



The World Bank

Additional Financing for Food Security and Agriculture Productivity Project (P175717)

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 24-May-2021 | Report No: PIDISDSA31331

**BASIC INFORMATION****A. Basic Project Data**

Country Bhutan	Project ID P175717	Project Name Additional Financing for Food Security and Agriculture Productivity Project	Parent Project ID (if any) P155513
Parent Project Name Food Security and Agriculture Productivity Project	Region SOUTH ASIA	Estimated Appraisal Date 24-May-2021	Estimated Board Date 11-Jun-2021
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, Department of Public Accounts	Implementing Agency Ministry of Agriculture and Forests

Proposed Development Objective(s) Parent

The Project Development Objective (PDO) is to increase agricultural productivity and enhance access to markets for farmers in selected gewogs in south-west Bhutan.

Components

Component 1: Strengthening Farmer and Producer Groups

Component 2: Enhancing Farmer Productivity

Component 3: Enhancing Access to Markets

Component 4: Project Management

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	5.54
Total Financing	5.54
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**



Counterpart Funding	0.90
Borrower/Recipient	0.41
Local Beneficiaries	0.49
Trust Funds	4.64
Global Agriculture and Food Security Program	4.64

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The proposed Additional Financing supports the Royal Government of Bhutan (RGoB)'s efforts to address the economic and social impact of the COVID-19 pandemic.** COVID-19 has impacted Bhutan's population by affecting jobs and livelihoods and slowing progress in fighting poverty. Its adverse impact is exacerbated by existing structural vulnerabilities of Bhutan's economy linked to its heavy reliance on hydropower:¹ while hydropower projects drive economic growth and fiscal revenue through boosts in aggregate demand and through the export of surplus electricity to India, they have also reduced the focus on domestic non-hydro revenue generation and have generated substantial fiscal volatility. In addition, this capital-intensive growth model has not contributed to job creation. The proposed Additional Financing (A Grant fully funded by the Global Agriculture and Food Security Program) is by design already a COVID-19 responsive project due to of its focus on food security and livelihood creation, and it is well-aligned with the Agriculture ECP. FSAPP also holds the potential to contribute to the broader response to boost and diversify domestic agricultural production and food supply. The total grant amount is US\$4.64m

2. **Bhutan's economy has been significantly affected by COVID-19.** Even though Bhutan managed to contain the number of domestic COVID-19 cases, the trade and tourism-dependence of the small landlocked economy has made it susceptible to the pandemic-induced shock. On the supply side, the service sector declined as tourist arrivals dried up, while industrial activities were also severely disrupted

¹ The state-led hydropower sector accounted for about 25 percent of GDP (includes electricity and construction sector activities, which are mainly related to hydropower production and construction), 48 percent of exports and 37 percent of domestic revenues (excl. other receipts) in FY2019/20. Bhutan has a current installed capacity of 2,326 MW and another 2,938 MW under construction.



due to shortages in critical inputs (including foreign labor), and depressed external demand, especially from India. On the demand side, consumption and investment declined due to domestic containment measures, including two nationwide lockdowns.

3. **Poverty is expected to slightly increase due to high food price inflation.** The employment impact of COVID-19 has been felt broadly across the country. Services sector workers in urban areas, including many that directly or indirectly depend on tourism, experienced job or earning losses. High food inflation likely eroded the real incomes of many rural poor. This is expected to lead to a 1.8 percentage point increase in poverty (measured at the \$3.20 poverty rate) by the end of 2021. The impact of the pandemic on poverty is partially mitigated through The *Druk Gyalpo's Relief Kidu* (DGRK), which provides temporary cash support.

4. **The government launched a Comprehensive National Response to the challenges of the COVID-19 pandemic in April 2020 to protect vulnerable households and minimize the impact on employment, growth, and financial stability.** Health measures are aimed at containing the pandemic and strengthening healthcare system resilience. Social protection measures include the DGRK – targeted at vulnerable populations – and measures to increase food security. The government has also implemented a set of fiscal and monetary policy measures to provide immediate relief to affected households and businesses, including an interest waiver and tax deferments. To support economic recovery and growth, the government is prioritizing the implementation of the *Economic Contingency Plan* (ECP) with a focus on agriculture and farm roads, tourism and construction, and bringing forward and reprioritizing the 12th Five Year Plan (FYP) activities.

