

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

Report No.: 89381

Date prepared/updated: 08/07/2014

I. Basic Information

1. Basic Project Data

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| Country: India | Project ID: P145419 | |
| Project Name: Creating Inclusive Business Models for Marginalized Tribal Communities in Odisha, Madhya Pradesh and Jharkhand | | |
| Task Team Leader: Vinayak Narayan Ghatate | | |
| Appraisal Date: December 19, 2013 | Estimated Board Date: | |
| Managing Unit: GFADR | Lending Instrument: Japan Social Development Fund (JSDF) Grant | |
| Sector: Other Industry (100%) | | |
| Theme: Rural Non farm Income Generation (50%), Indigenous People (50%) | | |
| IBRD Amount (US\$m.): | | |
| IDA Amount (US\$m.): | | |
| GEF Amount (US\$m.): | | |
| PCF Amount (US\$m.): | | |
| Other financing amounts by source: US\$ 2.86 million (Japan Social Development Fund) | | |
| Environmental Category: B | | |
| Is this project processed under OP 8.00 (Rapid Response to Crises and Emergencies) | Yes [] | No [X] |

2. Project Objectives:

The proposed PDO is to create employment and sustainable livelihood opportunities to reduce poverty amongst the unemployed youth, women and other marginalized communities in the tribal regions of Odisha, Jharkhand and Madhya Pradesh.

The Project proposes to provide additional inputs in regard to the extensive product development activities to develop its Jani and Jiva brand and test innovative marketing assistance to its nine Jiyo! cluster organizations in the state of Bihar and Andhra Pradesh.

3. Project Description:

The proposed program, which is to be implemented by the Asian Heritage Foundation, is unique in its vision of developing diverse, community-run cluster enterprises based on tribal/rural wisdom and traditional knowledge/skills. This project will work at the grass root level with local community owned institutions and existing tribal social structures. The project will be working with tribal communities, which are amongst the most vulnerable and isolated groups in the identified states in India. It will support the communities to manage all aspects of the value chain created by the cluster enterprises themselves. The project will also connect clusters to management training, financial assistance and market development, by working with tribal

communities to develop community owned indigenous enterprises based on their existing traditional knowledge and skill set.

The project will also be assisting the nine Jiyo clusters in Andhra Pradesh and Bihar with new product development and sales/marketing support, specifically targeted to strengthen and sustain these operations for greater social and economic impact. This includes testing two innovative brand concepts – (i) Jani (mass premium) and (ii) Jiva (local markets) - to increase market access and provide increased employment and income generation opportunities to existing beneficiaries and the new members, from the existing clusters as well as the new ones. Innovative design and strategic sales and marketing tie-ups will be used for Jiyo, Jani and Jiva products by leveraging Jiyo's networks. Other sales channels i.e. luxury and private label sales for the Jiyo brand, pop-up stores for the Jani and Jiva products which will be promoted by rural youth brand ambassadors. The pilot would have the following four components:

Component A: Institution Building, Skill Up-gradation and Design Development (US\$ 0.728 m)

A total of 8 new cluster enterprises will be developed in tribal areas in the three states, complete with Common Facility Centers for production operations and auxiliary centers for packing, tailoring, etc. Overall, an estimated total of 7650 community members will benefit from the project. These clusters will receive specialized, interactive design skills training and capacity building to develop the Jani and Jiva product lines.

The project will work with local institutional partners and local masters on the ground to collectively train the skilled and semi-skilled cluster members who will further train the unskilled members. This approach of having the trained beneficiaries conduct future trainings of unskilled cluster members will serve as a role model in the village itself for others to be inspired and will bring down costs for training and capacity building for the clusters in the future. The project itself will act as a change-agent to make the village self-sufficient with the hope that diverse communities from neighboring villages will follow the tested methods to be interconnected and empowered. Importantly, this will also include functional literacy for poor illiterate women in the project areas. As clusters are empowered through training and access to markets, the entire value chain will eventually be located at the local level.

