-level Environmental and Social Assessment (ESA) that will assess the potential environmental and social impacts of the project based on the list of eligible subprojects identified during implementation, and will include a process of consultation with stakeholders

(ii) Screening checklists and procedures to classify specific subprojects according to their environmental and social risks and impacts. This will help to determine the type of environmental and social management instrument to be developed based on the location, scope, and scale of the activities to be financed during implementation. These checklists will be included in the ESMF.

(iii) A generic Environmental and Social Management Plan (ESMP) with general mitigation measures for the project’s main activities. The ESMF will include procedures to determine the type of project activities that may require a specific ESMP based on the scope and scale of the identified impacts.

(iv) Given the type of investments to be financed by the project, the ESMF will also include a project-level Integrated Pest Management Plan (IPMP), Labor Management Procedures (LMP), and an Occupational Health and Safety Plan (OHSP).

The ESMF will also include a GRM (with standalone procedures for project-contracted workers as part of the LMP) and culturally appropriate and accessible mechanisms for rural communities. The project will train all selected groups (beneficiaries and partners) in environmental and social assessment and management, monitoring and evaluation. The Borrower will also prepare and disclose (before project appraisal and as early as possible) a Stakeholder Engagement Plan (SEP), an Indigenous Peoples Planning Framework (IPPF) and a Process Framework (PF), based on culturally appropriate consultation guidelines and principles for ensuring meaningful participation of stakeholders. The GRM in the ESMF and the SEP will be the same, however, there will be a separate GRM for the Indigenous Planning Framework, and for the Labor Management Procedure.

In addition to these environmental and social risk management instruments, the Borrower will prepare and disclose an Environmental and Social Commitment Plan (ESCP) prior to appraisal which will be reviewed by the Bank. The ESCP will include all necessary measures that the project will need to address during preparation and implementation to comply with the ESF, as well as monitoring and reporting arrangements during project implementation. All



environmental and social instruments to be prepared as part of the project will be disclosed in country and in the Bank’s external website prior to appraisal.

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

None

ESS10 Stakeholder Engagement and Information Disclosure

The standard is relevant. The main stakeholders are: farmers, women and youth of the municipalities of San Juan de Cinco Pinos, San Francisco del Norte, San Juan de Limay, Condega, Pueblo Nuevo, Somoto; indigenous people and the local government of Totogalpa; Municipal Governments, NGO Save the Children; Public institutions: The Nicaraguan Institute of Agricultural Technology (INTA for its acronym in Spanish); Ministry of Family, Community, Cooperative and Associative Economy (MEFCCA for its acronym in Spanish); Ministry of Education and Ministry of Health.

The Borrower (FUNICA) as the project implementing agency, will prepare and disclose a Stakeholder Engagement Plan (SEP) prior to appraisal. FUNICA will proactively engage with local communities, including the indigenous community of Totogalpa, to ensure their ownership and participation in project design, implementation, monitoring, and evaluation. The SEP will outline: (i) who the key stakeholders are; (ii) how they are to be engaged; (iii) how often the engagement will occur throughout the project; (iv) how feedback will be solicited, recorded and monitored over the project; (v) who will be responsible with this engagement; (vi) timeline for this engagement; (vii) contact information (person who people can contact if they have comments or questions about the project or the consultation process), budget, among others. The process of stakeholder engagement will begin during preparation and continue into implementation. Prior to project appraisal, the following measures will be implemented: (i) stakeholder identification and analysis, (ii) developing the SEP, (iii) disclosure of information; and (iv) consultation with stakeholders on the project overall as well as on the SEP, ESA, and ESMF. A project-level GRM will also be established as outlined in the SEP and in the ESMF as early as possible and before project appraisal.

The SEP will ensure an inclusive approach, with an active documented approach for interactions and citizen engagement. The stakeholder mapping will identify the communications methodologies if any are specially required based on the stakeholders (whether IP, women, etc.)