5. **Consistent with the WBG's COVID-19 Crisis Response Approach Paper (June 2020), this additional Financing to FSSAP grant supports protection of the poor and vulnerable impacted by the social and economic crisis set off by the pandemic and contributes to securing the foundations of the rural economy during the immediate crisis and promoting sustainable growth and job creation in the recovery.** This additional Financing will scale up activities supported by the parent project to new areas and include additional beneficiaries who have been displaced / laid-off due to COVID-19 and who have migrated back to the project districts. The project supports three main Components: i) *Strengthening Farmer and Producer Groups* by providing them with necessary and relevant skills in order to implement and sustain project interventions; ii) *Enhancing Farmer Productivity* in order to improve food security and nutrition. The project will expand cultivated areas, increase climate smart cropping intensity, and increase productivity and production for potential commercial surplus of high value crops through improving water use efficiency, adoption of improved agricultural inputs and technologies and iii) *Enhancing Access to Markets* by promoting value chains for select high value nutrient-rich crops and enhanced linkages to domestic and export markets.

Sectoral and Institutional Context

6. **Bhutan is predominantly an “agriculture-based society.”** Smallholder subsistence farmers with average size farms of 1.2 hectares dominate the agriculture sector. They occupy most of the country’s arable land and produce most of the crop and livestock products. As per the Labor Force Survey Report (2015), the agriculture sector provides livelihoods to 58 percent of the total population, accounting for 16.8 percent of the total GDP in constant prices. As the contribution of the agriculture sector to GDP has been declining, from 26.1 percent in 2001, the sector has been unable to adequately address poverty or



to contribute to food security. Bhutan imports 34 percent of its cereal needs, and close to one-third of the population suffers from food insecurity. Out of a total of 205 gewogs (blocks), 51 gewogs (25 percent), mainly in the east and south, were classified as “vulnerable” to food insecurity. This has also exacerbated malnutrition and the incidence of stunting (30 percent).

7. Climate change and natural disasters are major threats to farming. Owing to Bhutan’s fragile mountain environment and high dependence on agriculture, the country is highly vulnerable to the impacts of climate change and will confront a disproportionate share of threats from climate hazards and extreme events such as flash floods, glacial lake outburst floods, and landslides. Increasing resilience to the impacts of climate change on water security and climate-resilient agriculture to achieve food and nutrition security is therefore a major priority.

8. Shortage of irrigation water is a serious challenge to increasing food production. Most irrigation channels are not functional. Out of a total of 79,740 target acres under the 11th FYP, only 47,424 acres are currently irrigated. Some irrigation channels have begun to experience competing uses from non-paddy and cereal crops. In an increasing number of cases, this has led to fallowing or under-utilization of irrigation channels, which in turn has resulted in decreases in domestic rice production. Lack of irrigation was cited as one of the major reasons that 16.3 percent of farmers left land idle according to the Agriculture Census of 2009. Water sources are completely dried up in a number of areas.

9. Poor nutrition, food insecurity, and malnutrition pose major risks to Bhutan’s population. Despite the country’s economic growth, nearly 27 percent of Bhutanese households consume less than the daily minimum calorific requirement of 2,124 kcal. About 35 percent of households face yearly food shortages (over 50 percent for more than 4 months each year). Thirty four percent of children under the age of 5 are subject to stunting, impairing cognitive and physical growth and predisposing the child to metabolic diseases later in life. It is estimated that 35 percent of children 6-59 months of age and 43.8 percent of women of reproductive age are anemic or iron deficient (National Nutrition Survey, 2015). Dietary diversity and variation are also limited; the food plate is based largely on carbohydrates and fats, with insufficient micronutrient rich vegetables, fruits, and high protein-based foods.

