

INTEGRATED SAFEGUARDS DATA SHEET

APPRAISAL STAGE

Report No.: ISDSA284

Date ISDS Prepared/Updated: 01-Nov-2011

I. BASIC INFORMATION

1. Basic Project Data

Country:	Brazil	Project ID:	P121167
Project Name:	Ceara Rural Sustainable Development and Competitiveness (P121167)		
Task Team Leader:	Maria de Fatima de Sousa		
Estimated Appraisal Date:	23-Nov-2011	Estimated Board Date:	23-Feb-2012
Managing Unit:	LCSAR	Lending Instrument:	Specific Investment Loan
Sector:	General agriculture, fishing and forestry sector (40%), Water supply (25%), Irrigation and drainage (15%), Crops (10%), Information technology (10%)		
Theme:	Rural markets (35%), Rural services and infrastructure (25%), Trade facilitation and market access (15%), Micro, Small and Medium Enterprise support (15%), Rural policies and institutions (10%)		
Financing (In USD Million)			
Financing Source			Amount
Borrower			50.00
International Bank for Reconstruction and Development			100.00
Total			150.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Objectives

Project Development objective: The proposed project would support the inclusive and sustainable growth objectives of the State's strategic and investment plans for rural areas, by (i) improving the sustainability of rural production, including irrigation, and rural income generation; and (ii) contributing to the State's efforts to ensure universal access to water services.

3. Project Description

The Loan for this project phase is confirmed at US\$100 million, with total project cost of US\$150 million and duration of four years. The project would be financed by a Specific Investment Loan (US\$100 million) combined with counterpart financing from the State of Ceara (US\$50 million). The proposed three project components would support the inclusive growth and sustainable development themes expressed by the State of Ceara, chiefly through facilitating and strengthening competitive and innovative productive clusters and activities, and contributing to the State's efforts to achieve universal access to basic rural infrastructure, primarily potable water and basic sanitation services.

The selection of targeted beneficiaries and areas would be based on explicit inclusion and exclusion factors, namely: (a) previous productive experience and market demand (anchor enterprises) allied to potential improved competitiveness of selected beneficiaries / areas # clusters assessment; (b) water scarcity vis-vis water resources availability (Pacto das uas Strategic Plan and Cintur das uas Program, both focusing on improving and attempting to ensure universal access to potable water services), as well as integrating with basic sanitation services; and, (c) environmental and economic sustainability. Additionally, the aggregation of Municipalities/producers and spatial continuity will be considered as well as economic dynamism, water availability and complementarity with other policies, programs and projects (including other Bank-supported projects), with transparent eligibility and prioritization criteria.

Furthermore, the project will address one of the main sources of gender and generational power imbalances that still prevail in rural Northeast society due to its patriarchal culture, namely: the time poverty of women and youth resulting from their socially ascribed role as water fetchers for households. Lessons learned from previous Bank operations in the rural Northeast show that women tend to be very active in community based organizations and, unsurprisingly, to give priority to investments in potable water supply infrastructures when their voices are heard. Evidence from a recent Bank supported exploratory study on gender and generational issues in the rural Northeast suggest that investments made in potable water supply infrastructures # especially when combined with productive investments # reduce time poverty, open new study and labor opportunities for women and youth, contribute to income generation, and promote changes in gender and generational perspectives. The new operation will monitor and assess changes in patterns of time use allocation and the inclusion of women and youth in Rural Financial Services. Component 1: Economic Inclusion (US\$70.0 million, of which US\$45.5 million IBRD financing) would support actions aimed at strengthening and consolidating productive chains. Actions will be directed towards productive insertion in markets or increased participation of small farmers and small non-agriculture rural producers in the chains of higher added value, contributing to make these producers competitive, and economically, socially and environmentally sustainable. Specifically, this component will support: (i) preparation of business plans and implementation of proposals selected through public bids; (ii) introduction of improved irrigation technologies; and (iii) environmental conservation and rehabilitation investments for piloting the payment for environmental services (PES) in the rural landscape.

