



Additional Financing Appraisal Environmental and  
Social Review Summary  
Appraisal Stage  
**(AF ESRS Appraisal Stage)**

Date Prepared/Updated: 05/15/2023 | Report No: ESRSAFA578



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Borrower(s)	Implementing Agency(ies)
Nicaragua	LATIN AMERICA AND CARIBBEAN		
Project ID	Project Name		
P181157	Additional Financing to the Nicaragua Eta and Iota Emergency Response Project		
Parent Project ID (if any)	Parent Project Name		
P175878	Nicaragua-Hurricanes Eta and Iota Emergency Response Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	5/18/2023	6/16/2023

Proposed Development Objective

The Project Development Objective is to support Nicaragua’s emergency response and restoration of services and economic activities in critical sectors in the Project area.

Financing (in USD Million)	Amount
Current Financing	80.00
Proposed Additional Financing	0.00
<b>Total Proposed Financing</b>	<b>80.00</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?**

Yes

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

The proposed Additional Financing aims to scale up the Project's impact by allocating additional funds under component 2 (Livelihood Recovery) of the Parent Project, adding subcomponent (2.2 -New activities): Agri-food Local



Innovation Development Plans for Enhancing Food and Nutrition Security (US\$15 million). Activities will focus on the Caribbean coast region of Nicaragua which includes some of the areas heavily affected by hurricanes Eta, Iota and Julia that caused extensive damage to agricultural production in the same areas. The Project area has been defined as those areas suffering from the compound impacts of the hurricanes in the North Caribbean Autonomous Region (Región Autónoma de la Costa Caribe Norte - RACCN) and South Caribbean Autonomous Region (Región Autónoma de la Costa Caribe Sur - RACCS) as defined in the Project Operations Manual (POM).

With the AF, the Project has three components:

Component 1: Recovery, rehabilitation, and resilient reconstruction (US\$69 million)

Subcomponent 1.1: Emergency disaster recovery (US\$1.6 million)

Under this subcomponent the Project supports response to damages caused by hurricane Julia in 2022 and future similar events (as per the latest restructuring). Activities supported under the subcomponent include, among others, minor repair works, provision of construction materials, and technical assistance to affected communities.

Subcomponent 1.2: Rehabilitation and reconstruction of selected critical infrastructure (US\$30 million)

During disasters, the continued operation of critical public infrastructure is key to efficient response and recovery. A significant number of roads, bridges, and public buildings were heavily damaged and/or destroyed after the passage of Eta and Iota. This subcomponent is financing the rehabilitation and reconstruction of selected critical infrastructure, including (a) conducting any necessary engineering assessments for these works; (b) supporting demolition and debris removal, as applicable; (c) taking measures to restore critical services and use of selected critical infrastructure, as needed; and (d) preparing the technical specifications and acquiring the necessary equipment to resume the provision of critical public services. The Project will support investments that (a) maximize climate co-benefits; and (b) are resistant to climate-induced events such as floods, storm surges, and landslides by using design standards that increase asset resilience to higher hazard intensity levels (including the enforcing of building code legislation or updating its provisions, when necessary). Where relevant, selected investments will include appropriate energy efficiency measures. Detailed climate-resilient and inclusive design criteria are included in the POM.

Subcomponent 1.3: Rehabilitation and reconstruction of selected resilient housing and community-level social infrastructure (US\$37.4 million)

The resilient recovery of housing and community-level social infrastructure for those affected by the hurricanes is a priority-need for the affected populations. This subcomponent is financing the rehabilitation and reconstruction of selected housing units and community-level social infrastructure in the Project area to make them safer and culturally appropriate, including, inter alia: (a) conducting required engineering assessments and designs; (b) supporting demolition and debris removal; and (c) taking measures to restore critical services and usage of said selected structures. Housing reconstruction will consider the specific and various needs of the population, traditional designs, the application of construction standards, and current and future safety conditions. It will draw on experiences from the recovery and reconstruction process after hurricane Felix. The works under this subcomponent will be complemented by functional upgrades and climate-resistant designs, including energy efficiency features where relevant, enforcing building code legislation to increase the resilience of the housing to climate-related risks.



## Component 2: Livelihood recovery (US\$10 million)

The AF will add to Component 2 a new subcomponent on Agri-food LIDPs after which Component 2 will consist of the following two subcomponents:

(Subcomponent 2.1: Local Innovation Development Plans for Livelihood Recovery in the Artisanal Fishing Sector (US\$10 million already being implemented by the parent Project). Currently under implementation, it focuses on restoring the livelihoods in the subsistence artisanal fishing sector by providing fishing equipment, supplies and training. Beneficiaries are selected based on existing LIDPs that were designed for informal and formal groups of small-scale fishermen to benefit from the GAFSP-funded PAIPSAN Project (2015-2019) and other criteria as detailed in the Project Operational Manual (POM). Beneficiaries are prioritized based on participatory approaches with affected populations as described in the parent Project's Environmental and Social (E&S) instruments.

Subcomponent 2.2 (New): Agri-food Local Innovation Development Plans for Enhancing Food and Nutrition Security (US\$14.25 million from the AF Project). This is the main additional activity of the AF, and will enhance the productive and marketing capacities of family farmers (subsistence agriculture; commercial agriculture) and small-scale rural agribusiness by (a) providing technical assistance (consultancy services, goods, training, non-consultancy services, operational costs) to support the participatory (demand-driven) identification and design of climate and nutrition-smart agri-food LIDPs; and (b) grants to finance their implementation (goods, consultancy services, non-consultancy services, small works, training, and operational costs) alongside the beneficiaries. The agri-food LIDPs will support formal and informal groups of beneficiaries (i.e., cooperatives, producers' associations, farmers groups, women farmer groups, small-scale young agri-entrepreneurs, indigenous communities, afro descendants) to achieve improvements and innovations in production and processing and consolidate market opportunities. The grants will range approximately between US\$1,250 and US\$2,000 per beneficiary, while the beneficiaries will contribute with in-kind counterpart funding.

## Component 3: Monitoring, evaluation, and audit of the Project (US\$1 million)

The AF will be used to add an amount of US\$0.75 million to track the new indicators introduced by the AF Project and expand the audit to also cover the AF Project. Scaling up of ongoing activities will include (a) expanding the audit of the Project; and (b) expanding the monitoring and evaluation (M&E) activities of the Project, including, inter alia, the development of baselines as needed to measure project results, a final evaluation of the Project, rapid impact assessments, technical audits, and independent inspections.

