

INTEGRATED SAFEGUARDS DATA SHEET
RESTRUCTURING STAGE

Note: This ISDS will be considered effective only upon approval of the project restructuring

Report No.: ISDSR21263

Date ISDS Prepared/Updated: 01-Mar-2017

I. BASIC INFORMATION

1. Basic Project Data

Country:	Brazil	Project ID:	P108443
Project Name:	Sao Paulo Sustainable Rural Development and Access to Markets (P108443)		
Task Team Leader(s):	Maurizio Guadagni		
Estimated Appraisal Date:	09-Feb-2009	Estimated Board Date:	25-May-2010
Managing Unit:	GFA04	Lending Instrument:	Specific Investment Loan
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00(Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	130.00	Total Bank Financing:	78.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			52.00
International Bank for Reconstruction and Development			78.00
Total			130.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Current Project Development Objectives

The project development objective is to increase the competitiveness of family agriculture in priority areas of the State of Sao Paulo while improving its environmental sustainability.

This would be achieved by assisting small-scale farmers and other vulnerable rural producers to:

- Increase the productivity of their land and labor, and improve the quality of their products through enhanced production techniques;
- Engage more actively in supply/value chains, where there is a comparative advantage, by undertaking basic processing and marketing techniques and/or strengthening partnerships with larger private operators in these areas;
- Strengthen the organizational and managerial capacity of producers associations, as well as promote the emergence of new associations/cooperatives;

- Mainstream improved land and water management practices tested under the previous operations for more competitive production systems.

Key Indicators are:

- Increase in sales value (unit value x quantity sold) for participating producers' organizations
- Increase in agricultural area where improved land and water management practices are being implemented.

A long-term objective of the project is to increase small farmers' net income, which depends on a combination of factors including quantity, quality and costs of production, and marketing efficiency. The project will aim to make progress towards that long-term objective by helping small farmers improve their production, associative, and marketing techniques. It would also improve the public physical and institutional infrastructures to the extent needed to support the project development objective (i.e., economic monitoring, extension services, environmental management, and rural roads).

Proposed New PDO (from Restructuring Paper)

The project development objective is to increase the competitiveness of family agriculture in priority areas of the State of Sao Paulo while improving its environmental sustainability.

This would be achieved by assisting small-scale farmers and other vulnerable rural producers to:

- Increase the productivity of their land and labor, and improve the quality of their products through enhanced production techniques;
- Engage more actively in supply/value chains, where there is a comparative advantage, by undertaking basic processing and marketing techniques and/or strengthening marketing partnerships with larger private operators in these areas;
- Strengthen the organizational and managerial capacity of producers associations, as well as promote the emergence of new associations/cooperatives;
- Mainstream improved land and water management practices tested under the previous operations for more competitive production systems.

Key Indicators are:

- Increase in sales value (unit value x quantity sold) for participating producers' organizations
- Increase in agricultural area where improved land and water management practices are being implemented.

A long-term objective of the project is to increase small farmers' net income, which depends on a combination of factors including quantity, quality and costs of production, and marketing efficiency. The project will aim to make progress towards that long-term objective by helping small farmers improve their production, associative, and marketing techniques. It would also improve the public physical and institutional infrastructures to the extent needed to support the project development objective (i.e., economic monitoring, extension services, environmental management, and rural roads).

3. Project Description

The proposed lending instrument is a Specific Investment Loan of US\$78.0 million over a five-year period. The total project cost is estimated to be US\$130.0 million, including US\$52.0 million of counterpart funding from the State of Sao Paulo.

Component 1, Supporting Small Farmers' Business Initiatives: This component provides support to small farmers' business initiatives through the following Sub-components:

Sub-component 1.1, Implementing Small Business Investments: This Sub-component finances selected business initiatives, submitted by producers' organizations, aimed at increasing their competitiveness for products with demonstrated market viability. Direct beneficiaries and contractual partners of the project are small producers' organizations based on geography or products (associations, cooperatives, other forms of organizations). It is envisaged that participating organizations enter at different levels of managerial capacity, with some receiving initial project support to achieve minimum levels of take-off (though Sub-Component 1.2.), while others already have the capacity and experience to engage in more complex business undertakings. The project provides financial support for productive investments only to formally constituted organizations.