10. Funding from Global Agriculture and Food Security Program (GAFSP) is critical for helping Bhutan achieve food security and alleviate poverty. The parent FSAPP project with a total US\$8.0 million GAFSP funding was approved by the World Bank in April 2017 and is being implemented successfully. The GAFSP Steering Committee opened a competitive additional financing (AF) opportunity to address COVID-19. All existing GAFSP Public Sector Window projects were eligible to compete for funding. On August 2020, the RGoB submitted a proposal to the GAFSP Steering Committee for AF for FSAPP, with the endorsement of the World Bank CMU. The GAFSP Steering Committee awarded Bhutan an AF of US\$ 4.64 million in October 2020. It further granted an extension of the closing date of the grant from December 30, 2022 to December 30, 2024. Through this financial support of the GAFSP, the project will expand its benefit to a high proportion of impoverished smallholder farmers and malnourished women, children and return migrants, while contributing to the overall development of the agriculture sector.

C. Proposed Development Objective(s)

Original PDO

11. The Project Development Objective (PDO) is to increase agricultural productivity and enhance access to markets for farmers in selected gewogs in south-west Bhutan and will be maintained for the additional



financing.

Key Results

12. The project's progress towards achievement of the PDO and overall implementation progress have both consistently been rated satisfactory since October 2017 and the project is 93% disbursed. A midterm review (MTR) was carried out on October 2020, highlighting the following major achievements in just about three years of implementation. The project has disbursed US\$ 7.41 million (or 93 percent of the US\$ 8 million grant).

13. The project has made significant progress across all components. The project has formed and strengthened 89 farmer group. The construction of all four major irrigation schemes have been completed, and distribution networks were further added. As a result, the project has exceeded its target for coverage of irrigation. The project now covers 2,191 acres of irrigated area (flood and micro-irrigation) against an initial targeted area of 1,596 acres. Some 2,708 beneficiaries have been provided with improved agricultural technologies. The project has exceeded its targets for market promotion activities and investments. It has provided 49 groups with marketing infrastructure, provided 30 groups with market information, and linked 20 groups to school as buyers.

D. Project Description

14. The parent project, Food Security and Agriculture Productivity Project (FSAPP), was approved by the World Bank in April 2017. It is fully financed by a grant of US\$ 8 million from the Global Agriculture and Food Security Program (GAFSP), alongside a Royal Government of Bhutan (RGoB) contribution of US\$ 1.12 million and beneficiary contributions of US\$ 0.24 million.

15. There are no proposed changes to the PDO, to the PDO indicators, to the design of components and subcomponents, or to the implementation arrangements. The proposed COVID-19 response activities fall under the existing project components of FSAPP. The components as they are currently designed are anyway crucial to the COVID-19 response to boost and diversify production and to provide livelihoods to those laid off. The proposed activities are expected to generate short to medium-term relief.

16. The project consists of four components:

17. Component 1: Strengthening Farmer and Producer Groups. The objective of this component is to strengthen farmers' and producers' groups to better enable them to implement and sustain project interventions. It is designed to address weak farmers' groups which lack necessary and relevant skills, knowledge, practices, quality inputs and appropriate technologies. The current subcomponents include: 1.1) farmer group (FG) strengthening and formation, 1.2) strengthening producer groups (PGs), and 1.3) contributing to improved nutrition.

18. The additional financing will be used to fund and scale the following activities:

- Under subcomponents 1.1 (FG strengthening and formation) and 1.2 (strengthening PGs): financial management, leadership, and CSA training for cooperatives and FGs, support to the formation and strengthening of FGs, PGs, and Water Users Associations (WUAs). See Annex 3 for details on climate change and CSA interventions in FSAPP.
- Under subcomponent 1.3 (contributing to improved nutrition): rollout of training for community resource persons (CRPs), nutrition awareness and sensitization activities (including the interaction of nutrition-



sensitive and climate-smart practices), and support to the Food for Health Initiative of the MoAF, which includes audio-visual production to encourage consumption and production of nutrient-dense crops, development of nutrient fact sheets of selected crops, and post-harvest value-addition.