The goal will be to provide locally-based training, capacity building and focused hand-holding support to communities in order to set up and strengthen their own organizations so they are fully responsive to their needs. All of these efforts would substantially complement and help strengthen on-going efforts of the World Bank assisted livelihood projects in building capacity of the Self Help Groups/Federations that are being supported by the on-going World Bank supported livelihood project in the States.

Component B: Community Cluster Fund (US\$ 0.559 m)

Through this component, a Community Cluster Fund will be created for each CBO (cluster enterprise) to fund the initial setting-up of 8 Common Facility Centers, which will be used for production and Auxiliary Centers for value addition (to handle packaging, tailoring, etc) as per the local cluster's needs. These Centers will eventually allow the clusters to complete the entire

value chain operations at the village level itself. The Centers will be established in rented premises or in unused Government buildings.

In addition, a portion of the Community Cluster Fund will be used for start-up capital for the cluster enterprise. The working capital component in each Community Cluster Fund is intended to be a self-replenishing resource to help maintain continuous production and sales cycles for the cluster. This project will also support the local level cluster institutions to leverage commercial bank financing. It will also provide technical support in helping them to design innovative financial products that would be sustainable and viable in the long run, and most importantly, attractive to the commercial banks and other private sector organizations.

Component C: Marketing, Trade Facilitation and Support Services (US\$ 0.967m)

This component aims to provide front-end marketing and trade linkages for the Jiyo, Jani and Jiva brands to efficiently link the cluster organizations developed in the project to international, national and local markets. In addition to the Jiyo! brand, the project will assist the Nine Jiyo clusters and 8 new tribal clusters to create two other brands (i.e., Jani and Jiva) with products and services designed separately to meet the demands of the young urban and rural audiences, respectively. The project will establish different sales and marketing channels for the three brands. Brand promotion, sales and marketing will be strategically conducted as appropriate for each brand.

The project proposes to set up at least 20 Mobile Kiosks in identified cities which will be operated by rural unemployed youth from the clusters who will serve as brand ambassadors for their own products. Talented rural youth will be identified and trained in sales and marketing to operate the kiosks as businesses. The kiosks will be located strategically at major Indian tourist attractions, in airports and on university and corporate campuses which have a high density of upper middle class families with disposable income.

Component D: Monitoring and Evaluation, and Knowledge Dissemination and Project Management and Administration (US\$ 0.605m)

Asian Heritage Foundation will work with cluster leadership to closely monitor and evaluate the use of grant funds and prepare and submit reports. Throughout the 4 year grant period, AHF staff and the clusters will gather information and lessons learned from the project. AHF will share information on the Jiyo website, in relevant publications and by other means to the extent appropriate and helpful to the larger community. This component will fund the hiring of consultants to provide technical assistance and professional support where AHF doesn't have core competence, such as in M&E and Cluster funds.

4. Project Location and salient physical characteristics relevant to the safeguard analysis:

The proposed districts for intervention are:

- Mayurbanj and Koraput in Odisha;
- Hazaribagh and Gumla in Jharkhand-
- Mandla, Jhabua and Dhar in Madhya Pradesh –.

5. Environmental and Social Safeguards Specialists on the Team:

Ms. Ruma Tavorath (SASDI)

Mr. R.R.Mohan (SASDS)/ Shankar Narayanan (SASDS)

| 6. Safeguard Policies Triggered (<i>please explain why</i>) | Yes | Explanation |
|--|------------|--|
| Environmental Assessment (OP/BP 4.01) | X | The pilot is expected to produce lessons as to how to motivate communities to preserve the local environment. Project activities are likely to contribute to better environmental quality and individual activities may have small-scale impacts or may be environmentally benign, without significant and/or irreversible impacts. Any negative environmental impacts of the activities would be limited, short term and mitigated. But cumulatively, the impact could be larger scale and would require some environmental due diligence measures to be put in place. The project is categorized as a Category B project. These issues need to be properly managed and capacities need to be strengthened to implement due diligence measures along with effective supervision and monitoring. |
| Natural Habitats (OP/BP 4.04) | | The small scale activities under this project are not expected to have any impacts on natural habitats |
| Forests (OP/BP 4.36) | | The projects activities will not have any impacts on natural habitats |
| Pest Management (OP 4.09) | | The Project will not finance procurement or use of pesticides |
| Physical Cultural Resources (OP/BP 4.11) | | The Project will not entail excavations which may unearth or disrupt localized cultural resources |
| Indigenous Peoples (OP/BP 4.10) | X | |
| Involuntary Resettlement (OP/BP 4.12) | | The project will not fund any activities that may result in land acquisition, involuntary resettlement and livelihood displacement. No construction will be undertaken and therefore no land will be acquired. Facilities will be rented for establishing the Common Facility Centers, which will be used for production and value addition (to handle packaging, tailoring, etc) as per the local cluster's needs. |
| Safety of Dams (OP/BP 4.37) | | The project does not include any investments for infrastructure that would be used for community-level civil works such as small dams, embankments, etc. |