Proposals will be selected in each project area through public bids directed at the priorities identified through the studies on target production clusters (e.g., irrigated fruit production, goats and sheep, fish aquaculture, and honey, among other clusters to be identified during project implementation) carried out during project preparation, as well as studies on the participation of family agriculture in the production chains, and according to the State's Territorial Development Plans.

Component 2: Water Services (US\$50.0 million, of which US\$32.5 million IBRD financing) would support the State's efforts to universalize access to potable water and basic sanitation services in rural areas. Specifically, Component 2 will support: (i) extension of potable water and basic sanitation services: extend the potable water supply and basic sanitation infrastructure services in rural Ceara; (ii) scaling-up of innovative management models for decentralized potable water and basic sanitation administration and service delivery; and (iii) introduction of pilot practices for efficient water reuse and for environmental rehabilitation or conservation activities aiming at protecting water bodies.

Component 3: Institutional Strengthening and Project Management (US\$23.2 million, of which US\$17.4 million IBRD financing) would support a set of activities to strengthen beneficiary organizational structures and public functions that are critical to ensure the competitiveness and sustainability of project investments. Specifically, Component 3 would finance: (i) the technical and administrative management of the proposed project, including equipment and consultants, and safeguards management plans; (ii) updates to SDA's Management Information System for use in project monitoring; (iii) the development and implementation of a training program for project beneficiaries; (iv) technical assistance to rural producers; and (v) the development and implementation of a communication plan to disseminate information on the project.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The area for the proposed project will be implemented in all 13 territories statewide. However the planning unit will be defined and investments will focus in predefined areas combining two main requirements: (i) water resources availability and (ii) linkage with productive clusters and markets # private and public.

Additionally other key factors will be studied to contribute to an appropriate selection of investment areas, such as: (i) rhythm of economic growth in the last decade; (ii) population density in 2010; (iii) loss of rural and urban population in the last decade; (iv) areas susceptible to desertification process; (v) spatial distribution of priority clusters; (vi) synergies with other relevant programs; and also (vii) preliminary assessment of potential outcomes of proposed interventions. These studies will be prepared by the borrower with the World Bank support.

5. Environmental and Social Safeguards Specialists

Judith M. Lisansky (LCSSO)

Alberto Coelho Gomes Costa (LCSSO)

Clarisse Torrens Borges Dall Acqua (LCSEN)

6. Safeguard Policies Triggered	Yes	No	Explanation
Environmental Assessment OP/BP 4.01	X		<p>One of the assumptions of the project is the adoption of environmental assessment as a crosscutting theme for all the others, focused on the practice of proper environmental management and explicit attention to biodiversity, climate change and environmental services.</p> <p>Based on the assessment of potential impacts under the proposed project, a Category B designation is proposed. As the exact type and nature of subprojects to finance small-scale community potable water and basic sanitation infrastructure (Component 2) and business plans of agricultural and not-agricultural production chains (Component 1) would not be known ex ante (i.e., prior to project appraisal), the Borrower would prepare an Environmental and Social Management Framework (ESMF). The ESMF would draw on lessons from previous operations implemented by SDA and also other projects as PRODHAM, PROAGUA, PROGERIRH and FECOP implemented by Ceara State, with good practices of soil conservation and recovery of degraded areas. The ESMF would include an independent social assessment was conducted by the client addressing (a) the most vulnerable groups of the state rural population, (b) the issues related to the main challenges and opportunities faced by family farmers to access the market and be competitively inserted on the most profitable productive chains that will be supported by the Bank operation # goat breeding, beekeeping and fish farming # and (c) a special case study of the livelihood conditions of rural families who have been previously resettled by the construction of dams and are eligible for the project's sub-component on irrigation.</p> <p>The ESMF will focus on project-specific aspects, such as institutional arrangements and capacity, regulatory framework, environmental screening procedures and criteria and licensing. The ESMF will also provide guidance on: (i) identifying the potential impacts associated with the typology of subproject investments; (ii) minimizing potential impacts for productive and infrastructure projects; (iii) specifying procedures to be used in assessing environmental and social impacts during the subproject design stage; and (iv) addressing identified impacts during the subproject implementation. The ESMF will provide baseline scenarios of agricultural production and other productive chains of interest as well as an in-depth analysis of water resources in the region, to properly select and prioritize investments. The ESMF would also present a budget and implementation schedule, both of which would be integrated into the overall project operation plan.</p> <p>The Borrower prepared a draft Environmental and Social Management Framework (ESMF) for the project drawing on lessons from previous operations implemented by SDA and after a widely consulted upon document prior to being finalized. A final draft ESMF was submitted to the Bank, and will be disseminated in the Infoshop and on the Borrower's web site (www.sda.ce.gov.br) prior to project appraisal.</p> <p>Environmental Assessment (OP/BP 4.01)</p> <p>One of the assumptions of the project is the adoption of environmental</p>