Criteria of eligibility are used to signal the focus on competitiveness and environmental sustainability. Eligible proposals must demonstrate market viability, and preference is given to initiatives using improved land management techniques (restoring soil fertility, reducing pollution). The selection is done through a transparent and technically focused process involving representatives of SAA/CATI, SMA, agri-business practitioners, academics, and municipalities.

The project assists (under Sub-component 1.2) potential beneficiaries to develop their business initiatives, and it continues to provide technical assistance to beneficiaries (e.g. governance and organizational issues, financial management, technical) during the implementation phase, and it would monitor progress and performance.

This Sub-component also promotes eligible commercial and other (e.g. subsistence agriculture) initiatives developed by indigenous and quilombola organizations, as well as those developed by women and youth organizations.

Sub-component 1.2, Strengthening Producers' Organizations: This Sub-component helps create or strengthen the capacity of producers' organizations with regards to organizational management and marketing. This training and assistance will be delivered qualified private service providers contracted by the project and/or by beneficiaries.

First, this Sub-component finances broad information, training, and exchange programs on agricultural competitiveness in targeted municipalities and micro-catchments across the State to stimulate the emergence of business ideas from potential beneficiaries and assist small farmers to identify more profitable opportunities in specific productive chains and/or end-markets. This effort helps small producers identify their comparative advantages on specific products and market niches.

Second, this Sub-component assists interested organizations in the preparation of business proposals for funding under Sub-component 1.1. It assists small farmers' organizations with the identification of possible business opportunities; help carry out market analysis, feasibility assessments, and other financial and technical analysis; assist in negotiations with business partners; and advice on legal issues. It also helps existing informal producers' groups to create legal organizations, establish basic management structures, and formulate business proposals for possible support through Sub-Component 1.1.

Third, this Sub-component provides beneficiaries with technical assistance on organizational, financial, or technical issues throughout the implementation phase (at least two years) and it monitors progress and performance.

Component 2, Strengthening Public Institutions and Infrastructures: This Component supports a set of public functions and investments that are critical to increasing the competitiveness and sustainability of small farming.

Sub-component 2.1, Policy Framework, Market Monitoring, and Rural Extension: This Sub-component helps mainstream competitive small-scale agriculture within the policy, regulatory, and planning frameworks at state and municipal levels. It finances studies and workshops to improve regulation and incentives systems (i.e. labeling systems). It also carries out studies and assessments relevant to state-level agricultural competitiveness (i.e. analysis of specific supply-chains) and set up an online agri-business information center. This Sub-component helps identify opportunities in productive chains and end-markets, and adjust the project strategy on a regular basis.

This Sub-component also strengthens CATI's capacity to advise small farmers on production technologies, marketing, organizational management and other areas critical to competitiveness. It accompanies CATI's modernization process to gradually include management and marketing as part of the extension package, in addition to production techniques. This includes training and assessment of skills mix and future staffing strategy. It also supports partnerships with local research centers and business organizations.

Sub-component 2.2, Rural Infrastructure: This Sub-component aims to facilitate small farmers' physical access to markets. It focuses on the maintenance and rehabilitation of unpaved rural roads, under the responsibility of municipalities. It assists priority municipalities to prepare simple rural roads management programs, devise joint financing arrangements, and strengthen partnerships with private service providers. It also helps assessing various implementation modalities (joint acquisition of equipment, direct execution of works, various types of outsourcing) based on local conditions, capacity, and sustainability. Where minimum levels of technical, institutional and financial sustainability are met, the project financially contributes to the rehabilitation and maintenance of priority sections ('critical points') identified in the roads management programs so as to ensure year-round transit. The project may also support other rural investments identified in municipal development plans when they complement investments undertaken by small farmers' organizations (e.g. increase of supply of energy and water to enhance production systems).