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

The Standard is relevant, given that the project will rely on various types of workers to carry out activities under the project. Categories of workers under the project may include: (i) direct workers; (ii) contracted workers employed or engaged through community-based groups and; (iii) Social Facilitators engaged in facilitating the work in the different indigenous communities. Most of the workers are expected to be specialized firms, national or international consultants holding the needed expertise to build the capacities of the beneficiaries. The estimated amount of hiring (Full-time and part-time) will be of 17 people. The people that will be directly hired by the PIU in FUNICA are: Project coordinator, Financial Administrative Officer, Procurement and Contracting Assistant, Monitoring and Evaluation

Public Disclosure



Specialist, Environmental and Social Specialists, Food and Nutrition Security Specialist, Agricultural Innovation and Extension Specialist, and ten extension technicians. The project will not engage government civil servants, whether full-time or part-time

The project will not engage with primary supplier workers given the minimal sourcing of inputs. It is still to be determined if the project will engage with community workers. If that is the case, the project will:

(i) Ascertain whether such labor is or will be provided on a voluntary basis as an outcome of individual or community agreement. These measures and how to ascertain them will be documented in the LMP.

(ii) Assess working conditions and Occupational Health and Safety in relation to community labor. This assessment will be applied, proportionate to: a) the nature and scope of the project; (b) the specific project activities in which the community workers are engaged; and (c) the nature of the potential risks and impacts. If indicated as necessary by the assessment, at a minimum, apply the relevant requirements of the WBG general and specific EHS Guidelines as detailed in the ESMF.

(iii) Assess whether there is a risk of child labor or forced labor. If cases of child labor or forced labor are identified, FUNICA will take appropriate steps to remedy them -child labor will not be allowed under the project. The LMP will set out roles and responsibilities for monitoring community workers.

(iv) Provide adequate training to community workers tailored to their particular needs and the potential risks and impacts of the project.

FUNICA will develop and implement a written LMP applicable to the project. They will also develop and implement an OHSP in the ESMF in line with the WBG EHS Guidelines and will include specific health and safety considerations to ensure health and safety of workers. Some health and safety hazards associated to the project activities may include among others: (i) failure to use proper protective equipment during construction; (ii) use of hazardous equipment and machinery; and (ii) exposure to pesticides and other chemicals.

The project will promote transparency in terms of conditions of employment, and nondiscrimination and equal opportunity. The WBG team will review the specific HR processes and practices for the project in line with due requirements. This includes requirements in the contracts for third party employers (if any) as well as ensuring an appropriate grievance mechanism for project workers is in place under the project. FUNICA will follow the WB procurement rules and procedures to engage in any contracting agreement with firms and/or consultants. It will ensure that standards of the ESS2 Labor and Working Conditions are fully considered and are incorporated in contracting agreements. Active monitoring of Key Performance Indicators set out in the LMP will foster the adherence to requirements ESS2.

ESS3 Resource Efficiency and Pollution Prevention and Management



The standard is relevant given that the project will include agricultural and small scale construction activities that may generate pollution in different forms. The ESMF will consider specific mitigation measures to prevent and minimize the environmental risks during construction and operation. Some possible mitigation measures related to this ESS will include the following:

Vegetation and soil: Soil removal and clearance of vegetation may occur from small-scale construction activities financed by the project which may include small- scale silo infrastructure for seedling purposes, drip irrigation systems, tanks for rainwater collection, and renewable energy-based PV solar water pumps. Construction material needed for this type of infrastructure (sand, stones, timber, etc.) will be obtained from licensed quarries and certified timber suppliers.

Waste management: Construction waste will include mostly waste from excavated soil and debris and hazardous waste such as hydrocarbon oils from construction machinery and vehicles. The construction and operation of beehives may also incur in wood and oil waste that would need to be properly managed. Any waste generated by project activities will be disposed according to national regulations and international best practices. Subproject ESMPs will include specific measures for waste management.

Air emissions and noise: These may be generated during the construction phase from the use of heavy vehicles, machinery, and construction activities. However, based on the proposed project activities, these are expected to be minimal. Nonetheless, the ESMF will consider mitigation measures, which may include dust suppression and vehicle maintenance to minimize the impact of air emissions and to minimize and manage noise levels.