6. Safeguard Policies Triggered	Yes	No	Explanation
			<p>assessment as a crosscutting theme for all the others, focused on the practice of proper environmental management and explicit attention to biodiversity, climate change and environmental services.</p> <p>Based on the assessment of potential impacts under the proposed project, a Category B designation is proposed. As the exact type and nature of subprojects to finance small-scale community potable water and basic sanitation infrastructure (Component 2) and business plans of agricultural and not-agricultural production chains (Component 1) would not be known ex ante (i.e., prior to project appraisal), the Borrower would prepare an Environmental and Social Management Framework (ESMF). The ESMF would draw on lessons from previous operations implemented by SDA and also other projects as PRODHAM, PROAGUA, PROGERIRH and FECOP implemented by Ceara State, with good practices of soil conservation and recovery of degraded areas. The ESMF would include an independent social assessment was conducted by the client addressing (a) the most vulnerable groups of the state rural population, (b) the issues related to the main challenges and opportunities faced by family farmers to access the market and be competitively inserted on the most profitable productive chains that will be supported by the Bank operation # goat breeding, beekeeping and fish farming # and (c) a special case study of the livelihood conditions of rural families who have been previously resettled by the construction of dams and are eligible for the project's sub-component on irrigation.</p> <p>The ESMF will focus on project-specific aspects, such as institutional arrangements and capacity, regulatory framework, environmental screening procedures and criteria and licensing. The ESMF will also provide guidance on: (i) identifying the potential impacts associated with the typology of subproject investments; (ii) minimizing potential impacts for productive and infrastructure projects; (iii) specifying procedures to be used in assessing environmental and social impacts during the subproject design stage; and (iv) addressing identified impacts during the subproject implementation. The ESMF will provide baseline scenarios of agricultural production and other productive chains of interest as well as an in-depth analysis of water resources in the region, to properly select and prioritize investments. The ESMF would also present a budget and implementation schedule, both of which would be integrated into the overall project operation plan.</p> <p>The Borrower prepared a draft Environmental and Social Management Framework (ESMF) for the project drawing on lessons from previous operations implemented by SDA and after a widely consulted upon document prior to being finalized. A final draft ESMF was submitted to the Bank, and will be disseminated in the Infoshop and on the Borrower's web site (www.sda.ce.gov.br) prior to project appraisal.</p>
Natural Habitats OP/BP 4.04	X		<p>While activities are not planned for Areas of Permanent Preservation (APP) and Legal Reserves (RL), activities under the project components should nonetheless lead to positive impacts on natural habitats, through the direct protection and rehabilitation of these areas, following the provisions of the Brazilian Forest Code. Despite the expected positive impacts, the ESMF should include clear guidance regarding direct and indirect impacts on natural habitats.</p> <p>OP 4.04 is triggered and all planning activities that may affect natural habitats must follow World Bank policies, identifying monitoring and management activities to prevent or mitigate any possible negative impact.</p> <p>The project has provisions to regenerate and reforest water-producing systems (mainly riparian vegetation), benefiting also local biodiversity preservation and restoration. Special attention should be given to areas where desertification process was already identified by the State (IPECE, 2010). These amount to 30,000 km² representing 23% of the Caatinga biome of Ceara.</p> <p>Subprojects resulting in any significant conversion or degradation of critical natural habitats .</p>
Forests OP/BP 4.36	X		<p>It is not expected that project implementation will have negative impacts on forest resources. Subprojects with the potential for conversion or degradation of natural forest or other natural habitats that are likely to have significant adverse environmental impacts which are sensitive, diverse or unprecedented are ineligible.</p> <p>The project also excludes activities that require commercial forest harvesting, wood extraction or firewood use in the production chain. Activities resulting in deforestation and loss of native vegetation cover will not be allowed.</p> <p>The project would contribute to conserve and restore natural vegetation, generating positive impacts through the maintenance and/or recovery of natural vegetation on rural private land holdings on steep slopes, along water courses (up to a certain distance from the riparian margin) or in the vicinity of</p>