Sub-component 2.3, Environmental Sustainability: This Sub-component helps strengthen small farmer's competitiveness over the long-term by ensuring the sustainable management of their productive resource-base (land and water). It supports the implementation of the State's licensing system, combined with environmental awareness raising. It promotes sustainable agricultural practices through pilot projects at farm-level. This Sub-component also helps extend the application of Sao Paulo's new program of payments for environmental services to agricultural areas, thus providing a new source of income for small farmers who adopt agricultural practices that generate off-site environmental benefits (quality of water, storage of carbon) and increasing their competitiveness. This also helps ensure that new agricultural practices do not result in adverse environmental impacts. The project helps design and implement pilot programs to monitor the impact of improved agricultural practices on water quality, and design appropriate payment mechanisms to farmers.

Component 3, Project Management: This component finances the institutional structures, equipment, and personnel required to manage the project activities. It supports the executive, deliberative, and consultative functions involved in project implementation at the central and municipal levels. It ensures the fiduciary functions (procurement, accounting, financial management), as well as the technical planning and monitoring and evaluation of the project, including the implementation of the social and environmental safeguards instruments. It disseminates project results and implement a pro-active communication strategy.

4. Project location and Salient physical characteristics relevant to the safeguard analysis (if

known)

An estimated 30,000 small farming families will be reached by the project through their own producer organizations (estimated 200-300 organizations with potential for direct involvement in the project). This target population also includes an estimated 1,000 indigenous families and 500 quilombola families. These small farming families are located primarily in 15 priority regions consisting of 212 municipalities covering 7.8 million hectares, or a third of the total State area, primarily congregated in the western part of the State. The project also benefits public institutions such as the “Coordenadoria de Assistencia Tecnica Integral” (CATI, the Rural Extension Agency for the State Secretariat of Agriculture and Supply), SMA, and municipalities to the extent that is needed to support the small farming competitiveness agenda. Beyond the number of families that benefit directly, the project is also envisioned to provide a demonstration effect to the overall small farming sector in the State by better engaging family agriculture in strengthened agricultural organizations and allowing better access to markets.

Environmental Issues

For the most part, the project is expected to produce positive environmental impacts. According to the final draft Environmental Assessment (EA) and related Environmental Management Framework (EMF), which were reviewed and cleared by the Bank, the most significant positive impacts foreseen include watershed and biodiversity protection, improved soil management and conservation, improved water quality, and restoration of degraded lands. However, some activities carried out in subprojects supported under Component 1 (small business investments) and Component 2 (rehabilitation and maintenance of unpaved roads and other productive infrastructures under municipal responsibility) could generate small negative impacts, mostly temporary and at the local level. No large scale, significant and/or irreversible impacts are foreseen. The impacts of any misdirected support for productive investments could result in soil erosion, water pollution and noise/air pollution, the latter from road rehabilitation works.

As sub-projects cannot be identified a priori because of the demand-driven nature of interventions, specific impacts cannot be anticipated, but all investments under Components 1 and 2 are subjected to a rigorous screening process to ensure maximum environmental benefits and to prevent or minimize unintended negative environmental impacts. Investments’ environmental screening, evaluation, approval, and monitoring procedures have been incorporated into the Project design (i.e. business initiatives and other investments cycle). These procedures, detailed in the EMF report, are included in the Project’s Operational Manual.

The Project builds on the existing EA capacity and institutional arrangements established under the recently closed Sao Paulo Land Management Project and the ongoing Ecosystem Restoration of Riparian Forests GEF Project. CATI was strengthened to support its capacity to review investments. The EMF includes provisions for strengthening EA capacity within SMA and CATI at the regional and central levels, as well as local CATI municipal extension officers.

Social Issues

For the most part, the project is expected to produce positive social impacts. The social assessment documents, provide further evidence of poverty indicators for most of the small family farmers of Sao Paulo, and additional data on some of the most vulnerable rural social groups specifically indigenous people and quilombola (descendants of ex-slaves) communities, as well as consideration of other relevant social differentiation variables such as gender and age. Preparation included six free prior informed consultations with indigenous people, focusing on the formulation of the project’s Indigenous Peoples Planning Framework.