### **D. Environmental and Social Overview**

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Following the Parent Project, the AF will be implemented in both the North Caribbean Autonomous Region (RACCN in Spanish) and in the South Caribbean Autonomous Region (RACCS in Spanish) of Nicaragua, which were the most



affected areas by the Tropical storms Eta and Iota (in 2020) and Julia (2022) – benefitting approximately 10,000 beneficiaries. The RAACN and the RACCS, with approximately 510,053 and 402,281 inhabitants each (INIDE, 2018), cover almost 33,000 and 27,000 square kilometers of the Atlantic coast region, respectively, with a population mostly belonging to the indigenous Miskito, Mayangna, and Ulwa people as well as afro descendants (Creoles and Garifunas). The RACCN comprises about 25.4 percent of the country’s territory but only eight percent of its population, whereas the RACCS comprises about 20.8 percent of the country’s territory with six percent of its population. The RACCN and the RACCS have among the highest poverty regional levels in Nicaragua. These regions are known for their temporary settlements on shallow waters, where communities live for six months a year to catch lobster, shrimp, fish, and shellfish as their main source of income and livelihood. Fishing is a structural pillar of the Caribbean Coast economy and represents 26.9 percent of the GDP in the RAACN and 40.1 percent of the GDP in the RACCS, together contributing to 9.6 percent of the National GDP. Most of the territory has a pattern of communal land tenure, traditional institutions such as communal councils and assemblies, and well-established processes of community-based decision making. Given their multi-ethnic, multi-cultural, and multi-lingual population, including many of Miskito and Afro-Caribbean descent, the RAACN and the RACCS have enjoyed partial autonomy since the mid-1980s.

Both the RACCN and the RACCS are characterized by a hot and humid climate with a large rainforest crossed by several large rivers, namely Bosawas Biosphere Reserve – the biggest forest reserve in Nicaragua and Central America. These Regions also contain diverse terrestrial and natural habitats with beaches, mangroves, swamps, and coral reefs, among other features. While the entire country is highly exposed to climate-related hazards, in particular, the effects of climate change and natural disasters have hit the Caribbean region hard over the last decade causing economic damages to the local population. Over the years, climate change has caused or exacerbated floods in low-lying coastal areas, landslides, loss of biological diversity and forest resources, and fall in the production of basic grains, among other phenomena.

The parent project responded to the impacts caused by tropical storms Eta & Iota, which landfell south of Bilwi, the capital city of Nicaragua’s RACCN, between November 1 and 18, 2020. They caused extensive flooding, erosion, crop damage, destruction of housing and livelihoods, mass evacuations and loss of life, becoming the most severe disasters in Central America since Tropical storm Mitch in 1998. On November 17, 2020, the Government of Nicaragua (GoN) formally requested the Bank to help finance the costs associated with emergency relief efforts and the recovery of communities in the RAACN and RACCS. Tropical Storms Eta, Iota, and Julia caused significant impacts on local populations and core infrastructure, and added significant stress to the limited public welfare and health systems, where families already were struggling to survive due to the COVID-19 pandemic. The municipalities that have been most severely exposed to Eta and Iota in the RACCN are Bonanza, Mulukuku, Prinzapolka, Rosita, Siuna, and Waslala, and those in the RACCS are Corn Island, Pearl Lagoon, and Desembocadura de Rio Grande. These municipalities present an average of 70 percent of their population in extreme poverty. This figure far exceeds the Pacific and Central regions, which average 14.3 and 18.5 percent of extreme poverty rates, respectively.

The parent project’s objectives address some of the most impacted sectors. A preliminary GoN assessment indicated that Eta and Iota together damaged over 38,000 housing units, in addition, 5800 housing units were completely destroyed. In terms of infrastructure, about 901 km of roads and 66 bridges were destroyed, as well as damages in 45 schools and 16 hospitals, with one school completely destroyed. Other damages include community centers such as local churches and other communal infrastructure, and water systems. Impacts to livelihoods included the destruction of local businesses, crops and fishing tools and equipment, which communities in the RAACN and RACCS heavily rely on for food security and income.



This AF responds to a more challenging context: between October 7 and 10, 2022, Tropical Storm Julia made landfall in Nicaragua, with accumulated damages estimated at nearly US\$400 million. Julia affected many countries in South America, Central America, and Mexico and resulted in a total of at least 89 fatalities (5 of which were in Nicaragua). In October 2022, the GoN requested the assistance of Global Agriculture and Food Security Program (GAFSP), and whose proposal was approved by GAFSP on March 16, 2023. Together with Eta and Iota, Tropical Storm Julia caused extensive damage to agricultural production in the same areas, home to approximately 30,000 family farmers. These are mostly poor and food insecure indigenous, afro-descendant, and mestizo subsistence farmers who produce their own food and, in some cases, generate income from selling surpluses in local markets. The damage to productive infrastructure for food production presents a significant threat to food security in the target area, which is being further exacerbated by the increases in global food and fertilizer prices following the Covid-19 pandemic and the War in Ukraine, as well as by the global climate crisis Both the parent project and the AF operate in a context where key sectors, including transportation, health, education, agriculture, and fishery remain greatly affected, while some forest areas, mangroves, and coastal habitats have been extensively damaged. These impacts weigh particularly heavily in a region with some of the highest incidences of poverty and malnutrition and lowest levels of education and health in Nicaragua, exacerbated by the effects of COVID-19 pandemic, weak infrastructure, and limited medical and financial resources.

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

There is no change in the institutional arrangement for the implementation of the Additional Financing. The Government of Nicaragua (GoN), through the Ministry of Finance and Public Credit (MHCP in Spanish) will be responsible for overall Project implementation and will continue having the support of the United Nations Office for Project Services (UNOPS) to carry out procurement, financial management, and environmental, social, health and safety (ESHS) risk management in accordance with the World Bank's Environmental and Social Framework (ESF). UNOPS has been implementing the Parent Project and is familiar with ESF requirements; however, the Bank continues providing advice and guidance on multiple E&S fronts, including the preparation of site-specific ESMPs, consultation processes, resettlement strategies, and engagement with Indigenous Peoples and Afro-Descendants (IPADs) as needed. The last E&S performance rating of the Parent Project of December 2022 was deemed as Moderately Satisfactory. While currently there are no material non-compliances with ESS requirements, this rating reflects the shortcomings with the long-delayed finalization of the ESF instruments, elaboration of corresponding Environmental and Social Management Plans (ESMPs), and potential Resettlement Action Plans (RAPs) for the first set of road rehabilitation subprojects. The Parent Project's ESF instruments were approved on December 19, 2022, with 15 months of delay and are currently disclosed both in-country and at the Bank's website.

For this AF, UNOPS, acting on behalf of MHCP, will be responsible for updating, consulting, and disclosing the ESF instruments outlined below, in coordination with Relevant Sectoral Entities, and thereafter for ensuring their full adoption and implementation. MHCP will sign an Implementation Agreement with UNOPS, subject to Bank's prior review, to implement the project on behalf of the GoN and to ensure compliance with the Environmental and Social Standards (ESS). It is possible that certain activities of the AF could be implemented under an UN-to-UN agreement between UNOPS and, for example, the Food and Agriculture Organization of the United Nations (FAO). However, in such circumstances, the GoN, with the support of UNOPS, continues to be responsible for overall Project implementation, including the ESF applicable to those specific activities implemented by third parties. In case FAO or any other UN organization participates during implementation, UNOPS remains responsible for the overall E&S



management in line with the ESF requirements and its adherence to the project’s E&S instruments and ESCP commitments.