		<p>springs. Additionally, the project would contribute to conserve and/or restore a set-aside area called Legal Reserve (Reserva Legal # RL) in these private holdings.</p> <p>As already mentioned, the subproject selection procedures would be consistent with the Brazilian Forest Code. Typical activities should support mainly conservation and restoration activities, and should be planned and executed in such a way to minimize or prevent negative impacts on forest areas.</p>
Pest Management OP 4.09	X	<p>Pest Management (OP 4.09)</p> <p>The project would not finance any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, minor amounts of pesticides would probably continue to be used in the short term by a small portion of targeted small-scale farms. The project would encourage and support technical assistance for the adoption of organic agriculture and of proven, economically- and environmentally-sustainable Integrated Pest Management (IPM). The need to use pesticides or herbicides should be indicated in each subproject, as well as the IPM measures to be adopted. When the use of pesticides or herbicides is justified, an analysis of potential negative impacts resulting from the use of these chemicals and the risks associated with the inappropriate handling or storing of their containers should be conducted. The projects should also include measures to reduce those risks, in compliance with the Law 7802/89.</p> <p>A Pest Management Plan (PMP) is under preparation and will be incorporated into the ESMF and the Project Operational Manual. The PMP would make use of the World Health Organization's Recommended Classification of Pesticides by Hazard and Guidelines to Classification (Geneva; WHO 1994-95). The PMP would also exclude finance under the proposed project for formulated products that fall into WHO classes IA and IB, or formulation of products in Class II, if: (i) the country lacks restrictions on their distribution and use; or (ii) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly.</p>
Physical Cultural Resources OP/BP 4.11	X	<p>Project implementation would not cause any negative impact on known physical cultural resources (PCR). Proposed subprojects with expected direct and negative impact on known archeological, paleontological, historical or other culturally significant sites will not be eligible.</p> <p>Brazil has a well-developed legislative and normative framework, which is under Federal oversight by the National Institute for Protection of Historical and Archeological Sites (IPHAN). Ceara also has the State Agency, Regional IPHAN (4a Superintendencia Estadual do IPHAN) and Secretaria da Cultura, tasked with the identification, restoration and protection of PCR in the State. The #chance findings# procedures would be included in the Project Operational Manual for guidance during project implementation, particularly in regions with PCR sites already mapped by Regional IPHAN. SDA may engage Secretaria da Cultura or other entities with the proven experience to implement #chance findings# procedures.</p>
Indigenous Peoples OP/BP 4.10	X	<p>There are about 22,000 indigenous peoples recognized or claiming recognition in the State of Ceara. They comprise 12 ethnic groups (Anac Canind Gavi, Jenipapo-Kanind Kalaba, Kanind Kariri, Pitaguari, Potiguara, Tabajara, Tapeba, and Trememb. Data from 2006 (PNAD/IBGE) show that 59% of the indigenous population lived below the poverty line at that time. On average, indigenous people earned the smallest monthly per capita income equivalent to less than 24% of the minimum wage. Currently, the State's indigenous population is scattered across 81 communities located within 18 municipalities, although 80% of them are concentrated in five municipalities: Caucaia, Crate, Itarema, Maracana and Monsenhor Tabosa. Most of the Indigenous Lands in Ceara have not yet been fully regularized. Insufficient and/or insecure land tenure, precarious access to public services and fragile institutional organization, low productivity # due to insufficient technical assistance and rudimentary technologies and natural resources management # and water scarcity have been identified as major constraints on indigenous peoples' livelihoods.</p> <p>As site-specific project investments cannot be defined at the preparation stage, the client is preparing an Indigenous Peoples Policy Framework. The client has carried out a social assessment and engaged in a process of free, prior and informed consultations with indigenous peoples. A draft IPPF # which documents the consultation process, incorporates indigenous inputs and recommendations, and proposes adequate mechanisms for answering indigenous peoples' demands and enhancing their access to project benefits # has been submitted to the Bank and is under revision by the client according to comments and recommendations made by the Bank. The IPPF was formally submitted to the Bank in October 27, 2011 and will be publicly disseminated in</p>