Water use: Water will be used for irrigation purposes as part of the agricultural activities. The project will include investments for the construction of rainwater tanks, drip irrigation systems for surface and rainwater, and PV solar water pumps. The ESIA and ESMF will include an assessment of the sourcing of water to be used in the project for irrigation purposes, and will include specific mitigation measures as necessary. During preparation, the project will assess the potential that cumulative use of water across all beneficiaries meet the ESS3 threshold for requiring a water balance assessment.

Chemicals and hazardous materials (mainly fertilizers): The Borrower will minimize and control the use of chemical fertilizers in the agricultural practices financed by the project and will promote the use of less hazardous materials (i.e., organic fertilizers) to the extent possible. The ESMF will include mitigation measures and good practices accordingly.

Management of pesticides: Potential use of pesticides as part of the project will be assessed through the ESA during project preparation and will include an Integrated Pest Management Plan (IPMP) to adequately manage the use of pesticides (if any) during the implementation of agriculture activities.

Energy efficiency: The project will include climate-smart agriculture activities; thus, renewable energy technologies (RET's) will be evaluated and incorporated into the design of subprojects where feasible, such as the use of solar panel systems.



Project activities are not expected to be significant sources of Greenhouse Gas (GHG) emissions. At present, the project team will need to examine the need for GHG accounting.

ESS4 Community Health and Safety

The standard is relevant since some small-scale construction activities may expose communities to health and safety risks, especially to those communities that are immediately close to the construction sites and activities. There could also be some risks derived from apiculture activities if not properly managed. The ESA process will evaluate potential community health and safety issues related to subprojects, and the ESMF will outline processes for detailed subproject screening and management as well as generic measures for ensuring community health and safety under the project. For any physical infrastructures to be constructed under the project, universal access should also be considered if they will be used by the public and/or for the services provided under this project. Given that the project area is vulnerable to natural disaster risks, including drought and storms, among others, the ESMF will include measures to address potential natural disaster events that may endanger the health and safety of the community.

The ESMF will also include an Integrated Pest Management Plan to be used by farmers in cases when the project will support these activities. Traffic and road safety risks may arise because of the need to transport construction material to communities with poor road conditions, with no traffic signs, and where pedestrians, especially children in school areas, may not be accustomed to vehicle traffic. The ESA will assess road safety risk and will outline measures in the ESMF to avoid, minimize and mitigate these risks, and where necessary include specific actions in the subproject-level ESMPs as necessary. The ESMF will also include specific measures to avoid, minimize and mitigate risks from apiculture activities that could pose a risk towards the communities at large if these are not managed properly.

The project is not expected to be engaged with security personnel. However, if this situation were to occur, FUNICA will assess risks posed by these security arrangements to those within and outside the project site and will take measures consistent with ESS4.

Risks and issues related to Gender-Based Violence (GBV) may not be significant, given the types of project activities. Potential risks and issues associated with GBV will be assessed in the ESA process and measures -if needed- will be outlined in the ESMF, subproject ESMPs, and the SEP.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The standard is currently not relevant. There will be no land acquisition or land use restrictions imposed by the project. Subproject activities are directed to smallholder farmers and indigenous people of Totogalpa who have their own lands. No sub-projects would involve the voluntary donation of lands to support project activities. The ESMF will establish exclusion criteria to ensure that no subproject that requires involuntary taking of land as per ESS5 is eligible for financing.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources



The standard is relevant. The project is expected to reverse the negative impacts of existing land-use practices through the application of sustainable agricultural practices that will contribute to reducing erosion and water loss while improving biodiversity conservation of the entire ecosystem. The project will include sustainable agriculture practices that are expected to have positive benefits for biodiversity conservation. All project activities will be located on modified habitats; no activities will take place on natural or critical habitats.