19. **Component 2: Enhancing Farmer Productivity.** The objective of this component is to improve agricultural productivity for improving food security and nutrition. The component will promote climate smart agriculture (CSA) through productivity enhancement of select food crops and high value crops. The overall purpose is to expand cultivated areas, increase climate smart cropping intensity, and increase productivity and production for potential commercial surplus. The existing subcomponents include: 2.1) water use efficiency, 2.2) improved farm management and technical and institutional capacity building, and 2.3) improved agricultural inputs and technologies.

20. The response activities include micro irrigation and the provision of inputs, equipment, and capacity building for farmers, including new generation farmers, and Water Users Associations (WUAs). This will generate livelihoods and short-term jobs, in support of the COVID-19 response. The additional financing will be used to fund and scale the following activities:

- Under subcomponent 2.1 (water use efficiency): Technologies to enhance water use efficiency will be promoted, including drip irrigation sets for use in poly-houses, rain water harvest systems, smart irrigation and drains for increased surface run-off from extreme precipitation and flooding. Irrigation systems will be energy-efficient, thus contributing to climate mitigation.
- Under subcomponent 2.2 (improved farm management and technical and institutional capacity building): training on farm management, crop production, CSA practices, pest management, and record keeping; capacity building of agriculture extension agents and district officials on advanced technical skills and knowledge on targeted commodities, and sensitization on climate change, risk, and opportunities; demonstrations on crop production; integrated pest management.
- Under subcomponent 2.3 (improved agricultural inputs and technologies): farm inputs (i.e. improved seeds and seedlings including drought-tolerant, pest- and disease-resistant early-maturing seed varieties which support climate adaptation, drum seeders for direct paddy seeding, and weeding tools), plastic mulching, mini-tillers, support to organic farming (i.e. biodigester), poly-houses for protected agriculture, and electric fencing.

21. **Component 3. Enhancing Access to Markets.** The component aims to promote value chains for select high value nutrient-rich crops and enhanced linkages to domestic and export markets. The primary focus will be to: i) reduce post-harvest losses, ii) strengthen nutrition sensitive value chains of selected crops, and iii) enhance producers' knowledge, bargaining power, and access to agri-markets. It will include strengthening local producer-consumer linkages and establishing productive relationships with public and private market players, school meal programs, and exporters. The existing subcomponents include: 3.1) post-harvest and market infrastructure support and 3.2) linkages to domestic and export markets.

22. The response activities include construction of packhouses, and improvement of transportation and storage infrastructure. The additional financing will be used to fund and scale the following activities:

- Under subcomponent 3.1 (post-harvest and market infrastructure support): two multi-chamber and



multi-commodity cold storages with about 25MT capacity each²; post-harvest and market infrastructure³, and various equipment (i.e. dryers, sealing and packing materials and tools, weighing balance, plastic crates, and refrigerators and deep freezers). For cold storage, the project will consider climate-smart and energy-efficient refrigeration technologies. Market infrastructure supported by this subcomponent will be climate-resilient.

- Under subcomponent 3.2 (linkages to domestic and export markets): support the pilot in Chukha district for the development, training, and implementation of online marketing applications (web and mobile). The pilot will be used as an example for later roll-out to other districts.

23. **Component 4. Project Management.** Component 4 will support all aspects of project management including: i) management and coordination, ii) monitoring and evaluation, iii) technical assistance, and iv) a grievance redress system. The expected outcome of this component is an effective and transparent project management system.

24. The additional financing will be used to i) staff the PMU up to the extended closing date (including a procurement expert, an administrative assistant, and a marketing and value chain expert), ii) support the M&E by funding the annual outcomes survey, and iii) fund other operational costs including travel, vehicle maintenance, and team and PSC meetings.