			the Infoshop and on the Borrower's web site (www.sda.ce.gov.br), prior to project appraisal. Preliminary emphasis on capacity building and institutional strengthening activities under Component 3 will contribute to engage indigenous peoples and increase their access to project benefits and other public services. Component 1 activities # available for those groups who have access to land # will contribute to overcome production bottlenecks. Finally, Component 2 activities will contribute to overcome potable water scarcity.
Involuntary Resettlement OP/BP 4.12	X		It is expected that the project will not cause physical resettlement or economic displacement. Nonetheless, some investments in productive infrastructures to strengthen productive chains, water supply systems and natural disaster risk management may require land acquisition and, potentially, might cause adverse effects of physical and economic displacement, although small in scope and locally confined. As site-specific project investments cannot be defined at the preparation stage, the client is preparing a Resettlement Policy Framework for the project. A first draft RPF was consulted and submitted to the Bank for review and is being revised according to comments and recommendations made by the Bank. The RFP was formally submitted to the Bank in October 27, 2011 and will be publicly disseminated in the Infoshop and on the Borrower's web site (www.sda.ce.gov.br), prior to project appraisal.
Safety of Dams OP/BP 4.37	X		It is not expected that the investments in potable water supply and irrigation projects will depend on the storage capacity and operation of existing dams. Considering: (i) the high provision of water resources infrastructure installed in the state over the past years, including the World Bank financing, and (ii) the current standard of excellence in water resources management, with good practices already incorporated into the SRH and COGERH routine procedures; the OP 4.37 # Safety of Dams was triggered as a precautionary measure, not to limit any possibility of using existing water sources. However, no new dam construction will be financed by this operation. The borrower is preparing a conceptual framework of procedures to be adopted during the implementation phase of the project. The borrower should arrange for one or more independent dam specialists to: (a) inspect and evaluate the safety status of the existing dam, its appurtenances, and its performance history; (b) review and evaluate the owner's operation and maintenance procedures; and (c) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam to an acceptable standard of safety. Previous assessments of dam safety or recommendations of improvements needed in existing dam may also be accepted by the Bank, if the borrower provides evidence that (a) an effective dam safety program is already in operation, and (b) full-level inspections and dam safety assessments of the existing dam, which are satisfactory to the Bank, have already been conducted and documented.
Projects on International Waters OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

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:

The project does not entail any potential large scale, significant and/or irreversible negative impacts.

The proposed project interventions will be small-scale, oriented demand-driven investments (i.e., subprojects). These subproject would not cause significant adverse environmental impacts, related mainly to infrastructure development (i.e., potable water, basic sanitation and rural roads), new agricultural practices (i.e., product diversification, conservation agriculture, promotion of value added products, and product certification) and non-agricultural activities such as small-scale processing units. Potential adverse impacts will be limited, site-specific, largely reversible, and readily and reliably mitigated through known methods. The productive subproject selection will be consistent with: (i) the national, state and local legislation concerning Brazilian Forest Code, natural habitats and protected areas (Law 4771/65; SNUC # Law 9985/00, Decree 4340/02 and Decree 5758/06); and (ii) World Bank safeguards policies.