The Dry Corridor area contains multiple ecosystems hosting important biodiversity; however, it faces severe forest degradation and soil erosion, resulting in low water retention, which in turn affects ecosystem services and soil productivity. Some of the selected municipalities in the project location contain protected areas with high biodiversity value, such as the Monumento Nacional Cañón De Somoto (Municipality of Somoto) and the Tepesomoto La Pataste Natural Reserve (Municipalities of San Juan de Limay, and Pueblo Nuevo). The ESMF will include key information on the demarcation of project areas and their respective Management Plans financed under the WB PRODEP Project and that could be relevant to the proposed project. The ESA will assess potential project-related risks and impacts on the protected areas and may include a Biodiversity Management Plan (BMP) as needed (to be confirmed during project preparation) following the mitigation hierarchy to ensure that all subproject activities promote and enhance conservation of all identified protected areas of the area of influence of the project.

The project will finance agricultural activities that aim to increase the potential for crop diversification (genetic diversity) while strengthening the climate adaptability of existing crops in the Dry Corridor region. The project will finance community seed banks for the collection, storage, multiplication, and distribution of drought-resistant and biofortified seeds varieties which may pose some risks and impacts to biodiversity and ecosystem services in the Dry Corridor region. To prevent any potential negative impact as a result of this, the ESMF will include specific requirements for all seedling activities in the project. The exclusion list proposed in the ESMF will include the exclusion of areas that potentially could affect critical or sensitive habitats.

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

The standard is relevant. The project will benefit the indigenous people of Totogalpa, with a population of 13,200 inhabitants, recognized as of Chorotega's descendant. There is little literature on the indigenous people of Totogalpa, but they are recognized as such in various literature sources. Quoting the source: "Liberalization of ownership versus indigenous territories in the North of Nicaragua, case of the Chorotega" it said, that even though Totogalpa has its royal title, this land title is not officially recognized by the government. The royal titles are the patrimony that the indigenous people use, to defend their rights to the land, and their form of organization. Totogalpa has its Council of Elders, or the board of directors, that administrates the territory.

The project will not have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation by indigenous people; it will not cause relocation of Indigenous Groups from land and natural resources subject to traditional ownership or under customary use or occupation; and will not have significant impacts on cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the lives of indigenous peoples. Therefore, no activities meeting the requirements for Free, Prior and Informed Consent (FPIC) as described under ESS7 will be part of the Project." Meaningful consultation with Indigenous Groups will be carried out in assessing the nature and degree of expected direct and indirect impacts, determining how the



indigenous group will participate in project design and implementation, and in developing an agreed, time-bound plan.

To manage risks and adverse impacts on indigenous communities, the ESA, ESMF, and ESMPs of the project will identify mitigation measures by establishing specific actions to ensure the project will meet the requirements ESS7. Also, to build local project support or ownership, and to enhance the sustainability of the project, FUNICA will undertake an engagement process with the Indigenous communities, that will include stakeholder analysis and engagement planning, disclosure of information, and meaningful consultation, in a culturally appropriate and gender and inter-generationally inclusive manner.

Prior to project approval, the Project will prepare an Indigenous Peoples Planning Framework (IPPF) for Totogalpa that will address: (i) the types of subprojects likely to be proposed for financing under the project; (ii) the potential positive and adverse impacts of such programs or subprojects on IP; (iii) a plan for carrying out the social assessment for such programs or subprojects; (iv) a framework for ensuring the meaningful consultation tailored to IP; (v) Institutional arrangements, including capacity building where necessary, for screening project-supported activities, evaluating their effects on IP, preparing IP Plans and addressing any grievances; and (vi) Monitoring and reporting arrangements, including mechanisms and benchmarks appropriate to the project. The IPPF as part of the legal and institutional assessment will apply a gap analysis between the national law and the Bank's ESS7, and in relation to the indigenous communities in the project area of influence.