E. Implementation

Institutional and Implementation Arrangements

25. *The implementation arrangements will remain the same as with the parent project.* The project is managed by the PMU under the DoA of MOAF, and consists of nine project implementation units (PIUs) which includes the five districts agriculture offices, three Agriculture Research and Development Centers (ARDCs), and the Department of Agriculture Marketing and Cooperatives (DAMC). Given the shorter timeframe available to disburse the AF, in particular, to respond to COVID-19 impacts, the PMU and MOAF will leverage partnerships across government and development partners. FSAPP currently has an existing TA arrangement with the FAO which is being refocused to support the delivery of the AF activities.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The additional financing grant was approved within the same Project Development Objective of increasing the agricultural productivity and enhancing access to markets for the selected 29 Gewogs in 5 Dzongkhags of Haa, Chhukha, Dagana, Sarpang & Samtse. Below are the Gewogs name per Dzonkhag: In Haa: Kartso, Samar, Uesu, Gakiling and Sangbaykha Gewogs; In Chhukha: Bongo, Getana, Metakha, Doongna,

² One is a 24 MT- capacity cold store to be installed at the integrated fruit processing plant (IFPP) in Dagapela, which is to be installed after carrying out minor maintenance of the existing structure. Another is to be installed either in Chukha, Samtse, or Haa, based on the recommendations of the TA-FSAPP's Feasibility study of the establishment of cold storage and pack houses, to be completed by June 2021.

³ This includes 15 pack houses, a roadside market facility in Chukha, and an extension of a weekend farmers' market in Samtse.



Samphelling and Phuentsholing Gewogs; In Dagana: Karna, Drujeygang, Larjab, Karmaling, Nichula & Lhamoi Dzingkha Gewogs; In Sarpang: Gakiling, Shompangkha, Dekiling, Samtenling, Umling & Tareythang Gewogs; and In Samtse: Tading, Dophuchen, Norboogang, Sa-Nga-Chhoeling, Yoeseltse & Tendruk Gewogs

G. Environmental and Social Safeguards Specialists on the Team

Sabah Moyeen, Social Specialist

Md Istiak Sobhan, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>While the project is designed to provide opportunities for an overall positive impact, some interventions/activities may have adverse environmental impacts. The key environmental issues that will need to be addressed by the project are: (i) land slide/soil erosion; (ii) over-extraction or misuse of irrigation water; (iii) soil degradation; (iv) pesticide-related health and safety issues; (v) water pollution, and (v) workers and community health safety and sanitation.</p> <p>The Additional Financing like the parent Project is classified as a Category B under OP/BP 4.01 with a partial assessment as the impacts are likely to be small-scale, site specific with no irreversible impacts and mitigation measures can be designed more readily. The implementing agencies has updated the Environmental and Social Management Framework (ESMF) which was supported by an assessment of environmental practices of currently on-going FSAPP, institutional capacity assessment, some limited environmental baseline, as well as guidelines to carry-out sub-project specific environmental assessment, consultations, prepare site specific EMP, costing, review process, implementation, and monitoring.</p>



Performance Standards for Private Sector Activities OP/BP 4.03	No	<p>There are no significant private sector activities supported by the project.</p>
Natural Habitats OP/BP 4.04	No	<p>The project will not implement any agricultural activities inside the Protected Areas (wildlife sanctuaries, national parks, etc). The infrastructure activities will be small scale. It is highly unlikely that any natural habitats formed largely by native plant and animal species would undergo transformation of use or would be affected or modified with support from the project.</p>
Forests OP/BP 4.36	Yes	<p>Project will not implement any activities inside in the forest or protected forests or no forestry activities are envisaged in the project. However, some activities such as irrigation schemes, market infrastructure development may involve some clearing of vegetation. Hence the policy is triggered. The ESMF will address any issues related to forest.</p>
Pest Management OP 4.09	Yes	<p>The project is expected to have minor use of nationally approved pesticides and there are no significant issues of pest management and pesticide use to be addressed in the sub-projects. The procurement and distribution of pesticides in Bhutan is well controlled through a centralized system and there will be no procurement of pesticides classified as Class Ia, Ib and II by WHO. However, in anticipation of higher yields, farmers could expand the use of chemical fertilizers, and pesticides more than what is recommended. Since the proposed GAFSP project is expected to promote sustainable production practices as a part of project design, the above issues are not considered to be critical in the project. However, as a matter of precaution to address any potential and unforeseen issues of pest and pesticide management, OP 4.09 has been triggered. The ESMF provides guidelines on safe use of agrochemicals and promotion of green agriculture technologies such as: (i) Integrated Pest Management (IPM); (ii) balanced fertilizer use to reduce the dependence on fertilizers; and (iii) composting.</p>
Physical Cultural Resources OP/BP 4.11	No	<p>The project would not impact any physical and cultural resources.</p>
Indigenous Peoples OP/BP 4.10	No	<p>There are no known indigenous groups in the country. However, particular attention will be given</p>