CATI also carried out numerous consultations and meetings with a broad cross-section of project

stakeholders and beneficiaries between 2005 and 2008, including seven consultations in 2008 two of which were with representatives of quilombola communities. Stakeholders consulted included rural producers, leaders of associations and cooperatives, technicians from partner institutions, representatives of non-governmental organizations, among others. Key concerns expressed focused on improving agricultural productivity with a strong emphasis on commercialization, better delivery of technical assistance, and improved coordination among public agencies and programs, all of which have been reflected in project design. The project design includes specific targeting of indigenous communities, prioritization of quilombola communities, and includes participatory processes to improve participation of women and youth.

Lastly, because road maintenance activities supported under Subcomponent 2.4 could result in the acquisition of new land, particularly in ROWs (right-of-ways), a Resettlement Policy Framework (RPF) was prepared.

5. Environmental and Social Safeguards Specialists on the Team

Alberto Coelho Gomes Costa(GSU04)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project is expected to produce positive environmental impacts. However, some activities associated with subprojects supported under Components 1 and 2 could generate small, localized negative impacts of a temporary nature.
Natural Habitats OP/BP 4.04	Yes	Riparian areas are considered critical habitats in Brazil (Areas of Permanent Preservation – APPs). Since the Project was projected to have positive benefits on these areas (e.g., through rehabilitation, restoration, and protection of degraded riparian forests), the Team agreed (during appraisal) that this OP would apply.
Forests OP/BP 4.36	Yes	The requirements of OP 4.36 for this project overlap with those of OP 4.04. as the Project supports activities that generate positive environmental impacts by promoting the rehabilitation and conservation of degraded native forests (including riparian forests), as well as by contributing to the restoration and maintenance of ecological functions in those areas.
Pest Management OP 4.09	Yes	The Project does not finance the procurement of any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, small amounts of pesticides may continue to be used by a minority of small farmers in project areas.
Physical Cultural Resources OP/BP 4.11	Yes	The Project would finance small-scale works in already established agricultural zones where the likelihood of disturbing archaeological, paleontological, or other culturally significant

		sites is small. However, during appraisal, the Bank Team considered that there was a need to include a framework (in the EMF) to screen for potential negative impacts to cultural property.
Indigenous Peoples OP/BP 4.10	Yes	The Project is supporting 46 Indigenous Communities, with 1,032 families and 52 Quilombola communities, with 1,699 families.
Involuntary Resettlement OP/BP 4.12	Yes	The rehabilitation of roads may cause some potential loss of assets. Given that the project rehabilitates rural unpaved roads, this risk is theoretical. The client prepared a Resettlement Policy Framework (RPF) to address this.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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

OP/BP 4.01 – Environmental Assessment. The Project remains classified as environmental Category B and no additional environmental safeguard policies are triggered. No additional activities are foreseen under the current project restructuring. The proposed changes included in the present restructuring are limited to the reallocation of resources among cost categories and the creation of a new category for Payment of Environmental Services (PES). The creation of this new cost category was needed to formalize the disbursement mechanism for financing PES, which was introduced in the previous restructuring but not formalized through the first Amendment to the Loan Agreement, dated September 29, 2015. For this reason, the Bank team considers that there is no need to update the Environmental Management Framework (EMF). The EA/EMF specifies the criteria and procedures that would be used during project implementation to avoid or minimize potentially adverse environmental impacts. Key aspects regarding Bank’s safeguards included in the EA/EMF are described below.

OP/BP 4.04 - Natural Habitats. The project does not support or lead to the conversion of natural habitats. In fact, it helps rehabilitate, restore, and protect degraded riparian forests which are important to preserve local biodiversity and the quality of water resources. On-farm investments are expected to take place in areas that have been traditionally dedicated to crop and livestock farming and does not therefore involve conversion of natural habitats. Instead, the proposed project supports natural habitat conservation since (i) increased agricultural productivity will be a result of sound environmental practices, (ii) it helps restore and protect degraded riparian forests which are important to preserve biodiversity and the quality of water resources, and (iii) the project supports conservation practices and improved land use planning and management leading to a more sustainable use of agricultural lands, conservation of natural habitats, and the rehabilitation of degraded natural habitats. The EMF explicitly forbids any project activities in areas supporting critical natural habitats or inducing significant conversion or degradation of critical natural habitats. It also ensures that any activity in the buffer zone of a protected area are designed to help reduce pressure on the protected area itself. Moreover, the EMF provides clear guidance regarding unintended impacts on natural habitats.