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| Projects on International Waterways (OP/BP 7.50) | | The Project does not impact or involve international waterways. |
| Projects in Disputed Areas (OP/BP 7.60) | | This Project is not in a disputed area. |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

From an environmental perspective, activities under Components A and C could have limited environmental impacts. But cumulatively, the impact could be larger scale and would require some environmental due diligence measures to be put in place. The pilot is expected to produce lessons as to how to motivate communities to preserve the local environment. Any negative environmental impacts of the activities would be limited, short term and mitigated.

The pilot is expected to safeguard forest resources and have a positive impact on these resources in the long-term. Project activities will not have impacts on the health and quality of forests and will not bring entail any changes in the management, protection, or utilization of natural forests or plantations. Any smallscale livelihood activities will be environmentally sound and the environmental screening mechanism will be designed to include attention to this area.

The pilot will follow the State Forest Department's norms and procedures. The project is categorized as a Category B project.

Social safeguards:

Involuntary resettlement (OP 4.12): The project does not envisage involuntary land acquisition and no displacement will take place. As a consequence Bank's operational policy on involuntary resettlement (OP 4.12) is not triggered. The project will take adequate precautions to ensure that there are no adverse impacts due to project activities.

Impact on Tribal/indigenous people: Since tribal/indigenous and vulnerable people are the target beneficiaries of the pilot, they will benefit from project activities. The social needs assessment and baseline survey that will be carried out at inception of the pilot will identify groups at risk of exclusion from project activities. The pilot will comply with India's legislations for the protection of the interests of the tribal communities and vulnerable groups and be consistent with Bank's Operational Policy (OP 4.10).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The long-term impact on the natural environment, physical cultural resources and tribal/indigenous people is expected to be positive, especially if it focuses on skills development in areas which are non-forest products and promote environmentally sound practices.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts:

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described:

Given that specific demand-driven nature of the activities, a mechanism for screening and assessing possible negative short-term environmental and social impacts as well as preparing mitigation plans will be developed during project preparation. The grant is associated with the Bank funded rural livelihoods projects in these regions. Hence, a simple Environmental Management Framework (EMF) has been developed, based on the larger EMF but focusing on the key activities being financed under this project – which include Apiculture and Sericulture and Handlooms and Handicrafts. This has been used for consultation with the tribal beneficiaries and for sound management of project activities. The EMF comprises a detailed strategy and procedures for mitigation measures related to project activities. The Social management Framework (SMF) will emphasize culturally appropriate communication, extensive consultations, informed consent and documentation of the entire process.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people:

Key stakeholders include (but are not necessarily limited to): tribal and vulnerable community members and small businesses, local government members and employees, and NGOs/CBOs. The EMF/SMF has been disclosed locally in the districts as well on the Bank’s InfoShop prior to appraisal. They have also been used for consultation with the tribal beneficiaries which were undertaken in a culturally appropriate manner and documented.

Since the plan preparation process will follow Bank OP 4.10 in spirit and letter, there would not be a separate tribal development framework.

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| <i>B. Disclosure Requirements Date</i> | |
| Environmental Assessment/Audit/Management Plan/Other: | |
| Was the document disclosed <i>prior to appraisal</i> ? | Separate Framework Not Required; but relevant sections were extracted from NRLP ESMF and disclosed |
| Date of receipt by the Bank | Nov 2013 |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |

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| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | |
| Resettlement Action Plan/Framework/Policy Process: | |
| Was the document disclosed <i>prior to appraisal</i> ? | Not Required |
| Date of receipt by the Bank | |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |
| Indigenous Peoples Plan/Planning Framework: | |
| Was the document disclosed <i>prior to appraisal</i> ? | Separate Framework Not Required |
| Date of receipt by the Bank | |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |
| Pest Management Plan: | |
| Was the document disclosed <i>prior to appraisal</i> ? | Not required |
| Date of receipt by the Bank | |
| Date of "in-country" disclosure | |
| Date of submission to InfoShop | |
| * If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. | |
| If in-country disclosure of any of the above documents is not expected, please explain why: | |
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C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

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| OP/BP 4.01 - Environment Assessment | | | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [] | No [X] | N/A [] |
| If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report? | Extract of NRLP ESMF was sent for clearance and approval was received | | |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes | | |
| OP/BP 4.04 - Natural Habitats | | | |
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [] | No [X] | N/A [] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | | | |
| OP 4.09 - Pest Management | | | |
| Does the EA adequately address the pest management issues? | Yes [] | No [] | N/A [X] |

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| Is a separate PMP required? | Yes [] | No [] | N/A [X] |
| If yes, has the PMP been reviewed and approved by a safeguards specialist or Sector Manager? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? | | | |
| OP/BP 4.11 – Physical Cultural Resources | | | |
| Does the EA include adequate measures related to cultural property? | Yes [] | No [] | N/A [X] |
| Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources? | | | |
| OP/BP 4.10 - Indigenous Peoples | | | |
| Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples? | Yes [] | No [X] | N/A [] |
| If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan? | | | |
| If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit? | Yes | | |
| OP/BP 4.12 - Involuntary Resettlement | | | |
| Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? | Yes [] | No [] | N/A [X] |
| If yes, then did the Regional unit responsible for safeguards or Sector Manager review and approve the plan/policy framework/process framework? | | | |
| OP/BP 4.36 – Forests | | | |
| Has the sector-wide analysis of policy and institutional issues and constraints been carried out? | Yes [] | No [] | N/A [X] |
| Does the project design include satisfactory measures to overcome these constraints? | | | |
| Does the project finance commercial harvesting, and if so, does it include provisions for certification system? | | | |
| OP/BP 4.37 - Safety of Dams | | | |
| Have dam safety plans been prepared? | Yes [] | No [] | N/A [X] |
| Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank? | | | |
| Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training? | | | |
| OP/BP 7.50 - Projects on International Waterways | | | |
| Have the other riparians been notified of the project? | Yes [] | No [] | N/A [X] |

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| If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent? | |
| What are the reasons for the exception? Please explain: | |
| Has the RVP approved such an exception? | |
| OP/BP 7.60 - Projects in Disputed Areas | |
| Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared | Yes [] No [] N/A [X] |
| Does the PAD/MOP include the standard disclaimer referred to in the OP? | |
| The World Bank Policy on Disclosure of Information | |
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes [] No [] N/A [] |
| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | |
| All Safeguard Policies | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [X] No [] N/A [] |
| Have costs related to safeguard policy measures been included in the project cost? | |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | |

D. Approvals

| <i>Signed and submitted by:</i> | <i>Name</i> | <i>Date</i> |
|--|------------------------------|--------------------|
| Task Team Leader: | Vinayak Narayan Ghatate | 08/11/2014 |
| Environmental Specialist: | Ruma Tavorath | 08/11/2014 |
| Social Development Specialist | R.R. Mohan/Shankar Narayanan | 08/11/2014 |
| Additional Environmental and/or Social Development Specialist(s): | | |
| | | |
| <i>Approved by:</i> | | |
| Regional Safeguards Coordinator: | Francis Fragano/Zia Aljalaly | 08/11/2014 |
| Comments: | | |
| Sector Manager: | Shobha Shetty | 08/12/2014 |
| Comments: | | |