		to concerns of vulnerable groups including, women, poor, marginal farmers and youths.
Involuntary Resettlement OP/BP 4.12	Yes	Irrigation development and farm mechanization might require land acquisition that could potentially have impacts on livelihoods. However, due to the size and linear nature of these activities, these impacts are envisaged to be minimal. Likely land acquisition, if any, will be small-scale and to the extent possible, land will be acquired through voluntary land donation or will make use of public lands.
Safety of Dams OP/BP 4.37	No	There is no dam being constructed, rehabilitated or affected by the project.
Projects on International Waterways OP/BP 7.50	Yes	The policy was triggered under the parent operation as water would be extracted from four streams, which are tributaries of the Brahmaputra River. India, and Bangladesh, are co-riparian countries of the Brahmaputra River and were notified. Under this AF the policy remains triggered but an exception to notification was granted since no new irrigation schemes will be developed under this AF and drip irrigation kits will be supplied to farmers who already practice irrigation on the existing irrigation schemes. The objective of these investments is to enhance water use efficiency and climate resilience by rehabilitating and modernizing the existing schemes.
Projects in Disputed Areas OP/BP 7.60	No	Not triggered because the project dzongkhags are not located in any internationally disputed areas

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 is expected to have positive environmental and social impacts by supporting sustainable use of land and other resources by rural communities, and helping them achieve higher incomes through enhanced agricultural productivity and improved marketing. The project is classified as a Category 'B' under OP/BP 4.01 with a partial assessment as the impacts are likely to be small-scale, site specific with no irreversible impacts and mitigation measures can be designed more readily. Considering the nature and magnitude of potential environmental impacts from relatively limited scale irrigation and market access interventions, the FSAPP is classified as category 'B' project. The environmental safeguard policies triggered are Environmental Assessment (OP4.01) and Forest (OP 4.36). However, as a matter of precaution to address any potential and unforeseen issues of pest and pesticide



management, OP 4.09 has been triggered. The International Waterways policy (OP 7.50) has also been triggered as raw water for irrigation from the existing streams will be withdrawn, stored and distributed to the agricultural fields.

Likewise, given that investments would be small, localized nature, significant adverse social impacts are not envisaged under the project. However, the proposed investments under the project will have their footings on the ground and will need land and hence OP 4.12 on Involuntary Resettlement has been triggered. However, the land needs are expected to be small in quantity and the impacts of such marginal. No involuntary resettlement is envisaged under the project and land acquisition, if any, will be small-scale and to the extent possible, land will be acquired through voluntary land donation or will make use of public lands or those already under the ownership of project beneficiaries.

The project interventions are expected to be pro-poor and have a substantial focus on the capacity building of farmers and producer groups through technical skills development, group formation and operations, business development trainings, and market orientation. Specific interventions to support women involve measures for ensuring their participation in project activities, their representation in farmer groups and involvement in decision making, and support for mechanization at the farm level to improve productivity, and reduce the burden of labor on women.

While the project designed to provide opportunities for an overall positive impact, some activities may have adverse social and environmental impacts, including risks of women and other vulnerable groups not being adequately consulted, informed about the project, or excluded from project benefits. An ESMF has been prepared to address key environmental and social issues such as: (i) land slide/soil erosion; (ii) over-extraction or misuse of irrigation water; (iii) soil degradation; (iv) pesticide-related health and safety issues; (v) water pollution, (vi) impacts due to land acquisition, (vii) inclusion of gender and vulnerable groups, and (viii) workers and community health safety and sanitation. Activities that would require mitigation action may include construction of irrigation system, market system development, etc. The ESMF has also provided a list of Environment and Social Code of Practices to enhance environmental and social benefits of the project.