Negative impacts are mostly expected to result from small-scale construction activities under Component 1. The types of interventions preliminarily identified include: (i) developing and implementing business plans for productive chains of organized smallholder producers, initially targeting, but not limited to, small ruminants, beekeeping and fish culture, (ii) innovative chains and non-agricultural productive activities, as agro-ecology and environmental services (subcomponents 1.1 and 1.3), (iii) works for distributing potable water and basic sanitation to aggregated rural communities or individual systems for scattered areas (tanks), (iv) works to improve the infrastructure for small-scale irrigation along existing sources of water (subcomponents 1.2), and (v) environmental management strengthening program, addressing good practices for construction and operational procedures, including actions of land and environmental regularization, licensing and certification of projects; and establishing a strategic network for risk and natural disasters management, focused on severe droughts and floods; and, also training requirements to guarantee management capacity (Component 3). The proposed investment in potable water supply and irrigation will occur only in areas with adequate water availability and capacity to meet the future demand.

Although these impacts are expected to be small, transitory and of short duration, the ESMF will specify guidelines and procedures to be

followed by the construction contractors, covering aspects such as location of construction camps, clearance of vegetation, noise, traffic control, safety signaling, disposal of construction debris and waste material to be incorporated in the bidding documents for civil works. Compliance with the practices outlined in the Project Operational Manual would be a contractual obligation of the contractors. Regarding small ruminants and irrigation activities under Component 1, some typology of potential impacts will arise from the suite of potential subproject activities, related to desertification process and vulnerability of semi-arid climate change, exploitation of native vegetation, use of rudimentary management practices, increasing demand of firewood for tannery or even the potential degradation of surface and groundwater by entrainment of soil caused by poorly dimensioned irrigation, potential increase in salinity and improper disposal of packaging of chemicals, with demands for appropriate mitigation measures.

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

No significant indirect or long-term or cumulative impacts are foreseen under the project. The sub-projects will be subjected to a rigorous screening process # according to criteria and procedures defined in the ESMF, the Involuntary Resettlement Framework and the Indigenous Peoples Policy Framework # to ensure that unintended negative environmental and social impacts are avoided or minimized.

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

N/A. No significant adverse impacts are foreseen for the project as designed.

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.

The project implementation procedures will adopt strict environmental screens to ensure that approved subprojects demonstrate low potential for negative impact. The ESMF would assess the most common types of intervention expected, in order to propose mitigation measures a priori.

To minimize expected adverse impacts on environmental and social conditions, there is a negative list with types of project activities that will not be supported by the loan, including: (i) productive activities that require commercial forest harvesting, wood extraction or firewood use in the production chain; (ii) interventions that include purchase of equipment for use in tropical forests; (iii) interventions that include the use of chemicals in categories IA and IB defined by WHO; (iv) interventions that promote degradation of critical natural habitats, deforestation or loss of native vegetation; (v) interventions in the productive chains located in areas under the process of desertification without the adoption of appropriate management plans; (vi) interventions in areas of high risk of natural disasters; (vii) interventions in areas of dispute and /or petition for recognition as indigenous lands; and (viii) interventions in water supply and irrigation that rely on existing dams 15 meters or more in height. Besides negative types listed above, the State has presented the already approved and confirmed types below, according to public consultation, even more restrictive, including among others: (i) interventions in productive chains in areas of desertification without the adoption of agro-ecological management plans appropriate to the Caatinga; and (ii) activities located in areas susceptible to desertification and loss of population, without planned mitigating actions and agro-ecological management of coexistence with the semiarid.

The project plans to establish a technical committee (as under the previous RPRP) with the specific purpose of evaluating subprojects# environmental eligibility, and monitoring implementation compliance with Bank safeguards policy throughout the subproject cycle. The terms of reference for these studies was submitted to Bank review and discussed with the borrower during the mission of May 9 to 13, 2011.

SDA has capacity on safeguards management given their experience on the S Josl and II projects and other projects implemented by others government units. Regarding climate changes, IPECE (Instituto de Pesquisas e Estudos Estraticos) # the state agency which is responsible for studies, researches, evaluations; socioeconomic and geographic information of the state, as well acting as a knowledge management institution # and FUNCEME will work closely with SDA in strategic studies to support alternative scenarios for production and natural resources use, as well as climate vulnerability and adaptation. Additionally, the State Government - through the GEF Mata Branca Project # is already working in one of the most vulnerable areas (Sert dos Inhamuns) using a Strategic Environmental Assessment approach.