OP/BP 4.36 - Forests. The requirements of OP 4.36 for this project overlap with those of OP 4.04. The project supports activities that generate positive environmental impacts by promoting the rehabilitation and conservation of degraded native forests (including riparian zones), as well as by contributing to the restoration and maintenance of ecological functions in those areas. The project also tests models of sustainable, non-timber use of such areas in small rural properties. Despite the positive impacts foreseen through the implementation of these activities, the EMF includes clear guidance regarding direct and indirect impacts on native forests. The EMF contains procedures to ensure that all project activities comply with OP 4.36, and with the national legislation, which establishes a series of measures to protect existing forests. The project deals with the issue of Areas de Preservacao Permanente and Reserva Legal in a pragmatic manner, helping the farmers to progressively improve the level of environmental compliance.

OP 4.09 - Pest Management. The project does not finance the procurement of any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, small amounts of pesticides continue to be used by a small portion of farmers in targeted microcatchments. A Pest Management Plan (PMP) has been included as an Annex to the EMF, and agreed procedures were incorporated into the Operational Manual in order to provide guidance on how to minimize potential negative environmental impacts and on training in safe pesticide use, handling, storage, and disposal, as well as guidelines for Integrated Pest Management (IPM) and screening procedures against the WHO list of approved products. The need to use pesticides is assessed on an individual subproject basis, and any approved use should comply with Brazilian Laws 7.802/89 and 9.974/00. Whenever possible, the project adopts proven IPM and economically and environmentally sustainable measures. The project supports technical assistance for the adoption of IPM practices, in order to reduce input costs and human health risks and minimize adverse environmental impacts through the gradual elimination of pesticide use, without significantly affecting yields. In addition, the project promotes training in good practices and the dissemination of IPM information.

OP/BP 4.10 - Indigenous Peoples. The screening and social assessment estimated that there are approximately 5000 indigenous peoples in the rural areas of the State of Sao Paulo comprised of the following six ethnicities: Guarani Kaiowa, Guarani M'Bya, Guarani Nhandeva, Kaingang, Krenak, and Terena. Consultations demonstrated their strong interest in participating in the project, and indigenous peoples are one of the project's target beneficiary populations. Socio-environmental diagnostics, site-specific sustainable development plans, and the preparation of demand-driven subprojects for financing is carried out under the project. Hence, the client prepared an Indigenous Peoples Planning Framework.

OP/BP 4.11 - Physical Cultural Resources. The Project finances small-scale works in already established agricultural zones where the likelihood of disturbing archaeological, paleontological, or other culturally significant sites is small. The project is not expected to have negative impacts on cultural property, including movable or immovable objects, sites, structures, groups of structures or natural features or landscapes with archeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance. The EMF includes a framework for screening project activities in relation to potential negative impacts to cultural property, per national and state legislation. In any case, such impacts is avoided through the application of subproject eligibility criteria and the safeguard screening system. The EMF also instructs that "chance find" procedures be included in the contracts for any subproject involving works, as well as in the Operational Manual, to comply with this safeguard and with national and state legislation on cultural property.

OP/BP 4.12 - Involuntary Resettlement. The client has prepared a Resettlement Policy Framework (RPF) that addresses any potential loss of assets issues that might occur during project implementation as the result of rehabilitation of unpaved rural roads. A satisfactory first draft of the RPF has already been publicly disseminated.

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. Initiatives to be supported under Components 1 and 2 are subjected to a rigorous screening process to ensure that maximum socioeconomic and environmental benefits are accrued and that any unintended negative environmental impacts are avoided or minimized, including those eventually associated to secondary or indirect and long-term effects.

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

Not Relevant.

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 EA/EMF specifies the criteria and procedures that would be used during project implementation to avoid or minimize potentially adverse environmental impacts. Key aspects regarding Bank safeguards included in the EA/EMF are described below, as well as the borrower capacity and the project experience with implementation of safeguards.