To adequately manage the E&S risks specific to AF activities UNOPS will require additional E&S staff (one Environmental Specialist, one Occupational Health and Safety Specialist, and one Social Specialist) to its existing PIU staff. UNOPS will mobilize within 15 days of the AF Project Effectiveness full-time staff to continue carrying out the environmental and social (E&S) management commitments under the parent project as well as the new activities of the AF. This will be particularly important to develop and execute meaningful consultation processes, provide training to workers, and implement ESHS risk management procedures and requirements outlined in the updated instruments to be developed. The additional and dedicated E&S staff for the AF shall be part of the PIU from the start of the elaboration of the ESF instruments and remain on board to supervise their implementation and compliance through project closure. Any additional E&S staffing needs, as well as capacity building measures, will also be fully identified and assessed as part of the development of the project-updated Environmental and Social Management Framework (ESMF), and if required, additional staff will be brought on board within the UNOPS team to provide the necessary capacity.

To facilitate Project implementation, including for the AF activities, the Recipient, through MHCP, shall maintain through Project implementation the Project Interinstitutional Committee (PIC), comprised of representatives from Relevant Sectoral Entities and representatives from the regional and local governments. The PIC shall be responsible for the review of the annual Project work plan, facilitate adequate multisectoral and cross-agency coordination, monitor the progress of Project implementation, and make recommendations to improve Project and AF implementation as required. As of this date, the PIC has provided general guidance but will be expected to have a larger involvement once subprojects increase and on-the-ground implementation begins. The Bank E&S team will monitor the PIC’s participation to ensure it provides timely coordination support as required. Relevant Sectoral Entities will also provide advice to the PIU and support the implementation of E&S aspects as required. The role of the regional autonomous governments of the RACCN and the RACCS, as part of the PIC, will continue to provide policy and strategic guidance during the planning, implementation, and monitoring stages of the project and AF. The National Autonomy Law (Law 28-1 987) recognized RACCN and RACCS as distinct socio-cultural and territorial entities where the historical lands rights of the indigenous people, afro-descendants, and other ethnic communities are exercised. The indigenous and Afrodescendant communities and territories of the RACCN and the RACCS also elect and form their own communal and territorial governments and develop their respective socio-economic and cultural development strategies and programs. The PIU will coordinate with each level of the Government when planning and implementing activities in their respective territories.

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

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

High

#### Environmental Risk Rating

Substantial

Consistent with the Parent Project risk rating, the AF project environmental risk rating is considered substantial. The activities of the AF will support artisanal fishing activities, subsistence and commercial agriculture, and small-scale rural agribusiness. The AF will promote the adoption of climate-resilient and nutrition-smart agriculture practices to



strengthen the food and nutritional security of the country. The AF activities are expected to be small-scale in nature and are not expected to result in significant negative environmental risks and impacts. These are expected to be site-specific, limited in scope and duration, and easily mitigated with proven technologies and measures. Key risks and impacts include (i) management and use of pesticides in seedling production and agricultural practices; (ii) water overuse for irrigation purposes; (iii) land conversion for farming practices; and (iv) careless use of machinery and equipment. Small-scale rural agribusiness may potentially include small-scale infrastructure works. The Parent Project's major risks are associated with the ongoing activities to support to rehabilitation and reconstruction of high priority public and community-level infrastructure. These investments carry the potential for significant impacts in a context of uncertainty around the details of civil works to be supported (which, even though focused on rehabilitation and reconstruction, could still entail potentially complex civil works in sensitive locations), the sensitive health and safety contextual aspects derived from the post-disaster context as well as the context of strained implementation capacity in a post-disaster setting to effectively manage EHS risks and impacts. Main risks and impacts are expected to result from the variety of civil works which may potentially entail significant environmental risks and impacts, including: (i) diverse impacts on lands and land use, including potentially on natural habitats or other sensitive landscapes; (ii) nuisance related to dust generation, vibration, noise and odors; (iii) generation, management and disposal of non-hazardous and hazardous solid waste, including debris caused by the storm, residual construction materials waste, and hazardous materials from demolitions; (iv) generation and discharge of wastewater from civil works; (v) sludge generation and disposal from potential water and sanitation works; (vi) temporary disruptions to local traffic during the construction phase; (vii) health and safety risks to the project workforce and local communities, including from exposure to hazardous materials and wastes; potential worksites involving physically unstable settings such as landslide-prone areas or collapsing buildings; (viii) the possibility of additional disease outbreaks as well as risks of spread of the COVID-19 virus and outbreaks of malaria, dengue, leptospirosis or cholera; and (ix) direct and indirect impacts from other natural hazards (earthquakes, tsunamis, landslides, volcanos, extreme heat, tropical storms and floods) that may occur in the affected areas. Livelihood restoration activities of artisanal fisheries to be financed may also generate risks and impacts related to (i) marine habitat disruption and damage to aquatic ecosystems due to unsustainable fishing practices; (ii) depletion of fish species due to overfishing; (iii) generation, treatment, and disposal of waste from fishing gear and debris (buoys, lines, nets); (iv) occupational health and safety concerns for the fishermen/fisherwoman; (v) establishment of small-scale service facilities (feed storage facilities, landing sites, small harbors, etc.); and, (vi) post-harvest facilities and product development (e.g. processing of fish and fishery products which has environmental, health and safety issues related to solid waste and by-products).

**Social Risk Rating**

High

Consistent to the Parent Project risk rating, the AF social risk rating is considered high. The proposed AF is expected to generate important positive impacts by implementing additional activities to enhance food and nutrition security, production, and marketing capacity of vulnerable populations of the North and South Autonomous Caribbean Coast Regions of Nicaragua (RACCN & RACCS). The latter will be achieved via the formulation and implementation of Local Innovation Development Plans for Livelihood Recovery in the artisanal fishing Sector, and Agri-food Local Innovation Development Plans for Enhancing Food and Nutrition Security in the agriculture sector. However, given the magnitude of the disaster caused by the tropical storms and the contextual challenges in which response activities occur, there are several cross-cutting social risks, including: (i) possible exclusion of the most vulnerable among IPADs from disaster relief efforts due to historical barriers to access benefits, limited territorial connectivity, and lack of culturally sensitive engagements; (ii) possible exclusion of vulnerable populations and groups whose interests are traditionally underrepresented, such as women, elders, youth, persons with disabilities, and sexual and gender

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minorities, if targeted strategies to ensure their engagement are not incorporated into the project design; (iii) Elite Capture; (iv) potential inadequate management of Gender Based Violence (GBV) risks, which severely augment during post-disaster contexts; (v) labor influx risks -related to the Parent Project-, despite project efforts to promote local hiring of community workers; (vi) the potential for involuntary resettlement (for the Parent Project but NOT for activities under the AF, because these activities are directed to smallholder farmers who have their own lands -see detailed description under ESS5); (vii) the resulting intersection between the tropical storms disaster response with the legacy of the COVID-19 health emergency, which posed significant health challenges particularly those displaced, and which has augmented underlying social risks such as discrimination, poverty, access to healthcare, limited job opportunities and others. Measures to mitigate these risks and impacts on vulnerable people for the AF activities will be included in the updated ESMF, Stakeholder Engagement Plan (SEP), Indigenous Peoples and Afro-descendants Plan (IPADP), and Labor Management Procedure (LMP) instruments. As for the Parent project, the AF will also address risks and impacts on disadvantaged or vulnerable individuals or groups, including the poor, women, young girls, youth at risk, sexual and gender minorities, people with disabilities, and the elderly, among others. Component 3 of the project will address capacity building. It will strengthen the project implementing agencies' technical and institutional capacity, including oversight of compliance with social and environmental standards, oversight of compliance with social inclusion targets, M&E activities, and grievance redress mechanisms. To date, some of the E&S specialists of the Parent Project have participated in ESF training provided by the Bank, including the ESF in practice training carried out on March 2022.

**Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating**

Substantial

The project is responding to the humanitarian emergency caused by the hurricanes ETA and IOTA. The project will be implemented in the poorest areas of Nicaragua that are in the Indigenous and Afrodescendant communities in the Caribbean Coast of Nicaragua, located in relatively hard to supervised areas, especially in the context of COVID19. Some of its activities consist of rehabilitating and reconstructing buildings and houses, where moderate labor influx is probably. Nicaragua has laws on sexual harassment, marital rape, on domestic violence. A national action plan on addressing violence against women and girls/GBV, and a National referral pathway protocol for GBV service provision, are also available. GBV service providers are mapped and identified for the project, yet, the reporting channels for GBV at the local level need to be strengthened and the existing context of limited CSO engagement could further complicate the flow of information and detection of GBV cases.

**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. Under Component 1, the Parent Project will finance the recovery, rehabilitation, and resilient reconstruction of infrastructure damaged/destroyed by the Tropical storms (expected to take place within existing/previous footprints). Project activities may include: (i) goods, small works, and basic services needed for the recovery phase; (ii) high priority public infrastructure (including but not limited to transport, health, and fisheries ); (ii) critical infrastructure (minor roads and bridges), and (iii) provision of safer and culturally responsive temporary and permanent housing and social infrastructure. These activities may result in significant environmental and social risks and impacts. The risk management approach to be adopted, implemented, monitored, and supervised is

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detailed below. Component 2 of the Parent Project aims to restore and improve the livelihood of affected communities and families engaged in artisanal fisheries. The AF included to this component will further support the artisanal fisheries, as well as finance small-scale agricultural and agri-business activities. These activities are expected to be small-scale in nature and are not expected to have significant negative environmental risks and impacts. Component 3 activities, including capacity building, institutional and technical strengthening, which may include project management, environmental and social compliance oversight, grievance redress mechanisms, and technical studies, among other activities, are not expected to carry significant environmental and social risks.

The core project instruments to assess and manage E&S risks and impacts of the Parent Project have been developed, consulted and disclosed consisting of (i) an Environmental and Social Management Framework (ESMF); (ii) a Stakeholder Engagement Plan (SEP); (iii) The Labor Management Procedures (LMP); (d) a Resettlement Policy Framework (RPF); and (iv) The Indigenous Peoples and Afro-Descendants Plan (IPADP). During the preparation phase of this AF, the SEP was revised to include new relevant stakeholders related to the new activities to be financed. These instruments were disclosed both in-country and on the Bank’s website. During the implementation of the AF, the ESMF, LMP and IPADP will need to be revised, updated, consulted, and redisclosed in-country and on the Bank’s website no later than 60 days after the AF effectiveness date. The revised SEP will be consulted prior to the Appraisal of the AF.

The updated ESMF will include an updated E&S Screening Checklists for risk classification of site-specific project activities, which will set forth the requirements for site-specific Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs). The updated ESMF will also include generic E&S risk management procedures / codes of practice, in line with the World Bank’s ESF and the WBG’s Environmental Health and Safety Guidelines, that can be quickly and easily adapted and tailored to site-specific project activities and incorporated into site-specific ESMPs, bid documents, and LIDPS as needed, covering, inter alia: management of diverse construction impacts including for potential minor works related to the AF; occupational and community health and safety; COVID-19 transmission prevention and response; debris and hazardous materials management; child labor (worker camp management is already addressed in the current ESMF and for activities of the Parent Project); GBV/SEA risk management procedures; a worker Code of Conduct; guidelines for universal access design in line with ESS4; measures related to the managements of fisheries and small-scale agricultural and agri-business activities in line with ESS3, and measures to avoid/mitigate potential impacts on natural habitats and ecosystem services. The updated ESMF will further detail institutional roles and responsibilities, monitoring and reporting requirements, an estimated E&S budget, and capacity-building measures. Site-specific ESIAs and ESMPs will be consulted and disclosed locally before proceeding with site-specific project activities, and those developed for substantial risk site-specific project activities (as per criteria to be specified in the ESMF) will require prior review and approval by the Bank. Engineering and design plans for the infrastructure to be financed by the project will be grounded in existing national laws and policies and the Bank’s Environmental and Social Framework (ESF) and will consider as much as possible climate-resilient aspects tailored to the context of Nicaragua.

Where viable, the AF design will integrate elements that ensure the inclusion of vulnerable groups, particularly IPAD communities, as equal beneficiaries of Project activities drawing from the Social Assessment developed for the Parent Project and that addresses the agricultural sector. Guidance from the Bank Directive for “Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups” will be considered during the update of the E&S instruments. The Project is expected to promote job creation at the local level, potentially benefitting the local labor



force, and will ensure the engagement of affected groups in the prioritization exercises to select activities to be financed by the project. Component 2 of the Parent Project, which will finance the design, rehabilitation, and reconstruction of resilient housing, will allow for the inclusion of the lifestyle and cultural preferences of project beneficiaries and universal design principles while at the same time applying safer design standards that consider future disaster risk.

The updated ESMF will continue to detail carefully tailored implementation procedures for the delivery of goods and works to ensure communities' health and safety. For the Parent Project, these procedures include preferred working hours, as well as codes of conduct for contractors performing construction works. Given the potential security issues and influx of labor in some of the areas for the Parent project implementation, the Client will continue to consider gender-based violence issues consistent with the Labor Management Procedure (LMP) and identify available service providers that can be used as part of a referral pathway for any GBV case possibly identified within the context of the Project activities.

The Updated revised Environmental and Social Commitment Plan (ESCP) prepared for the AF Project includes the additional measures and actions for the new activities to be financed to ensure compliance with the ESF and the project's E&S instruments, as well as related implementation details, including monitoring and reporting activities.

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

The standard is relevant. The main stakeholders of the Project are people affected by the tropical storms Eta, Iota and Julia in communities of the Autonomous Region of the North Caribbean Coast (RACCN) and communities of the Autonomous Region of the South Caribbean Coast (RACCS), which were among the most affected by the impact;. As with the Parent Project, other stakeholders of the Project are the Ministry of Finance and Public Credit (MHCP), Ministry of Family, Community, Cooperative and Associative Economy (MEFCCA), National System for Prevention, Mitigation and Attention of Disasters (SINAPRED), Institute the Urban and Rural Housing (INVUR), the Nicaraguan Institute for Territorial Studies (INETER), Ministry of Health, Ministry of Infrastructure (MTI); Nicaraguan Institute for Municipal Development (INIFOM); Autonomous regional governments with their secretariats, example of natural resources (SERENA) in the RACCN and the RACCS, indigenous/Afro-descendant communal and territorial governments; municipal governments; Civil Society Organizations engaged with the response, Multilateral institutions and international organizations: IDB, CABEL, United Nations system, and other organizations.