The specific measures taken by the Borrower to address each of the safeguard issues are described in the following.

OP 4.01 Environmental Assessment. The activities most likely to cause indirect environmental impacts are related to interventions with small magnitude impacts. These impacts are most likely to be minimal, site-specific, reversible adverse environmental impacts and can be readily and adequately mitigated. In consequence, the project is classified as Category B. A satisfactory Environmental and Social Management Framework (ESMF) was prepared and a final ESMF will be submitted by the Borrower for Bank#s assessment and approve as a mandatory safeguard policy, prior to project appraisal. The ESMF lays out the principles and procedures for assessing all sub-projects# potential environmental and/or social impacts. It has sub-projects screening and eligibility criteria to make sure that no sub-project with high potential impacts can be eligible. The ESMF defines mitigation, supervision, monitoring and evaluation procedures applicable to all types of sub-projects described above, to ensure the effective and timely implementation of environmental and social safeguards during the project#s implementation. Site-specific assessments will be conducted and impact mitigation plans drawn up, as needed, during subproject preparation which complies with the overall project safeguard framework.

OP 4.04 Natural Habitats. The Natural Habitats safeguard was triggered on a precautionary basis and must be applied if impacts on natural habitats are identified, or anticipated, during project preparation, or if they arise during the Project implementation. The environmental part of the conceptual framework (ESMF) addresses the Natural Habitats safeguard requirements, screens out all subprojects resulting in any significant conversion or degradation of critical natural habitats, and includes provisions to regenerate and reforest water-producing systems (mainly riparian vegetation), benefiting also local biodiversity preservation and restoration # special attention should be given to areas where desertification process was already identified by the State.

OP 4.36 Forests. The Forests safeguard was also triggered. The ESMF addresses the Forests safeguard requirements to be considered in all subprojects that may have indirect environmental implications and has classified as ineligible all subprojects with the potential for conversion or degradation of natural forest or other natural habitats that are likely to have significant adverse environmental impacts which are sensitive, diverse or unprecedented. The subproject selection procedures would be consistent with the Brazilian Forest Code. Typical activities should support mainly conservation and restoration activities, and should be planned and executed in such a way to minimize or prevent negative impacts on forest areas.

OP 4.09 Pest Management: The project would not finance any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, minor amounts of pesticides would probably continue to be used in the short term by a small portion of targeted small-scale farms. The project would encourage and support technical assistance for the adoption of organic agriculture and of proven, economically- and environmentally-sustainable Integrated Pest Management (IPM) practices. The need to use pesticides or herbicides should be indicated in each proposed investment, as well as the IPM measures to be adopted. When the use of pesticides or herbicides is justified, an analysis of potential negative impacts resulting from the use of these chemicals and the risks associated with the inappropriate handling or storing of their containers should be conducted. The proposals should also include measures to reduce those risks, in compliance with Law 7802/89. A Pest Management

Plan (PMP) is under preparation and will be incorporated into the ESMF and the Project Operational Manual.

OP 4.10 Indigenous Peoples. Indigenous peoples are eligible for all activities supported by the Project. The Indigenous Peoples safeguard was triggered and the borrower is preparing an Indigenous Peoples Policy Framework (IPPF) through a participatory methodology that includes free, prior and informed consultations with indigenous peoples. The final IPPF will incorporate indigenous peoples' inputs and recommendations and document their broad support to project activities. Project investments in indigenous communities will adopt a demand-driven approach and based on indigenous peoples requests and consent.

OP 4.11 Physical Cultural Resources. Brazil and Ceara have a well-developed legislative and normative framework for protection of historical and archeological sites. Nevertheless, the Physical Cultural Resources safeguard has been incorporated in a precautionary basis into the environmental screening section of the ESMF and the #chance findings# procedures would be included in the Project Operational Manual for guidance during project implementation, particularly in regions with PCR sites already mapped by Regional IPHAN. SDA may engage Secretaria da Cultura or other entities with the proven experience to implement #chance findings# procedures.