The Borrower's institutional capacity for safeguard policies is considered adequate. The implementation agencies - State Secretariat of Agriculture and Supply (SAA), through its Rural Extension Agency (CATI) and the State Secretariat Environment (SMA) - have substantial experience in working with safeguard policies through the development and implementation of EMFs for the current loan (parent Project) and also during two previous Bank operations, including the development and implementation of EMFs for the Sao Paulo Land Management Project (under CATI/SAA) and its associated Ecosystem Restoration of Riparian Forests GEF Project (under SMA).

Various training workshops on EMF procedures have been provided for key staff from the implementation agencies under the current project, including a recent training session (in November 2016) to address specific challenges associated with the monitoring of implementation of mitigation measures foreseen under the small business agricultural subprojects.

During the course of project implementation, SMA/CATI updated the subproject's environmental checklists or Listas de Verificação Ambiental (LVAs - Annex 18a and 18b of Project Operational Manual). These checklists were updated to: (a) fine-tune the application of IPM and mitigation measures associated agricultural subprojects; (b) improve the LVA model for road rehabilitation and associated measures to prevent and control soil erosion and reduce sedimentation of aquatic ecosystems; and (c) add (in 2014) specific LVAs for agro-forestry subprojects.

Two main challenges were identified during the Bank environmental supervision missions and MTR and have been subsequently addressed. They are:

- (a) Some cases of poor implementation of mitigation measures foreseen under agricultural subprojects (Business Plans), especially when the cost of these measures was included as counterpart funding (i.e. paid by small farmer associations). It was agreed between the Bank and the Government that the cost of mitigation measures would have to be financed by the Bank loan. In addition, SAA/CATI monitoring of mitigation measures associated with agricultural subprojects was considered weak and additional technical assistance (hiring of an Environmental Consultant) and training of CAT/SAA staff were agreed to and implemented; and
- (b) With respect to the rehabilitation of unpaved rural roads, the Bank supervision mission of October 2016 identified the need to use vegetative soil stabilization (vegetative cover) in some adjacent slopes (land cuts) where natural regeneration was not taking place as originally planned, probably due to drought and

overgrazing. Measures to address this issue were discussed and agreed with the Government and will be further defined and supervised during the next Bank mission scheduled for March 2017.

To strengthen safeguard capacity, particularly at the local level, specific capacity-building activities are carried out, especially with respect to working with indigenous populations since there is little prior experience in working with these populations. In addition, a cooperation agreement was signed with the national Indian agency (FUNAI), and collaborative linkages are sought with other state, federal, and non-governmental organizations already working with indigenous peoples as well as quilombola communities in the SoSP.

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 Project is classified as Category B. In accordance with this classification, an EA and related EMF have been prepared. Based on the results of the EA, the project remains designated as Category B project. As mentioned above, the EA/EMF specifies the criteria and procedures that are used during project implementation to avoid or minimize adverse environmental impacts.

The Project builds on the existing EA capacity established within the organizational framework of the implementation agencies, CATI and SMA. The capacities of these agencies are strengthened to implement the EA/EMF. In addition, environmental requirements and procedures for investment proposals are disseminated among the beneficiaries, stakeholders, municipal authorities and other relevant organizations at the municipal and regional levels. The PMU includes a group of environmental technical specialists in charge of monitoring the implementation of the EMF. Proposed physical investments are categorized by the CATI staff that are accountable for recruiting and carrying out the overall supervision of EA-related reports before submitting investment proposals for final approval. CATI also informs concerned environmental authority that could also monitor the EA process.

OP 4.04 Natural Habitats. The EMF explicitly forbids any project activities in areas supporting critical natural habitats or inducing significant conversion or degradation of critical natural habitats. It also ensures that any activity in the buffer zone of a protected area is designed to help reduce pressure on the protected area itself. Moreover, the EMF provides clear guidance regarding unintended impacts on natural habitats.

OP 4.36 Forests. The requirements of OP 4.36 for this project overlap with those of OP 4.04. Despite the project expected positive impacts, the EMF contains procedures to ensure that all project activities comply with OP 4.36, and with national legislation, which establishes a series of measures to protect existing forests. The EMF includes clear guidance regarding direct and indirect impacts on native forests. The project deals with the issue of Areas de Preservacao Permanente and Reserva Legal in a pragmatic manner, helping the farmers to progressively improve the level of environmental compliance.