The MHCP has prepared a SEP that was approved by the WB and disclosed by the GoN on March 3, 2023. As part of the AF Project appraisal, the Client started consultations on April 10 -12 in the indigenous communities of Krukira and Santa Marta and the campesino community of "El Provenir," as well as with regional authorities and regional universities (Bluefields and Indian Caribbean University (BICU) and Universidad de las Regiones Autonomas de las Costa Caribe de Nicaragua (URACCAN). The objectives of the AF, the SEP, and its proposed updates were consulted on April 17 and 24th in the RACCN and the RACCS. The summary of the result of these consultations is reflected in the updated SEP, which included, among other feedback, the need to include women in all stages of participation, the adequate inclusion of inhabitants who are not originally from the region but now live there, and promoting the participation of youth. The updated SEP includes potential additional stakeholders, methods of engagement, and updated project descriptions, among others. The SEP will be further updated, consulted, and re-disclosed by UNOPS and MHCP, within 60 calendar days of Project Effectiveness. If needed, the final SEP will further identify affected and



interested parties as well as vulnerable groups and will further update the Project Grievance Mechanism. The document will include an analysis of the different stakeholder groups and present a strategy that includes timelines and methods for consultations and continuous engagement throughout project implementation, taking into account the realities of advised physical distancing. The updated SEP draws on guidelines from the social assessment to include differentiated methodologies for the different affected groups, including engagement methodologies for IPAD communities and persons with disabilities. The updated SEP also identifies resources and responsible personnel to ensure its implementation, as well as guidelines for monitoring and reporting. The SEP ensures the participation of all stakeholders to understand the needs of the affected populations, ensures transparency and coordination between government entities, the PIU, and communities, and receive feedback and grievances. The SEP sets out the nature and periodicity of stakeholder consultations and requires regular beneficiary feedback surveys.

Robust stakeholder engagement is particularly crucial for AF activities and those related to infrastructure reconstruction and housing planning and design. These will follow a community-based and owner-driven approach and will engage communities early in project planning and implementation. This is of importance for IPAD communities, which have been substantially affected by the three tropical storms. For the Parent Project, conversations with IPAD leaders were carried out as part of the Bank’s due diligence, focusing on assessing the impacts of Eta and Iota and informing project design. Just as for the Parent Project activities, for the AF activities, the MHCP, will ensure that all consultations and participatory dialogues with IPAD are culturally appropriate, consider traditional systems of community engagement and decision-making, and ensure participation of specific vulnerable groups within communities whose interests are traditionally underrepresented, such as elders, women, youth and persons with disabilities.

Given the communication and engagement limitations posed by the post-disaster scenario and the COVID-19 pandemic, careful planning has been needed to reduce any risk of exclusion of vulnerable groups. Stakeholder engagement strategies set out in the SEP (and the updated SEP) point out ways to minimize close contact and will follow the guidance in the WB technical Note: “Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings”, from March 20, 2020.

A Project level Grievance Mechanism (GM) is in operation and works as described in the SEP. The grievance mechanism included in the current approved and disclosed SEP shall be applicable to all activities under the AF. The GM addresses concerns and complaints promptly and transparently with no cost or discrimination toward project-affected communities. As of this date, the GM has not received grievances, however, it is expected that once subprojects begin implementation, these would increase. The Bank’s E&S team will work with UNOPS to ensure that the GM is adequately socialized and implemented, particularly in remote areas and subproject sites where technological access is limited, and ensure that the new AF E&S staff strengthens the GM’s reach at multiple levels. Implementing staff and local-level coordination structures will be oriented on their roles and responsibilities to address grievances, particularly around exclusion and manipulation of targeting and entitlements. People affected by or otherwise involved in project-supported activities will be provided with accessible and inclusive means to raise concerns or log complaints via the GM. The GM has multiple entry contact points, including at the community, municipal and regional levels, and will have the capacity to give attention to GBV related grievances. The GM is also expected to provide early warnings on emerging social risks.



## 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. The implementation of the AF will rely on the existing staff of the PIU and additional staff to cover the activities of the AF. The project is expected to engage with direct and contracted workers. Though not clearly defined at this moment, the implementation of the AF activities could also require Community workers, including voluntary labor contributions to the execution of subprojects, as well as Social Facilitators engaged in facilitating the work in the different indigenous communities. The PIU-UNOPS will update the current approved Labor Management Procedures (LMP) within 60 calendar days of the AF project Effectiveness to manage labor related risks and impacts and describe the types and number of workers included in the project and corresponding mitigation measures consistent with ESS2. The updated LMP will make additions relevant to new activities brought by the AF, providing an overview of applicable legislation, expected types of personnel to be hired under the AF, and measures to comply with ESS2, including child labor, minimum salary, and work hours. The updated LMP will also include a description of the GM available to project workers. Where government civil servants are working in connection with the project, whether full-time or part-time, but not hired by the project, they will remain subject to the terms and conditions of their existing employment agreement or arrangement unless there has been an effective legal transfer of their employment or engagement to the project. For these employees, provisions of Protecting the Work Force and Occupational Health and Safety of ESS2 will apply.

Regarding the health and safety of workers during project implementation, the updated ESMF will include an updated Occupational Health and Safety Procedure (OHSP) and an updated Infectious Disease Prevention and Response Procedure (IDPRP) for potential communicable infectious diseases which could affect project workers, including COVID-19, dengue, malaria, cholera, etc. These procedures will be in line with the WBG's EHS Guidelines and Good International Industry Practice (GIIP), including WHO and PAHO guidance, particularly for the COVID-19 virus. The updated OHSP will include requirements for the use of Personal Protective Equipment (PPE) and handling equipment and machinery, measures to reduce exposure to pesticides and other chemicals, planning of training activities, and investigation/reporting of accidents, while the updated IDPRP will include measures for prevention, infection control and case management of infectious diseases. The updated OHSP will also include key provisions to ensure safe and healthy working conditions during the implementation of artisanal fisheries and small-scale agricultural and agribusiness activities. The updated ESMF will continue to include an Emergency Response Procedure (ERP) that includes emergency prevention, preparedness, and response arrangements in the event of any social, labor-related, and/or natural disaster situation that could take place or evolve during project implementation. These procedures will serve as the basis for the development of specific OHSPs and ERPs that will be required in site-specific ESMPs, as necessary.

Bidding documents for all investments and LIDPS will include OHS requirements, a worker Code of Conduct, and requirements for other labor issues such as labor influx, non-discrimination, equal opportunity, and prevention of all forms of forced labor. The Project will not hire people younger than 18 years old for hazardous work; those between the national legal minimum age of 14 and 18 could do non-hazardous work in line with ESS2 provisions and will comply with all Nicaraguan labor laws. The PIU-UNOPS or their designated supervision consultants will actively monitor civil works activities throughout the project cycle to ensure adherence to this Standard.



If relevant for the AF, the updated LMP will set out roles and responsibilities for monitoring community workers by: (i) identifying the terms and conditions on which community labor will be engaged (if applicable, the amount and method of payment), (ii) setting out the times of work; (iii) specifying the way in which community workers can raise grievances in relation to the project; and (iv) assessing working conditions and OHS in relation to community labor. This assessment will be applied proportionately 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. The project does not expect to be engaged with primary supplier workers. However, the updated LMP will set out measures and responsibilities to address and monitor risks related to child labor, forced labor, and serious safety issues which may arise and in case this was to occur.