The ESMF has been updated (based on the ESMF COVID-19 Response template adopted by the Bank) considering the interventions of the AF including compliance with World Bank Group Environmental Health and Safety Guidelines, World Health Organization's COVID-19 Occupational Health and Safety Guidelines, World Bank's and COVID-19 Considerations in Construction/Civil Works Projects to prevent the potential risk of COVID-19 exposure related to minor rural infrastructural construction/repairing works. The AF will thus comply with COVID-19 considerations for labor and OHS protocols and will take due note of COVID-19 related risks, especially health and safety aspects of project workers and beneficiaries. The new activities and the new conditions are not expected to have any major ES risks and impacts.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
No highly significant long term direct impact is expected from the project. Further, the nature of the types of investments to be supported by the project suggests that there will be minimum cumulative social and environmental adverse impacts. Further, the screening process described in the Environmental and Social Management Framework prepared for the project will eliminate sites that may result in any serious impacts. A negative list of attributes has also been provided in the ESMF.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The primary focus of the project is agricultural productivity. The sub-projects that will be supported through the project will be determined once the selection process has been completed by the PMU. Hence, no project alternatives were considered at this stage. However, the environmental and social management process suggested in the ESMF



include options for environmental and social mitigation and environmental and social code of practices for designing and implementation of the sub-projects in order to avoid or minimize adverse impacts at the grassroots-level planning stage. Agricultural production and irrigation focused activities that would lead to significant adverse impacts will not be supported during project implementation and a negative list of activities will be included in the ESMF.

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.

RGoB has prepared a consolidated Environmental and Social Management Framework (ESMF) for the project in order to screen/ assess, use appropriate mitigations, and manage any environmental and social issues resulting from the small-scale interventions spread far and wide across the five dzongkhags. The ESMF requires sub-project activities to be screened, and if required, an Environmental and Social Management Plan (ESMP), Environmental and Social Code of Practices, Gender Development Plan and Vulnerable Community Development Plan, Resettlement Action Plan (if applicable) be prepared for all proposed interventions. Also, obtaining 'No Objection letter' from competent agency, is also required. The ESMF also includes specific guidelines for monitoring and evaluation of safeguards compliance, and guidelines for public consultations.

Project management would continue to be the responsibility of the existing implementation agency, the Ministry of Agriculture and Forest (MoAF). This project is designed and will be implemented using the same approach of RRCDP for environmental and social safeguards. Because of prior experience of working with Bank financed project, MoAF is familiar with the Bank's safeguard policies. However, MoAF still needs capacity improvement with regard to environmental and social management and to comply with Bank's safeguards requirements since the new project would incorporate new activities that are concentrated more on nutrition, market facilitation and value addition for sustainability.

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

The key stakeholders include beneficiary households, communities/ users, geog, chiog, dzongkhag, and MoAF. Local-level consultations were carried out with primary stakeholders, specifically the local communities, Geog Tshogde (GT) members and farmers. The consultations with local communities involved group discussions and household interviews. During the field consultation, special attention was given to women and vulnerable people. The updated ESMF was respectively disclosed in Bhutan on March 26, 2021 and on the World Bank external site on March 27, 2021.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
26-Mar-2021	27-Mar-2021	

"In country" Disclosure

Bhutan

26-Mar-2021



Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank
28-Apr-2021

Date of submission for disclosure
30-Apr-2021

"In country" Disclosure

Bhutan
30-Apr-2021

Comments

Pest Management Plan

Was the document disclosed prior to appraisal?
NA

Date of receipt by the Bank

Date of submission for disclosure

"In country" Disclosure

Bhutan
01-Apr-2016

Comments

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 (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?
Yes



If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

No

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?

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

No

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

NA

Does the project design include satisfactory measures to overcome these constraints?

NA

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?

No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?



Yes

Has the RVP approved such an exception?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

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

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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Approved By

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Country Director:	Dandan Chen	25-May-2021
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