OP 4.12 Involuntary Resettlement. This policy was also triggered as land acquisition may be required for some investments in productive infrastructures to strengthen productive chains, water supply systems and natural disaster risk management may require land acquisition and, potentially. It is expected that these investments will not cause physical resettlement or economic displacement. In the eventual cases they have such adverse effects, they might be small in scope and locally confined. An Involuntary Resettlement Policy Framework has been prepared by the client and consulted in the scope of the ESMF. This framework defines the principles and guidelines to be followed by the executors of all activities that might eventually require land acquisition, sets clear screening criteria through which involuntary resettlement issues can be identified and monitored by the executing agencies, the client and the Bank throughout project's implementation, and stimulates the option for free, voluntary, and market-oriented procedures of land acquisitions in the scope of the activities supported by the project.

Op 4.37 Safety of Dams. It is not expected that the investments in water supply and irrigation projects will depend on the storage capacity and operation of existing dams. No new dam construction will be financed by this operation. Nonetheless, the OP 4.37 # Safety of Dams was triggered as a precautionary measure, not to limit any possibility of using existing water sources and the borrower is preparing a conceptual framework of procedures to be adopted during the implementation phase of the project. The borrower should arrange for one or more independent dam specialists to: (a) inspect and evaluate the safety status of the existing dam, its appurtenances, and its performance history; (b) review and evaluate the owner's operation and maintenance procedures; and (c) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam to an acceptable standard of safety. Previous assessments of dam safety or recommendations of improvements needed in existing dam may also be accepted by the Bank, if the borrower provides evidence that (a) an effective dam safety program is already in operation, and (b) full-level inspections and dam safety assessments of the existing dam, which are satisfactory to the Bank, have already been conducted and documented.

Other safeguard policies (OP 7.50 Projects on International Waterways and OP 7.60 Projects in Disputed Areas) are not applicable.

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

There will be an array of beneficiary stakeholders. They include family farmers, artisans fishermen, and traditional communities; community associations and producer organizations; small entrepreneurs and rural laborers; rural and urban populations who suffer with the shortage of potable water. These stakeholders have been consulted throughout the preparation stage. Preliminary meetings were in all territories within the state and provided inputs to define project's objectives and priorities. A set of meetings were later held with representatives of state agencies and civil society organizations to present the project and its safeguard instruments. The inputs gathered from these meetings have been critically incorporated to the project's ESMF. Furthermore, special meetings with indigenous peoples representatives and organizations as well as with state agencies in charge of indigenous policies have been held in preparation for an specific workshop in which indigenous peoples # representatives from the large majority of indigenous communities and ethnic groups in the state # have been (a) heard on the main constraints to their livelihoods, (b) presented to the Project design, (c) debated its objectives, principles and procedures, and, principally, (d) provided inputs to the IPPF. These inputs have been critically incorporated in the IPPF, which documents the consultation process and the broad support from indigenous peoples to the Project.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	27-Oct-2011
Date of "in-country" disclosure	01-Nov-2011
Date of submission to InfoShop	01-Nov-2011
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 prior to appraisal?	Yes
Date of receipt by the Bank	27-Oct-2011
Date of "in-country" disclosure	01-Nov-2011
Date of submission to InfoShop	01-Nov-2011
Indigenous Peoples Development Plan/Framework	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	27-Oct-2011
Date of "in-country" disclosure	01-Nov-2011
Date of submission to InfoShop	01-Nov-2011
Pest Management Plan	

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	27-Oct-2011
Date of "in-country" disclosure	01-Nov-2011
Date of submission to InfoShop	01-Nov-2011
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:	
It is part of the Environmental Assessment/EMP	

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment			
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats			
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?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP 4.09 - Pest Management			
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources			
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples			
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [<input type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input checked="" type="checkbox"/>]
OP/BP 4.12 - Involuntary Resettlement			
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.36 - Forests			
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
OP/BP 4.37 - Safety of Dams			
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]
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?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]	NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input type="checkbox"/>]

III. APPROVALS

Signed and submitted by:	Name	Date
Task Team Leader:	Maria de Fatima de Sousa Amazonas	01-Nov-2011
Approved By:		
Sector Manager:	Ethel Sennhauser (SM)	08-Nov-2011
Comments: Cleared		