The adopted LMP includes a GM for workers with procedures on how to address GBV-related grievances. The LMP will be reviewed and updated throughout project implementation as required, considering the activities to be undertaken in each site-specific project activities and as additional project activities unfold, entailing additional labor-related risks or issues.

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

This Standard is relevant as there are potential sources of pollution from debris and rubble left behind by the storms, as well as from the rehabilitation and reconstruction activities. Activities related to the small-scale agricultural and agribusiness activities to be financed will also result in pollution needed to be managed, including the production of waste use of pesticide and other chemical fertilizers. In addition, opportunities exist to incorporate energy and resource efficiency measures in the reconstruction of public infrastructure, housing and potentially as part of small-scale agribusiness. The ESMF prepared for the project included generic mitigation measures for the anticipated types of impacts resulting from reconstruction, rehabilitation, and disaster response, will be in line with the WBG's General EHS Guidelines and industry-specific EHS Guidelines, as well as national legislation standards, whichever are more stringent. The updated ESMF will include measures to reduce and prevent pollution generated from the small-scale agricultural and agribusiness activities to be financed under the AF. Detailed site-specific mitigation measures will be identified and included in site-specific ESIA and ESMPs that will be developed based on the scale, location, and detailed technical specifications of both the Parent Project and AF become available. To date, the ESMPs prepared for the subprojects of the Parent Project have included ESS3 considerations as part of the environmental assessment and the proposal of their corresponding mitigation measures. However, these ESMPs are yet to be implemented as no activities on the ground have started.

Civil works and water and debris clearing/removal activities are expected to generate significant amounts of hazardous and non-hazardous wastes, including residual construction materials waste and hazardous materials from demolitions. Construction waste has the potential to generate a significant amount of solid waste at construction and decommissioning sites, including excess fill materials from grading and excavation activities, scrap wood and metals, and small concrete spills. Construction waste may also include hazardous materials used from demolished existing infrastructure, which could include asbestos, lead, mercury, polychlorinated biphenyls (PCBs), and others. In addition, hazardous solid waste could also include contaminated soils, amounts of machinery maintenance materials, such as oily rags, used oil filters, and used oil, as well as spill cleanup materials from oil and fuel spills. Waste from artisanal



fishing activities could also be expected during implementation, which may include waste from fishing gear and debris (buoys, nets, lines, pots, traps, etc.), as well as from post-harvest processing and by-products. Ensuring safe waste handling and disposal will be critical during project implementation, especially given the currently weak capacity of waste management in the country exacerbated by the lack of licensed/controlled landfills. Thus, specific and tailored mitigation measures will be needed to guarantee that all types of waste are properly collected, treated, and disposed. The ESMF prepared assessed the institutional capacity for waste management, while site-specific ESIA and ESMPs will identify appropriate landfills for solid hazardous and non-hazardous waste available to receive and treat waste generated by the project. Techniques for assessing the characteristics of the material to be excavated during rehabilitation and reconstruction activities and measures for preventing and controlling hazardous and non-hazardous wastes are detailed in the ESMF, and such assessments will be included in the site-specific ESIA/ESMPs. The ESMF specifies that site-specific ESIA and ESMPs shall assess the generation and discharge of mud and wastewater from civil works, as well as sludge generation and disposal from potential water and sanitation works (if financed by the project), and proper mitigation measures will be defined. The ESMF also includes the requirement that the disposal of these materials will be preceded by an analysis to verify potential contamination to inform the proper treatment process (efforts will be made to the extent possible given the potential constraints caused by the emergency context situation). Specific considerations related to this matter will be included in site-specific ESMPs to the extent possible. Final disposal treatment will also include the verification of disposal facilities to ensure the capacity and technology to receive such wastes.

Construction materials needed for all rehabilitation and construction activities (sand, stones, timber, etc.) will be obtained from licensed quarries and certified timber suppliers. The project will – as much as possible – reuse and recycle construction material from the debris left behind by the cyclones for drainage, roads, fill material, retaining walls and foundation bases with previous confirmation that these do not contain hazardous materials like asbestos, lead, mercury, PCBs, and others. Site-specific ESIA and ESMPs will also include mitigation measures to address nuisance related to dust, noise, vibration, and odors that may be generated during reconstruction/rehabilitation work and debris cleanup. In the case of rehabilitation/renovation of small-scale service and post-harvest facilities, site-specific ESIA and ESMPs will also include measures to mitigate any coastal/marine pollution potentially generated during civil works. While reconstruction and rehabilitation activities are expected to take place within existing footprints, impacts from localized soil removal, clearance of vegetation, and biodiversity loss may still occur. Screening procedures as part of the ESMF will help rule out activities that could pose significant impacts on biodiversity (further detailed in ESS6 below), and site-specific ESIA and ESMPs will include appropriate measures as deemed necessary.

Water will be used for irrigation purposes as part of the agricultural activities. The AF will not be used to finance new irrigation schemes. Potential investments in irrigation will be limited to improvements of existing irrigation schemes through introduction of pressured irrigation methods which use only small quantities of water and will mainly source water from ponds, tanks or other rainfall catchment structures. Water requirements are expected to be limited mainly due to the size of the crops and also because the project will include water efficiency measures. Water sources are expected to come from rainwater; however, it is also possible that some agricultural subprojects may use groundwater from existing wells. The project will promote sustainable water harvesting and water use that does not result in reduced availability for downstream users and does not affect ecological flows. At this stage, it is possible that the AF will also finance the construction of new wells if these are deemed necessary during implementation. The updated version of the ESMF will include an assessment of the associated risks and impacts of these activities and



their corresponding general mitigation measures. Each subproject will be required to screen and assess water access and usage following the guidelines of the ESMF. Based on this assessment, each subproject will incorporate specific water usage-related measures in the subproject ESMPs to be prepared during implementation. The need for assessment of the potential cumulative impacts of water use on communities and the environment will be determined on a case-by-case basis.

The project will minimize and control the use of chemical fertilizers and pesticides in agricultural activities and will promote the use of less hazardous materials (i.e., organic fertilizers) to the extent possible. The updated ESMF will include mitigation measures to reduce agricultural discharge to surface water through runoff of fertilizers and pesticides and promotes the use of best agricultural practices. Organic waste will be managed as a productive asset for the elaboration of soil amendments (organic fertilizers). Regarding the use of pesticides, the project is expected to allow the procurement and use, and safe disposal of agrochemicals and low-toxicity pesticides. The ESMF includes Vector and Pesticide Management Procedures, which will be revised to ensure the Project includes mitigation measures to adequately and safely manage the use of pesticides during the implementation of agriculture activities. These measures will be required to be included in the site-specific ESMPs as needed.

Energy efficiency measures such as efficient lighting, cooling, heating, and other energy efficiency equipment will be considered in the project – where applicable – during the reconstruction phase of the rehabilitation and reconstruction of public buildings, housing, and social infrastructure. Measures for energy efficiency will also be considered – as applicable – in the equipment to be procured as part of the project. Water-efficient measures will also be considered, as much as possible, through the adoption of water-saving techniques as part of the design of housing and public buildings. Water-efficient measures will also be considered, as much as possible, by adopting water-saving techniques as part of the design/engineering plans of housing and public buildings. The AF will also promote the use of renewable energy technologies as part of the climate-smart agricultural and agribusiness activities to be financed (such as small solar-powered agri-food processors). Recommended measures for energy, resource, and water efficiency will be further detailed in the updated ESMF to facilitate quick incorporation into site-specific project designs where feasible.

Additionally, these measures, along with flooding control and other preventive measures for extreme weather events, will also be considered.

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

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

This Standard is relevant. The activities of the AF will consist of financing small-scale agricultural and agribusiness activities, benefiting small producers in the same area of influence as the AF parent project. The Parent Project activities include rescue prevention measures and early recovery of key economic sectors; rehabilitation and reconstruction of public and community infrastructure; and housing reconstruction. Rehabilitation and reconstruction activities may expose communities to health and safety risks, especially to those communities that are immediately close to the construction sites and affected areas. Civil works may cause some inconvenience to the local communities as access, particularly road traffic and pedestrian access, could be interrupted temporarily. Measures to reduce road and pedestrian accidents around or near-by reconstruction/rehabilitation sites are included in the ESMF. Site-specific ESMPs will include traffic management plans and measures for local communities to ensure pedestrian





safety, as well as requirements for the adoption of signage and safety barriers in or near construction zones and safe storage arrangements for construction machinery and equipment. Due consideration will be put to the specific needs of vulnerable groups such as the elderly, children, and persons with disabilities. Nuisances caused to local communities from noise, dust, and vibration resulting from the use of construction machinery and vehicle movement during construction works causing disturbance to nearby homes will be addressed in the updated ESMF, and site-specific ESMPs will be required to include specific measures to reduce the impacts from these activities, as necessary, to ensure adherence to this Standard. In addition, the updated ESMF will include measures to reduce the potential impacts on the health of the surrounding communities as a result of the use of pesticides (this will be addressed in line with ESS3 above).

For civil works to be financed by the project situated in high-risk locations, including those with risk of extreme weather or slow onset events (e.g. sea-level rise causing coastal flooding; drought and salinization diminishing water quality and quantity; areas affected by land degradation making them less resilient to floods, landslides, and mudslides), and those where their failure or malfunction may threaten the safety of communities, the project will be required to engage one or more independent experts (prior agreed with the Bank) with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible and throughout the stages of project design, construction, operation, and decommissioning.

Screening Procedures included in the ESMF will help rule out any project activity that relies or may rely on the performance of an existing dam or a dam under construction (DUC). These project activities will also be part of the exclusion list of activities that cannot be financed as per requirements set out in the ESMF.

Unstable settings, due to collapsing buildings, mudslides, and landslides, as a result of both cyclones, could also pose a potential health and safety risk to the affected local communities and project workforce. The ESMF includes appropriate measures to guide the workforce and local communities on what to do when there are imminent dangers, as well as on actions for during and after these types of events. Site-specific ESMPs will adopt these measures as deemed necessary, depending on the specific risks at each worksite. All civil works to be financed by the project (both Parent and AF) will be reconstructed/rehabilitated, taking into consideration climate-resilient aspects that will have the ability to anticipate, prepare and respond to future hazardous events, trends, or disturbances related to climate, thus, reducing future climate-related risks. In addition, public infrastructure works will take into account the concept of universal access and culturally pertinent design, where feasible. The activities will follow and when feasible, a community-based and owner-driven approach and will engage communities early in project planning and implementation. The design options to be considered for the rehabilitation of houses will be grounded in existing national laws and policies and the Bank's ESF, and will include considerations related to gender, citizen engagement, and Indigenous and Afro populations when relevant vulnerable groups, traditional knowledge, and financial sustainability, while drawing on international good practice. Among the prioritization criteria for works, the project will identify environmental and social risks and opportunities to ensure that investments do not cause significant unforeseen environmental or social impacts and leverage social opportunities for inclusive development. The ESMF and LMP also included a code of conduct for the workforce that will need to be updated to the new AF to be financed. Participation of local communities in home construction will be promoted through bidding documents and mapping of community capacity by the PIU, with the support of its Environmental and Social Specialist, in coordination with relevant local indigenous and Afro-descendant organizations/governments.



The management of community health and safety issues will be described in the Project's updated ESMF and will be integrated into the site-specific-level ESMPs. As of this date, consultations have had preliminary sensitization discussions, but more comprehensive and dedicated spaces will be programmed once subproject implementation is underway. The influx of labor for site-specific project activities under the Parent Project is expected to increase several risks, including Sexual Exploitation and Abuse (SEA) for vulnerable communities including children. The updated ESMF will lay out measures to be adopted in site-specific ESMPs to minimize the risks to the population through a combination of education and awareness-raising, and the adoption of strict traffic safety and GBV/SEA risk management procedures. Disaster relief efforts and reconstruction activities can risk becoming COVID-19 spreading events that could seriously affect communities. Project activities from both the Parent Project and AF will ensure that all workers wear personal protective equipment (PPE) adequately to the type of work that are performing and will receive appropriate training to reduce contagion to a minimum. Potential outbreaks of water-borne (cholera, typhoid, etc.) and vector-borne (malaria, dengue, etc.) diseases could occur as a result of the flooding caused by the tropical storms, as well as from the rainy seasons. The Infectious Disease Response Procedure (IDRP) included in the ESMF will be revised to ensure it includes the necessary measures to (i) identify and reduce sources of contagion in the affected area; (ii) evaluate living conditions of the affected population; (iii) define actions towards ensuring availability of safe water and adequate sanitation facilities, to the extent possible; and, (iv) identify potential healthcare facilities to ensure effective case management. Other potential health and safety risks to affected communities may be produced from the diminution of water quantity or quality, exposure to hazardous materials, and potential impacts caused by other natural disaster risks affecting the surrounding communities. The ESMF's Emergency Response Procedure (ERP) includes measures to manage and mitigate these risks.

The PAD states that there will be no deployment of security forces in the implementation of any of the Project activities. The latter is applicable to the AF. However, given the roles of security forces in providing rescue services, protection, and support to post recovery efforts, appropriate requirements are specified in the ESMF for the management of the use of security forces, if were to occur, such as: i) screened to confirm that they have not engaged in past unlawful or abusive behavior, including sexual exploitation and abuse (SEA), sexual harassment (SH) or excessive use of force; ii) adequately instructed and trained, on a regular basis, on the use of force and appropriate behavior and conduct (including in relation to SEA and SH), as set out in the ESMF; and iii) deployed in a manner consistent with applicable national law.

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

This Standard is relevant. Although the Project will seek to avoid involuntary resettlement, the Parent Project's activities will include rehabilitation and reconstruction of public infrastructure and housing, where minor land acquisition and/or economic displacement could take place. However, for the AF activities, there will be no land acquisition or land use restrictions imposed by the AF activities, which are directed to smallholder farmers, and indigenous people who have possession of their lands. The updated ESMF and POM will establish exclusion criteria to ensure that no subproject under the AF that requires the involuntary taking of land as per ESS5 is eligible for financing. Though not foreseen, in the case of voluntary donation of lands to support project activities, these will be consistent with paragraph 6 and footnotes #10 and #11 of ESS5 and as described in the RPF for the Parent Project.



Under the Parent Project, a Resettlement Policy Framework (RPF) was developed. The adopted RPF is used for cases where land acquisition is needed for priority infrastructure under the Parent Project, including temporary land taking for contractors' camps and storage of equipment; relocation of encroachers due to site-specific activities; and interruption and/or restriction to access to any business adjacent to site-specific projects causing loss of income. For the Parent Project, when necessary, Resettlement Action Plans (RAPs) will be submitted for Bank's approval prior to their broad-based consultation, and final plans will be disclosed to the Bank and official local institution's websites before the initiation of works. Works will not commence until the implementation of the RAPs and compensation has been provided for any impacts and within the timeframe of the approved RAP.

The approved RPF establishes eligibility criteria for affected persons, sets out procedures and standards for compensation, and incorporates arrangements for consultations, monitoring, and addressing grievances. The RPF uses the GM of the SEP. The GM considers the availability of judicial recourse or alternative conflict resolution mechanisms that may already exist within the communities.

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

This Standard is considered relevant.

For the rehabilitation and reconstruction works to be financed, no significant conversion or degradation of natural habitats is expected. Reconstruction and rehabilitation of existing critical public and community infrastructure, as well as prioritized housing and social infrastructure, will be developed within existing footprints and mostly in urbanized and/or degraded areas; however, it is possible that some civil works may potentially interfere with remaining areas of native vegetation or areas of importance for biodiversity. Thus, the ESMF provides guidance on biodiversity screening to ensure that civil works do not alter or cause destruction or degradation of any critical or sensitive natural habitats, especially forests, and wetlands, outside those legally designated protected areas. Infrastructure activities that could result in significant adverse impacts on critical habitat and/or protected areas will be screened out through the ESMF, and site-specific ESIA/ESMPs with appropriate mitigation measures must be developed before launching the bidding process for the respective site-specific project activity. The ESMF includes generic biodiversity-related mitigation measures that will serve as a basis for the subsequent development of site-specific ESIA/ESMPs. Potential risks and impacts on natural habitats will be assessed in detail on the definition of the location, type, and scope of infrastructure work to be financed. Where relevant, appropriate mitigation measures for impacts on natural habitats and ecosystem services will be included in the site-specific ESIA/ESMPs.

In the case of artisanal fisheries, the ESMF assessed the impacts on sensitive ecological features such as mangroves, coral reefs, salt marshes, estuaries, etc., as well as it assessed potential risks and impacts to natural habitats from the various project activities, including potential direct, indirect, and cumulative impacts on key coastal and marine biodiversity receptors. The ESMF also included a rapid assessment of the state of artisanal fisheries and practices within the project intervention areas and included principles of sustainable fisheries management (based on best available practices) to guide the implementation of fisheries-related activities supported under the project.

The AF project will promote sustainable agriculture practices that are expected to have positive benefits for biodiversity conservation. All small-scale agricultural and agribusiness activities will be located on modified habitats



within selected beneficiaries; no activities will take place on key biodiversity areas, influence or buffer zones of protected areas, wetlands, and natural grasslands. The updated ESMF will include an exclusion list to rule out activities in areas that could potentially affect critical or sensitive habitats. In addition, the updated screening process will include measures to be adopted at the subproject level to ensure that none of the AF activities take place on or adversely impact biodiversity and environmentally sensitive areas.

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

This Standard is relevant in that the project will be operating in indigenous and afrodescendant (IPAD) communities and territories, including the Miskito, Mayagna, and Afro-Caribbean. The Borrower will implement the Project, including the AF activities, in a manner that provides the IPAD communities with equitable access to project benefits, taking into account their concerns or preferences, addressed through meaningful consultation. The Client will update the current Stakeholder Engagement Plan (SEP) to describe the overall approach to engaging with IPAD in the AF activities. The Project will update the current approved Indigenous Peoples and Afrodescendant Plan (IPADP) - prepared for the Parent Project - within 60 calendar days of the AF Effectiveness to guide the identification, planning, and design of AF project activities and to outline a culturally appropriate strategy for collaboration and engagement with the indigenous territories, as well as to properly and effectively manage the possible social and economic impacts/benefits of the project activities on them.

The IPADP prepared for the Parent Project was informed by a baseline post-disaster Social Assessment carried out by the GoN with the technical assistance of the Bank in coordination with local IPAD organizations. The Bank supported the Borrower with an independent consultant to prepare these instruments and for which TORs were developed. The final versions of these documents were approved by the World Bank and were disclosed on the Client's website on March 3, 2023. The IDADP includes a description of the project and of IPADs; an analysis of the national legal framework relevant to IPAD; gap analysis with ESS7; a description of potential opportunities, risks and impacts; the guidelines for screening for the presence of IPADs, site-specific social assessments, and in consultation with project affected and beneficiary IPAD communities, as described above. If a site-specific project activity will be implemented in an area with IPAD presence, but not covered by the IPADP, as outlined in the ESMF and IPADP, the IPADP will be further updated to include characterization of this population, potential opportunities, benefits, adverse risks, and impacts, mitigation measures as well as other adjustments needed to ensure that they can equally benefit from the project and they are not negatively affected.

The POM excludes from the project any activity that may fall within the exclusion criteria set forward in the POM.

### **ESS8 Cultural Heritage**

This Standard is relevant. Under the Parent Project, construction activities for the rehabilitation and reconstruction of public and community infrastructure, as well as private housing, may incur in soil excavations that could be profound enough to dig up/or uncover archaeological artifacts also hidden from view. Reconstruction activities could potentially support the rehabilitation of damaged public buildings with cultural or historical value. Additionally, small-



scale agricultural and agribusiness activities promoted by AF are likely to involve superficial movement of soil, that could uncover archaeological artifacts hidden from view.

The ESMF for the Parent Project includes provisions for site-specific screening and assessment of any known sites of cultural or historical importance which may be impacted locally, as well as identification of any sites of cultural/social importance for local communities. The ESMF will be revised to ensure it includes: (i) a generic Chance Finds Procedures for all types of works that will involve soil excavations, as well as guidance for contractors and beneficiaries in charge of the agricultural and agribusiness activities to take proper protective measures in case cultural heritage sites are discovered, including to stop construction activities if cultural property sites are encountered during construction; and (ii) a Cultural Heritage Management Plan (CHMP) for civil works outlining mitigation measures to be considered to avoid or reduce impacts on community cultural heritage sites directly affected by the project. Also, the Indigenous peoples of the RACCN maintain distinct cultural practices, their own traditional governance structures, and cosmovision. During Project implementation, the borrower will ensure that these practices are taken into consideration and in line with ESS7 and ESS10, as will be documented in the IPADP.

**ESS9 Financial Intermediaries**

This Standard is not relevant

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

Yes

The policy applies because some of the activities may involve the use or pollution of water from international waterways. Project activities are limited to rehabilitation of existing irrigation schemes only and will not involve significant additional use or pollution of such waterways, and therefore a new exception to the notification requirement was requested and its yet pending approval by the LCR Regional Vice-Presidency.

**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:**

None

**IV. CONTACT POINTS**

World Bank

Public Disclosure



# The World Bank

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## Borrower/Client/Recipient

## Implementing Agency(ies)

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### VI. APPROVAL

Task Team Leader(s): Johannes Georges Pius Jansen, Anna-Maria Bogdanova

Practice Manager (ENR/Social) Genevieve Connors Cleared on 15-May-2023 at 14:57:28 EDT

Public Disclosure