Prior to commencement of project activities in indigenous communities, the project will develop Indigenous Peoples Plans that will include the following elements: i) a summary of the Environmental and Social Assessment, including the applicable legal and institutional framework and baseline data; ii) a summary of the results of the meaningful consultation tailored to IP; iii) a framework for meaningful consultation tailored to IP during project implementation; iv) measures for ensuring IP receive social and economic benefits that are culturally appropriate and gender sensitive and steps for implementing them. If necessary, this may call for measures to enhance the capacity of the project implementing agencies; v) measures to avoid, minimize, mitigate, or compensate for any potential adverse impacts (if any) that were identified in the Environmental and Social Assessment, and steps for implementing them; vi) the cost estimates, financing plan, schedule, and roles and responsibilities for implementing the IP; vii) accessible procedures appropriate to the project to address grievances by the affected IP arising from project implementation; and viii) mechanisms and benchmarks appropriate to the project for monitoring, evaluating, and reporting on the implementation of the IP Plan, including ways to consider input from project-affected IP in such mechanisms.

ESS8 Cultural Heritage

The standard is relevant. Agricultural activities and small-scale infrastructure work that will be part of the project are likely to involve the movement of earth to dig up/or uncover archaeological sites and artifacts hidden from view (superficial in the case of agriculture and potentially more profound for civil works). Furthermore, it is possible that in the existing areas for production purposes of communities, there might be movable or living cultural heritage. The ESA will conduct a pre-screening for any known cultural heritage sites, features, and customs/traditions in the broad project area, and if identified, will assess and pre-specify measures to ensure that the project does not negatively impact such cultural heritage. The ESMF will also include a screening process (checklist) with screening criteria, and generic chance finds procedures for civil works. The screening process (checklist) if for the project to avoid areas that



potentially would affect tangible and intangible cultural and historical heritage. The project does not intend to use cultural heritage of indigenous people and communities for commercial purposes.

The project is not expected to have a negative impact on intangible cultural heritage, including cultural heritage values imbued in natural landscape features, above or below land or underwater, with archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. However, this will be further assessed as part of the ESA process.

ESS9 Financial Intermediaries

FI's are not part of this project

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP7.50 will not be triggered as project activities are not expected to affect any transboundary rivers or basins of the neighboring countries (Honduras and Costa Rica).

OP 7.60 Projects in Disputed Areas

No

The Project will not have activities in disputed areas.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

None

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

Actions to be completed prior to Bank Board Approval:

Prior to Board Approval, the following Environmental and Social Standards Instruments will be developed and disclosed prior to appraisal:

- Environmental and Social Management Framework (ESMF), including a project-level Environmental and Social Assessment (ESA), a generic Environmental and Social Management Plan (ESMP), Subproject Screening checklist, Integrated Pest Management Plan (IPMP), Indigenous Peoples Planning Framework (IPPF) with its Grievance Redress Mechanism, a Labor Management Procedures (LMP) with a dedicated GRM, and an Occupational Health and Safety Plan (OHSP).
- Stakeholder Engagement Plan (SEP) with its Grievance Redress Mechanism (GRM)
- Environmental and Social Commitment Plan (ESCP)

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

Public Disclosure



The ESCP will include requirements for the full implementation of the ESMF, including set-up and hiring of appropriately qualified E&S specialists and provision of E&S training and awareness-raising at the outset of the project; set-up and implementation of the GRM; as well as implementation and necessary ongoing updating of the SEP and LMP during the course of project implementation. The ESCP will also include the formulation of site-specific ESMPs and IPPs to be developed prior to initiating pertinent project implementation activities in communities. The ESCP will include all actions to be completed prior to Bank approval.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

29-May-2020

IV. CONTACT POINTS

World Bank

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|---------------|-------------------------|--------|---------------------------|
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Borrower/Client/Recipient

Borrower: Fundación para el Desarrollo Tecnológico Agropecuario y Forestal de Nicaragua

Implementing Agency(ies)

Implementing Agency: Fundación para el Desarrollo Tecnológico Agropecuario y Forestal de Nicaragua

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VI. APPROVAL

Task Team Leader(s): Ashwini Rekha Sebastian, Augusto Garcia
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Public Disclosure