OP 4.09 Pest Management. A Pest Management Plan (PMP) has been included in the EMF, to be incorporated into the Operational Manual, in order to provide guidance on how to minimize potential negative environmental impacts and on training in safe pesticide use, handling, storage and disposal, as well as guidelines for Integrated Pest Management (IPM) and screening procedures against the WHO list of approved products. The need to use pesticides is assessed on an individual subproject basis, and any approved use should comply with Brazilian Laws 7.802/89 and 9.974/00. Whenever possible, the project adopts proven IPM and economically and environmentally sustainable measures. The project supports technical assistance for the adoption of IPM practices, in order to reduce input costs and human health risks and minimize adverse environmental impacts through the gradual elimination of pesticide use, without significantly affecting yields. In addition, the project promotes training in good practices and the

dissemination of IPM information.

OP/BP 4.10 - Indigenous Peoples. The client carried out a social assessment and extensive consultations with indigenous people in rural Sao Paulo. The consultations demonstrated their strong interest in participating in the project, and indigenous peoples are one of the project's target beneficiary populations. The client has prepared an Indigenous Peoples Planning Framework, which complies with the requirements of OP 4.10, and specifies the methodology by which indigenous people participate in the project and develop future subprojects for financing. A satisfactory IPPF is publicly disseminated by the client.

OP 4.11 Physical Cultural Resources. The EMF includes a framework for screening project activities in relation to potential negative impacts to cultural property, according to national and state legislation. In any case, such impacts are avoided through the application of subproject eligibility criteria and the safeguard screening system. The EMF also instructs that "chance find" procedures to be included in the contracts for any subproject involving works, as well as in the Operational Manual, in order to comply with this safeguard and with national and state legislation on cultural property.

OP/BP 4.12 - Involuntary Resettlement. The client has prepared a Resettlement Policy Framework (RPF) that addresses any potential loss of assets issues that might occur during project implementation as a result of the rehabilitation of unpaved rural roads. A satisfactory RPF has been consulted and publicly disseminated.

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

Main stakeholders in the Project are: (i) beneficiary stakeholders, including small-scale farmers and their families, indigenous communities, quilombola communities, rural women and youth, and community leaders; (ii) state and municipal institutions (mainly SAA and SMA); Municipal Rural Development Councils; CATI extension services; national and local NGOs; universities; professional producer associations; and private technical assistance providers.

The mechanism for consultations of civil society organizations and stakeholders are primarily workshops and focus groups organized usually at the regional level

During project preparation, the EA/EMF report has been subjected to a virtual public consultation process (with a broad range of key stakeholders). All safeguard documents have been disclosed since project beginning (and 2013 restructuring). They consist of Annexes 18 to 21 indicated the aforementioned link: <http://www.cati.sp.gov.br/microbacias2/documentos-tecnicos-anexos-cati>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	30-Oct-2008
Date of submission to InfoShop	21-Jan-2009
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	22-Dec-2008
Date of submission to InfoShop	22-Jan-2009
"In country" Disclosure	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	29-Oct-2008

Date of submission to InfoShop	21-Jan-2009
"In country" Disclosure	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Y
Date of receipt by the Bank	22-Dec-2008
Date of submission to InfoShop	22-Jan-2009
"In country" Disclosure	
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::	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment						
Does the project require a stand-alone EA (including EMP) report?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
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						
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
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 type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
OP 4.09 - Pest Management						
Does the EA adequately address the pest management issues?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is a separate PMP required?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? 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 EA include adequate measures related to cultural property?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
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						
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>

OP/BP 4.12 - Involuntary Resettlement						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is physical displacement/relocation expected?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input type="checkbox"/>
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input type="checkbox"/>
OP/BP 4.36 - Forests						
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Does the project design include satisfactory measures to overcome these constraints?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	NA	<input checked="" type="checkbox"/>
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"/>
The World Bank Policy on Disclosure of Information						
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes	<input checked="" type="checkbox"/>	No	<input 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 checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>

III. APPROVALS

Task Team Leader(s):	Name: Maurizio Guadagni	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Maged Mahmoud Hamed (SA)	Date: 03-Mar-2017
Practice Manager/Manager:	Name:	Date: