



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 03-Apr-2023 | Report No: PIDC245789



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P176700		Moderate	Connecting farming communities to coastal economies in El Balsamo – COSTA VIVA
Region	Country	Date PID Prepared	Estimated Date of Approval
LATIN AMERICA AND CARIBBEAN	El Salvador	03-Apr-2023	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Catholic Relief Services	Catholic Relief Services	

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	2.75
Total Financing	2.75
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	2.75
Japan Social Development Fund	2.75

B. Introduction and Context

Country Context

1.

1. **El Salvador is one of the most densely populated countries in the world.** With an area of 21,041 km² and a population of 6.4 million inhabitants (53 percent women),^[1] the population density is 305 people per square kilometer. It is also estimated that 72 percent of the total population lives in urban areas.^[2]



2. **El Salvador's economy has registered slight economic growth in the last decade.** Between 2000 and 2019, the average annual growth of the GDP of El Salvador was 2.3 percent. In the past two years, inflation has remained below 1 percent, and the primary fiscal surplus has improved due to better revenue management, reaching 0.9 percent of GDP.[3] Domestic demand, driven by high levels of remittances, has been the country's main growth engine. In 2019, it was estimated that the number of remittances that entered the country represented about US\$5.65 billion,[4] representing approximately one-fifth of GDP.[5] 94.5 percent of remittances arrive from the United States, where some 2.3 million Salvadorans live.
3. **El Salvador has experienced a moderate reduction in poverty and inequality in the last decade.** Between 2008 and 2018, the population living under the poverty line (US\$5.5 per day per person) decreased from 43 to 26 percent, and extreme poverty (US\$3.2 per person per day) from 20 to 8 percent.[6] During the same period, the Gini coefficient decreased from 0.48 to 0.34. However, there are significant differences between urban and rural areas: in 2018, the urban and extreme poverty rates were 24.1 and 4.9 percent, respectively. However, it is estimated that the number of rural households living in poverty and extreme poverty was around 30 percent and 7 percent, respectively. Furthermore, a high percentage of the population lives in multidimensional poverty,[7] with high heterogeneity among the country's Departments. According to 2018 figures, the multidimensional poverty rate in San Salvador was 14.1 percent, reaching 42 percent in the Departments of Morazán and La Unión and 50 percent in Ahuachapán.[8]
4. **Indigenous populations, women, and rural youth present highly vulnerable conditions.** Concerning the country's indigenous population, there are differences in the representativeness figures according to the source of information consulted. Considering the data registered in the National Population Census (2007), the indigenous population comprises 0.2 percent of the total population. Other more recent studies, however, estimate that the indigenous population is between 12 and 17 percent of the country's total population. Taking as a reference the Profile of the Indigenous Peoples of El Salvador from 2003, 61.1 percent live in poverty conditions, 38.3 percent live in extreme poverty, and only 0.6 percent of the total can cover their basic living conditions.[9] Regarding the female population, although formally the poverty rate is comparable to that of men, there are deep economic inequalities, and it is estimated that they earn 20 percent less than men.[10] These inequalities, together with the persistence of a culture of discrimination linked to gender aspects, generate a high rate of violence (67 out of every 100 Salvadorans over 15 years of age have suffered some type of violence throughout their lives).[11] Regarding the youth population in rural areas, it is estimated that 38 percent of rural youth between 15 and 35 years old live in poverty. Likewise, this population segment suffers difficulties in entering the formal labor market and the educational system; they lack productive and financial assets and suffer violence.[12]
5. **Food insecurity and the triple burden of malnutrition (malnutrition, overweight, and lack of nutrients) generate significant socio-economic effects in the country.** In 2018, an estimated 2.5 million people suffered moderate or severe food insecurity.[13] Twenty percent of households have dietary energy and nutrient deficits for at least two months a year, and 35 percent of households do not always consume a diet of adequate quality.[14] At the same time, in 2014, 14 percent of children under the age of 5 were stunted[15], and in 2016, 56.8 percent of adults were overweight, nearly half of whom (24.6 percent of the total adult population) were obese.[16] The World Food Program (WFP) estimates that the total



- annual cost of malnutrition in El Salvador, measured in health expenditures, lower productivity of the workforce, and reduced school attendance for children, was 10.3 percent of GDP in 2019.
6. **Lack of job opportunities, and high levels of violence and crime cause development problems and migration for many Salvadorans.** El Salvador generates only 30,000 jobs a year. This is 10,000 jobs below what is required to meet the annual demand of the labor market (World Bank, 2020). Although in 2019 the Salvadoran unemployment rate of 4.11 percent (World Bank WDI) was relatively low compared to other Central American countries (5.39 percent in Honduras, 6.84 in Nicaragua, and 9.63 in Costa Rica) the market participation rate in Labor (59.8 percent in 2018, World Bank WDI) is the lowest in Central America. In addition, the country has a high rate of labor informality: in 2014, 69 percent of workers between the ages of 15 and 64 were informally employed this figure rises to 86 percent in rural areas.[17] On the other hand, the incidence of violence in urban and rural areas directly impacts the country's social development and economic growth, hindering job creation, raising the cost of doing business, and affecting investment decisions in the country. In 2019, El Salvador had one of the highest homicide rates in the world (OSAC, 2020). As a result of the lack of economic opportunities and violence many Salvadorans seek sustenance abroad,[18] for which reason around a third of the country's population lives abroad, mainly in the United States.
 7. **El Salvador is among the countries most affected by climate change and variability events.** The country is highly vulnerable to the impacts of climate change, including increased floods, droughts, and tropical storms. The World Climate Risk Index for 1999-2018 places El Salvador as the 25th most vulnerable country in the world to extreme weather events. Disasters related to natural events have posed a significant development challenge and caused many economic losses in recent decades. El Salvador is exposed to various natural hazards and ranks second among the countries most exposed to high economic risk due to two or more natural hazards.[19] In 2020, tropical storms Amanda (May 2020) and Eta and Iota (November 2020) resulted in severe socioeconomic damages, destructing houses, and the livelihoods of thousands of people. The damage caused by Amanda only is estimated at 200 million American dollars.[20] According to the United Nations World Food Program (WFP), this severely impacted the food security of more than three hundred thousand Salvadorans, who may not have the means or resources to feed themselves.
 8. **Since March 2020, the Coronavirus (COVID-19) pandemic has been significantly affecting El Salvador.** The World Bank estimated that El Salvador's economy contracted by 8.7 percent in 2020 as a result of the impact of the pandemic on the internal and external markets and the reduction of the remittances from the US. Estimated growth for 2021 is expected to be around 4.9 percent. The International Monetary Fund (IMF) estimates that the current crisis, combined with the recession in the United States, increased the level of public debt by more than 10% of GDP (US\$26.99 billion in 2019),[21] reaching 82 percent of GDP in 2020. Likewise, Salvadoran households experienced a sharp drop in their income due to effects on remittance flows.[22] The compounded impact of the tropical storms makes recovery from the economic fallout of COVID-19 even harder.

[1] The World Bank, World Development Indicators, 2018.



[2] FAOStat, 2018.

[3] International Monetary Fund (IMF), 2019.

[4] [https://www.bcr.gob.sv/esp/index.php?option=com_k2&view=item&id=1464:el-salvador-recibi%C3%B3-us\\$56502-millones-de-remesas-familiares-en-2019&Itemid=168](https://www.bcr.gob.sv/esp/index.php?option=com_k2&view=item&id=1464:el-salvador-recibi%C3%B3-us$56502-millones-de-remesas-familiares-en-2019&Itemid=168).

[5] The World Bank, World Development Indicators.

[6] The World Bank, World Development Indicators.

[7] In El Salvador, multidimensional poverty is calculated according to access to education, housing, work and social security, health, basic services, food security and quality of habitat

[8] *Encuesta de Hogares de Propósitos Múltiples (EHPM)*, 2018

[9] World Bank, 2020.

[10] EHPM, 2018.

[11] *Encuesta Nacional de Violencia contra la Mujer*, 2017.

[12] International Fund for Agricultural Development (IFAD), 2015.

[13] FAO, IFAD, UNICEF, WFP, and WHO, 2019.

[14] Integrated Food Security Phase Classification (IPC), 2015-2020.

[15] The World Bank, World Development Indicators

[16] Global Health Observatory of the World Health Organisation (WHO), 2016.

[17] JOIN Database of the World Bank.

[18] International Organization for Migration (IOM), 2017.

[19] *El Salvador: Building on Strengths for a New Generation*. Systematic Country Diagnostic. World Bank Group (2015).

[20] International Federation of Red Cross and Red Crescent Societies (IFRC), 2020

[21] World Economic Outlook of the IMF, 2019.



[22] On its website, the Central Reserve Bank of El Salvador indicates that the remittances received between January-April 2020 have been reduced by 9.77% compared to the same period in 2019.

Sectoral and Institutional Context

9. **Agriculture in El Salvador accounts for 20 percent of employment but maintains a highly dual structure, which translates into low competitiveness and stagnant productivity.** The sector sees the coexistence of a small number of large, export-oriented productive units (producing export crops such as sugar and coffee), on the one hand and, on the other, a large number of small productive units minimally commercially-oriented or practicing subsistence family farming. As a result, the productivity of agricultural work and land has been stagnant for the last 15 years, being one of the lowest in Latin America.[1] Significant post-harvest losses[2] further affect the productivity as well as the food security of small producers.
10. **Small and medium-sized producers in the agri-food sector in El Salvador, especially vulnerable groups, are affected by gaps in income, knowledge, and access to the market, which contributes to their low productivity and limited capacity to generate added value.** Agricultural wages and the educational level of workers in the sector are the lowest in the country, and 4 out of 5 rural jobs are informal. On the other hand, only 25.7 percent of the rural population has a bank account, and less than 9 percent access financial services. Rural women face additional challenges: less access to assets, less financial inclusion, more severe educational gaps, and wages almost 10 percent lower than men.[3] The mostly poor Indigenous population (for example, Nahuapipil, Lenca, and Cacaopera) have agriculture as one of their main livelihoods both for subsistence and to generate some surpluses, which they do in highly vulnerable conditions.
11. **In particular, the mountain range of El Balsamo in the departments of Sonsonate and La Libertad is characterized by heterogeneous productive systems and rural economies.** The highlands of the mountain range, a key source of water for rural towns and coastal communities downstream, are dominated by coffee agroforestry which in recent years has experienced a severe drop in production and significant employment and income losses due to the coffee leaf rust epidemic (2013-2015) and the crash of global coffee prices (2018-2020). Midland rural families, in turn, primarily cultivate and subsist on maize and beans, farming on steep mountain slopes. Slash-and-burn agriculture is common, causing soil erosion and resulting in low crop yields, food insecurity, and vulnerability to climate change. The mid and highlands on the south slope of El Balsamo (including the Comasagua, Chiltiupan, Taminique municipalities) are thus characterized by extreme poverty, food insecurity, high rates of crime and violence, degraded soil and water sources,[5] and low crop yields. In the departments of Sonsonate and La Libertad, respectively, 7.22 percent and 5.21 percent of households live in extreme poverty, and 6.8 percent and 7.1 percent of the working-age population is unemployed (the national average is 5.7 percent for extreme poverty and 6.3 percent for unemployment). [6] Poverty and unemployment are even more severe in rural areas. Slash-and-burn agriculture and deforestation also threaten downstream communities' [7] water supply and contribute to flooding in the lowlands.[8]
12. **The agricultural sector is subject to significant economic losses due to the occurrence of severe climate events.**[9] Between 2009 to 2011, Tropical Storm Ida (2009), Tropical Storm Ágatha (2010) and Tropical Depression 12E (2011) generated accumulated losses close to US\$1.3 billion (or 6 percent of GDP in 2011).



Likewise, the drought in 2012 generated US\$38 million in direct losses, a figure very similar to that registered during the 2018-2019 agricultural season, equivalent to US\$42 million. On the other hand, estimates of the value at risk considering a probability of exceedance of 1 in 100 years represents 25.15 percent (or US\$379.4 million) of the gross value of the country's agricultural production (US\$1,508.5 million).

13. **The hurricane season of 2020 was particularly disruptive and further exacerbated the pervasive underlying problem of food insecurity in the country.** Amanda and Cristobal drenched the country in May and June 2020. These two earlier storms caused flooding and landslides that substantially damaged to El Salvador's infrastructure and agricultural production. Amanda and Cristobal forced 12,600 people into temporary shelter, damaged or destroyed 2,800 hectares of crops, affected 22,000 farmers, and pushed 336,300 people into severe food insecurity. Due to hurricanes Eta and Iota later in November 2020, the Ministry of Agriculture and Livestock of El Salvador reported a widespread loss of crops such as corn and beans, and the Federation of Vegetables and Fruits of El Salvador and the Salvadoran Chamber of Small and Medium Agricultural Producers (CAMPO) together estimated the loss at around US\$8 million, and that was just from Eta alone. Oxfam reported that as of December 15, 2020, 42,000 hectares of beans and crops have been destroyed in El Salvador.
14. **Compounding these effects, the restrictions on mobility and the slow-down of economic activity caused by COVID-19 at the national and regional levels has worsened the food insecurity situation of the most vulnerable households in the country.** The strict quarantine and movement restrictions imposed in some countries in the region are affecting all actors involved in value chains. The foregoing, together with the pattern of international agricultural trade, increase the possibility that El Salvador will experience internal and regional disruption in the distribution and trade of food and key inputs for agriculture, particularly affecting workers in the informal food system.
15. **In the Sonsonate and La Libertad departments, the COVID-19 pandemic and tropical storms Amanda, Eta, and Iota have endangered the livelihoods, jobs, incomes, and food security of the most vulnerable households.** Post-disaster assessments carried out by Catholic Relief Services in the Central Zone (San Salvador and La Libertad) in March-June 2020[10] revealed food as the top household priority concern. Most of the respondents reported resorting to negative coping strategies to deal with food insecurity: 82 percent reported eating cheaper or less preferable food, and 63 percent reduced food consumption to cope with the economic impact of the virus, and government-imposed shut down. Additionally, employment dropped by about 40 percent among respondents, and 75 percent of businesses owned or operated by respondents closed.
16. **In 2020, the Ministry of Agriculture (MAG) launched a new sustainable agricultural transformation plan for food security.** This program aims to (i) create an Agriculture Trust (*Fideicomiso*) that offers low-interest loans for agricultural production, processing, and supply chains; (ii) provide technical assistance and support in the marketing of products; and (iii) establish productive infrastructure. The resulting Agricultural Rescue Master Plan launched by the President in early 2021 is an ambitious program for the modernization of the agriculture sector. The Master Plan is articulated around three main axes: (i) food sovereignty, (ii) coffee rehabilitation, and (iii) ruralization, as well as several short-term actions to improve institutional capacity and improve livelihoods in rural areas. All axes are characterized by a strong focus on food security and climate-smart agriculture as key elements of the transformation of agrifood systems. There has been some but limited public investment in the higher elevations of El Balsamo, including Catholic Relief Services (CRS)' collaboration with the Salvadoran Coffee Council (CSC) and the MAG to promote "Blue Harvest" practices[11] to produce specialty coffee while conserving critical water resources. .



17. **However, upland communities in El Balsamo have been excluded from any serious development investment for more than a decade**, and investments in El Balsamo have been very limited compared to other parts of the country. For instance, while the Government of El Salvador (GOES) has been recently promoting modern and sustainable agriculture, current funding is concentrated in the “Dry Corridor” in the north and in the country’s fertile coastal plains and valleys, leaving El Balsamo behind.
18. **There is a serious need to address the triple burden of food and nutrition insecurity, unsustainable agricultural practices, and natural capital depletion in the mountain range of El Balsamo.** Recent economic growth along the coast, spurred by a thriving tourism industry supported by GOES investments through its “Surf City” tourism strategy, is creating a window of opportunity for doing so. In fact, farms in the mountain range have the potential to meet the uptick in demand for high-value fruits and vegetables coming from the coast, which provides an opportunity for increasing their farm income and improving their livelihoods.
19. **This Project Initiation Note proposes to pilot an innovative model of community-driven territorial development to benefit coastal mountain range farming communities, thus far overlooked by existing development policies.** Ultimately, the Project aims to create market access for beneficiaries’ locally sourced, sustainably-produced high-value produce, leveraging growing food demand come from the coast. To create the enabling conditions for this, the Project will provide financial and technical support for the adoption of productive and sustainable agricultural practices by local producers’ groups, together with assistance in creating linkages with commercial buyers from the coast (to this end, the Project will also establish a seal of quality, the “Costa Viva” brand). To improve the living conditions of local mountain communities, the Project will also support community investments in dietary diversity and nutritional awareness, sanitation, and hygiene (DASH) systems.

[1] USDA, 2018.

[2] For instance, the Inter-American Institute for Cooperation on Agriculture (IICA, 2013) estimates post-harvest losses for 8% of the production of white corn and red beans, as well as 6% of the production of rice and sorghum.

[3] EHPM (2018), JOIN Database of the World Bank (2014) and Global Findex database of the World Bank (2017).

[4] Yield Gap studies carried out by CRS in 2019 suggested that conservative yield targets for El Salvador should be 4.5 MT/ha for maize, and 1.3 M/T ha for beans while Current average yields are about 2.7 MT/ha for maize and less than 0.9 MT/ha for beans and Many marginal, smallholder farmers produce less than 1.5 MT/ha of maize and 0.4 MT of beans.

[5] The government of El Salvador (GOES) estimates that 75% of agricultural land in El Salvador is affected by human-induced soil degradation, As referenced in: Zurek, MB (2002): *Induced Innovation and Productivity-Enhancing, Resource Conserving Technologies in Central America: The Supply of Soil Conservation Practices and Small-Scale Farmers’ Adoption in Guatemala and El Salvador.*



[6] *Encuesta de Hogares de Propósitos Múltiples*, 2018. Government of El Salvador, General Directorate of Statistics and Censuses.

[7] Since about 2000, 56 of El Salvador's streams and rivers have lost more than 30% of their dry season base flows. The Ministry of Environment and Natural Resources (MARN) attributes this to land degradation. Government of El Salvador, MARN (2013). *National Strategy for Water Resources*.

[8] Over the past ten years, severe weather has devastated communities in the lower watershed. Tropical Depression 12E in 2011 and Tropical Storm Amanda in 2020 are examples of extreme rain events that disproportionately impacted the lower Balsamo region with intense flooding.

[9] Between 1999 and 2019, 36 extreme events of hydrometeorological and volcanological origin were registered that affected all sectors of the country. It is estimated that the occurrence of these events generated losses close to US\$4,351 million and affected more than 3.6 million people.

[10] CRS Rapid Assessment, June 2020.

[11] <https://blueharvest.org/>

Relationship to CPF

20. **The proposed project is aligned with Objective #6 of the Country Partnership Framework (CPF) 2016-2019 of the World Bank for El Salvador (Report No. 95185-SV):** "Build capacity to manage disasters and environmental challenges," which aims to tackle the challenges identified by the 2015 Systematic Country Diagnostic (SCD) and confirmed in the 2022 SCD update[1] in terms of vulnerability to natural hazards and threatened rural development and poverty alleviation produced by environmental degradation, deforestation, and non-sustainable agricultural and livestock activities. The proposed Project will contribute to linking smallholder producers to market-based agriculture and to expanding and strengthening value chains and value-added activities while improving climate resilience of productive systems and their contribution to nutrition goals: in particular, the Project will enhance agricultural producers in the target communities, which will also contribute to mainstreaming climate-smart and nutrition-smart agricultural practices, creating green jobs, and supporting farmers to increase their adaptive capacity and resilience to climate change impacts including extreme weather events. Moreover, by working with poor and extremely poor smallholders in areas excluded by official development assistance, as well as ensuring participation by historically disadvantaged groups such as IPs, ADs, women, and youth, the Project directly contributes to the Bank's Twin Goals of eradicating extreme poverty and promoting shared prosperity. Finally, the proposed Project is entirely consistent with the World Bank Group's framework for Green, Resilient, Inclusive Development (GRID), considering its focus on objectives like green growth, food, and nutrition security, climate resilience, high-quality jobs, and inclusive economic development for vulnerable groups most likely to out-migrate.



[1] The World Bank. 2022. *Systematic Country Diagnostic Update. El Salvador: Addressing Vulnerabilities to Sustain Poverty Reduction and Inclusive Growth*. Monica Robayo-Abril, M. and Chelles Barroso, R., eds. Washington, DC: The World Bank.

C. Project Development Objective(s)

Proposed Development Objective(s)

21. PDO statement. The Project aims to promote sustainable and climate-resilient business opportunities and improved food and nutrition security of poor households in mountain range farm communities in selected municipalities of El Balsamo microregion in El Salvador through skills development, business development, and local capacity building on DASH services.

22. The Project intends to achieve the PDO through (i) working directly with 1,250 farmers and their rural farm families (6,250 indirect beneficiaries) engaged in agricultural production to promote the production of basic grains (maize and beans), seasonal vegetables and fruits (e.g. limes and other citrus, papaya, watermelon, cucumbers), and specialty coffee for export markets in upland communities in the municipalities of Comasagua, Chiltiupan, and Taminique to improve climate-resilient agriculture production and increase food and nutrition security and household income by increasing productivity, decreasing farm costs, and producing and selling vegetables and fruit to coastal tourist markets and coffee in international specialty coffee markets; (ii) establish marketing alliances and supply chain channels to supply fresh vegetables and fruit to restaurants and hotels in coastal tourist communities, including Puerto Libertad, El Tunco, El Sunzal, El Zonte; and (iii) promote sustainable natural resources management practices (including soil, agro-ecological capital and productive water resources) and dietary diversity and nutritional awareness, sanitation and hygiene (DASH) services for 5,000 households (approximately 25,000 people) in at least 10 of the most vulnerable communities of the aforementioned municipalities. The 5,000 target households for DASH services include the 1,250 households participating in the improved agricultural production activities plus an additional 3,750 households.

Key Results

D. Preliminary Description

Activities/Components

24. **The proposed Project, to be implemented in the Mountain Range of El Balsamo among communities excluded from official development assistance, envisions four years of implementation and includes three components:** (i) Productive Alliances for high-value markets, climate resilience, and food security; (ii) Technical assistance for improved dietary diversity and nutritional awareness, sanitation and hygiene (DASH) services; and (iii) Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination. The proposed Project will be implemented by CRS, a non-government organization (NGO) that has been active for decades in service of the poor and vulnerable in El Salvador, and is building a strong presence among vulnerable



communities in El Balsamo. Components 1 and 2 respond directly to the needs expressed by beneficiaries in consultations carried out by CRS in 2020 and 2021, when communities expressed the need for higher food and nutritional security and improved and resilient agricultural practices.

Component 1: Productive Alliances for high-value markets, climate resilience, and food and nutrition security. (US\$1,376,900.00)

25. **The objective of this component is to improve agricultural productivity, resilience to climate change, and food and nutrition security at farm level.** This will be achieved by financing productive subprojects and by creating a foundation for climate-smart agriculture (CSA) and nutrition-smart agriculture (NSmartAg) training and technical assistance in the implementation area, so that all subprojects can be accompanied by technical assistance for the adoption of CSA and NSmartAg technologies and practices in prioritized value chains. CSA can increase agriculture productivity by improving the management of soil, agro-ecological systems (including water resources), and crops.[1] NSmartAg, in turn, consists of agricultural and agro-processing technologies and practices that improve nutrition while increasing farm and agribusiness productivity and income.[2]
26. **Component 1 will promote CSA and/or NSmartAg practices in basic grains, coffee, fruit and horticulture production.** This component will promote a combination of cover crops with integrated soil fertility management to support adoption of sustainable agriculture practices to produce basic grains, vegetables, fruit trees and coffee and promote production diversification and market access for vulnerable local communities. Furthermore, the component will support the development of horticulture and fruit value chains, financing investments for the integration of fruit trees into cropland and coffee agroforestry systems, the introduction of shade houses and small-scale irrigation, and the establishment of processing, packaging, and marketing systems.
27. **Local capacity for training and technical assistance in CSA and NSmartAg will be created through CRS' "Farmer Field School" model.** The purpose of this model is to establish a network of agricultural extensionists and promoters that provide a foundation for on-farm learning and innovation emphasizing a participatory learning dynamic between farmers, promoters, and extensionists. CRS will leverage established links with local NGOs in the intervention area to establish farmer field schools and provide specialized training and technical assistance for farmers and farmer groups in basic grain production, high-value horticulture, and specialty coffee production.[3]
28. **Productive subprojects will be supported through the Productive Alliance model.** The model consists of facilitating the integration of key technical, financial and commercial allies into financially profitable and sustainable business plans. The actors jointly prepare the business plans that receives grants (matching grants) and potentially private finance (commercial credits) for its implementation. To create market linkages, the proposed Project will support brokers who connect farmers to markets, under a transparent, social enterprise model, supported by social media apps (e.g. WhatsApp).
29. **Subproject ideas will be identified and selected through a call for proposals within selected municipalities through a demand-driven, transparent mechanism.** The Project will facilitate periodic



promotional activities to inform beneficiaries about the mechanism. Eligible beneficiaries will be groups of agri-food producers, producers' organizations, and/or entrepreneur groups living in poverty, extreme poverty, or meeting additional vulnerability criteria to be specified in the Project Operations Manual (POM) and subproject manual. To ensure transparency in the selection of business plans, the calls for applications will be public, and all subprojects will be evaluated by a technical committee using technical, financial, social, and environmental criteria and rating tables with defined scores related to objectives of this Project that will be defined in the POM and subproject manual. The participation of women, youth, Indigenous Peoples and Afro-Descendants will be actively promoted through targeted outreach and selection criteria set forth in the POM. Selected subproject ideas will be converted into business plans, with specialized technical support to prepare business plans from the proposed Project. The Project Steering Committee will assess viability and approve the selected subprojects. Selected subprojects will receive funding as well as support in business planning, small business management, and marketing, based on the principles of Social Enterprise and Market Systems Development. Non-approved business plans will receive feedback on the areas to be strengthened in their proposals.

30. **The implementation of this component will be articulated into two sub-components:**

- Pre-investment for preparing subprojects;
- Productive investments in the implementation of subprojects.

31. **Subcomponent 1.1: Pre-investment for preparing subprojects (US\$626,900).** This subcomponent will finance everything that precedes and leads to the financing of each productive subproject. This means that it will finance works, goods, training, technical assistance, operational costs, and consulting and non-consulting services for the selection of investment subproject ideas to be financed under Subcomponent 1.2 and their articulation into economically viable business plans. To do so, this subcomponent will support activities to: (i) establish Farmer Field School training startup sites in multiple agricultural systems (i.e. basic grains, coffee, and horticulture) to develop the foundation for CSA awareness and training; (ii) develop subproject operations manual and promote the Project's call for proposals through outreach to producers, and raise awareness about it among commercial partners and private financing entities; (iii) form, strengthen, and formalize farmer and community organizations so they can submit more solid subproject ideas; (iv) identify, create, and consolidate productive alliances between such farmers and community organizations and commercial partners; (v) identify potential business opportunities for each productive alliance; (vi) develop business plans that reflect the opportunity selected; (vii) select those business plans that will receive financing under Subcomponent 1.2; and (viii) build capacity for technical service providers to enhance the quality of services provided to productive alliances.

32. **Subcomponent 1.2: Productive investments in the implementation of subprojects (US\$750,000).** This subcomponent will finance the implementation of business plans selected under Subcomponent 1.1, supporting key investments and innovative approaches to improve the productivity, market access, and resilience of farmer and community organizations. To do so, Subcomponent 1.2 will provide matching grants^[4] to finance business plans selected under Subcomponent 1.1, encouraging the adoption of climate-smart technologies and the implementation of good pre- and post-harvest CSA and nutrition-smart innovations. It is expected that this subcomponent will award an estimated 150



subgrants during the life of the project, with an estimated average matching grant amount of US\$5,000.[5] The grants will support the implementation of subprojects, provision of technical assistance, and will cover that portion of the alliance's business plan devoted to fixed capital (e.g. equipment and minor infrastructure), working capital, technical assistance expenditures, and other investments to support improved productivity, processing capacities, agro-logistics, marketing, and sales. The productive alliances will facilitate the participation of non-bank value-chain financiers and co-financing of business plans by private financial institutions, following the Private Capital Mobilization (PCM) approach within the Maximizing Finance for Development (MFD) agenda supported by the World Bank Group.

Component 2: Technical assistance for improved dietary diversity and nutritional awareness, sanitation and hygiene. (US\$714,900.00)

33. **The objective of this component is to promote dietary diversity and nutritional awareness, sanitation, and hygiene (DASH) among communities and local institutions.** Component 2 aims at creating community capacity, launch awareness campaigns, and promote actions that could lead to DASH improvement in beneficiary communities. This component will work with local communities to identify practices and behaviors focused on increasing food safety, reducing food loss and waste, increasing post-harvest processing, and promote more balanced and diverse diets, healthier nutritional habits, and improved sanitation and hygiene practices.[6] In this way, Component 2 will complement activities financed under Component 1 to improve the food and nutritional security of vulnerable households in project areas.
34. **This component will be implemented by two sub-components.** Component 2 will focus on: (i) providing technical assistance to improve access and availability of food and to enhance sanitation and hygiene; and (ii) strengthening local communities with small investments to support improved nutrition, sanitation and hygiene. While the thematic focus of the two set of activities is the same, the difference between them is that, while the former set focusses on providing knowledge and raising awareness among communities on nutrition and DASH principles, the latter set of activities focusses on implementing small community sub-projects that will carry out minor works and investments to improve the provision of nutrition and DASH services. **As such, Component 2 will be articulated into the following two sub-components:**
- Technical assistance for improved DASH practices;
 - Local community sub-grants for improved DASH services.
35. **Subcomponent 2.1: Technical assistance for improved DASH practices (US\$149,900).** This subcomponent will provide training, and technical assistance to communities in project areas to improve household knowledge and access to more balanced and diverse diets, healthier nutritional habits, and improved sanitation and hygiene practices. Project technical specialists in social and environmental promotion will work to identify community needs together with local stakeholders, coordinating directly with municipal leaders and local health workers to identify the greatest needs and gaps in DASH practices. Project technical specialists will establish individual DASH committees in each community served by the Project. The DASH committees will be made up of local leaders (prioritizing women), who will coordinate all aspects of Component 2 with the support of the project



technical specialists. Once major DASH needs are identified, awareness building and training plans will be designed in coordination with local stakeholders and health promoters. To improve effectiveness of DASH service delivery, the subcomponent may provide training to community-run water service operators on water, sanitation, and hygiene topics, leveraging synergies with the National Water Agency (ANDA, for its Spanish acronym) and other local stakeholders.[7]

36. **Subcomponent 2.2: Local community sub-grants for improved DASH services (US\$565,000).** This subcomponent will fund small community-driven subprojects in the form of grants for communities, schools, and other groups to raise awareness and promote improved nutritional awareness, sanitation, and hygiene, following detailed DASH guidelines specified in the POM. Sub-grants proposals will be identified in an intervention plan developed by the local DASH committees established in Subcomponent 2.1 following community consultations and evaluations. To ensure DASH quality standards across the different communities served by the Project, each proposal will be designed based on the following menu of intervention types:

- **Nutritional education.** Provide training materials, develop communication materials, and establish school gardens as didactic spaces for food production and dietary diversification;
- **Community water and sanitation infrastructure.** Depending on the community needs, existent infrastructure and technical requirements, DASH committees will be eligible to propose water system improvements accompanied by technical assistance for system maintenance and operations.
- **Household minor works and goods.** DASH committees may identify community interventions that provide individual household improvements. Minor works could include: water filters, improved household stoves, protected/improved latrines, hand-washing basins (with soap), as well as low-tech improvement of floors at the household level, with the objective of avoiding water borne and respiratory diseases.

37. **Eligibility criteria will follow community and household vulnerability criteria to be specified in the POM and subproject manual.** To ensure transparency in the selection of subprojects, calls for applications will be public, and all subprojects will be evaluated by a technical committee using technical, financial, social, and environmental criteria and rating tables with defined scores related to objectives of the JSDF project that will be defined in the POM and subproject manuals. Social selection criteria, to be detailed in the POM and in subproject manuals, will prioritize projects that contribute to environmental conservation, stimulate the local economy, improve water supply, strengthen social cohesion and inclusion, and form youth leaders. Applicants and awardees of community development funds will receive technical support to define appropriate implementation planning and business models to ensure activities are executed efficiently and sustainably.

Component 3: Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination. (US\$660,490.00)

38. **The objective of this component is to support a project implementation unit (PIU) that will oversee project coordination, administration (including procurement and financial management), implementation (planning, monitoring and evaluation, and knowledge management), and social**



and environmental management. The component will finance consultancy services, non-consultancy services, goods, training and operational costs. It will (i) ensure the quality of project outputs, intermediate outcomes and final outcomes required to achieve the PDO and (ii) promote knowledge dissemination. In order to improve knowledge dissemination, this component will systematize experiences and lessons learned that may contribute to the Project's replication or scale-up by other public and private institutions, in geographic areas with similar conditions. To develop the monitoring and evaluation system, the project will use the ex-ante knowledge gathered through the JSDF seed grant for project preparation.

39. **Subcomponent 3.1: Project Management and Administration (PMA) (US\$501,600).** This function will ensure project implementation, effectiveness, and efficiency as outlined in the PDO. This will be achieved through planning processes and decision-making to improve project performance. Activities to be financed include: institutional arrangements, planning, monitoring, financial management (budgeting, internal control, accounting, funds flow-disbursement, financial reports, and audits) and other fiduciary aspects, subproject manual and subproject administration, procurement process to obtain goods and services, human resources management, personnel management, and transport. Project efficiency will be achieved through development and consistent updates to a POM. Additionally, the Project will organize monthly technical-finance meetings in order to evaluate project performance and provide reports to the Project Steering Committee, and to the World Bank. Project Progress Reports will be prepared every six months. Annual audits will be undertaken during the life cycle of the project. The core management team will be made up of four full-time positions: (i) Project Manager responsible for general project execution, (ii) Procurement Specialist responsible for project good and services purchasing and contracting, (iii) Social and Environmental Specialist responsible for ensuring the Project adheres to World Bank Environmental and Social Framework, (iv) Monitoring and Evaluation (M&E) Specialist responsible for all project data collection, reporting, and knowledge dissemination of project information to internal and external audiences. A Communications Specialist (50 percent of time) will support the M&E Specialist in knowledge dissemination. Additionally, the Project will rely on support from a CRS Financial Management Specialist (50 percent of time) who will be responsible for overall project accounting.
40. **Subcomponent 3.2: Monitoring and Evaluation (US\$121,000).** This function will monitor and evaluate project outputs and outcomes vis-a-vis key PDO and intermediate level indicators to provide information and knowledge for proper and timely decision-making on operational and strategic issues. The PIU will be responsible for raising and systematizing the baseline information of all subprojects applying to receive project financing, through surveys of communities specifically designed for this project. Progress in the fulfilment of project objectives and outcomes will be monitored in accordance with World Bank procedures and will be based on the Project's Results Framework. The project will create an information platform to monitor the key results, as well as project disbursements, financial and procurement management every six months[8]. Joint semi-annual implementation support missions with World Bank staff will be carried out to assess the status of key project results and compliance with legal agreements. The PIU will prepare Semi-annual Progress Reports that will cover periods of six-month and that will be sent to the World Bank for consideration. An Impact Evaluation study, with baseline survey and follow-ups (mid-term and final) will be carried out with properly defined control and treatment groups in order to generate lessons



learned for replicability and scale-up. The World Bank and CRS will carry out a Mid-Term Review to assess whether the execution is satisfactory in terms of physical, financial and impact results, in order to progress towards the PDO objectives and results indicators. At project closure, CRS will carry out a final evaluation of the Project (Recipient's Completion Report) to evaluate the results of the Project and identify lessons learned and challenges to consider in new operations, including the sustainability of the project results. M&E activities will include the stakeholders and other public and private actors. M&E activities will use a participatory monitoring strategy that engages beneficiaries during baseline and follow-up surveys, as well as any other data collection: beneficiaries will be closely engaged at all times to ensure they are empowered in the participatory process to enquire and clarify on any ongoing monitoring.

41. **Subcomponent 3.3: Knowledge Dissemination (US\$37,890).** This function will disseminate lessons learned and good practices of the project, using them to inform opportunities to scale-up the project with support by the World Bank or by other development partners. Knowledge dissemination activities will be implemented continuously throughout the duration of the Project. During implementation, blogs will be published and workshops could be organized to present progress and share emerging lessons, including facilitating knowledge exchange with other WB projects in the Region. The workshops could be targeted to different audiences, including subsector stakeholders but also local and national decision-makers in the public and private sector. A final report consolidating progress on project activities and results of the impact evaluation will be finalized and disseminated at project closure.

[1] Examples of CSA practices include cover crops, integrated soil fertility management, planting along contours, live barriers, no-burn and crop residue management, no-tillage, and improved seeds.

[2] Examples of NSmartAg include production of fruits, vegetables, biofortified crops, and food processing approaches such as nutrient-rich flour or egg production and packaging.

[3] For instance, for basic grain production and high-value horticulture, CRS can work with CLUSA El Salvador. CLUSA has over 20 years of experience working with vulnerable rural populations to build capacity in sustainable farm practices. In coffee producing regions, CRS can partner with technical trainers from RENACER Coffee Farm Administrators Schools. RENACER is a social enterprise started in Ahuachapán whose mission is to provide technical services to farm administrators to improve farm profitability and productivity.

[4] Given the vulnerability of the target population, the contributions expected of grant beneficiaries will be in kind. Some examples of in-kind contributions include, among others, labor force, land, construction material, productive inputs such as organic fertilizer, vehicles.

[5] Matching grants will be distributed through the farmer field schools. Each farmer field school will work with approximately 40 producers in each agricultural cycle. Larger cooperatives and producer groups will be invited to request larger investments to reach more beneficiaries. The Project might consider grants over



US\$15,000 for specific business plans with significant potential to improve local development and create jobs.

[6] Focusing on improved sanitation and hygiene is crucial to ensure that the benefits of increased food availability and improved dietary consumption be realized. This in fact will not be possible if households suffer from diarrheal and respiratory diseases, which cause reduced absorption of nutrition and whose risk and exposure are increased by insufficient hygiene and inadequate access to improved sanitation and water.

[7] Training to water service operators might cover how to design and implement Water and Sanitation Safety Plans to protect and manage water sources as well as water and sanitation infrastructure, including through the promotion of sustainable farming practices.

[8] CRS uses CommCare Mobile Data collection software and Microsoft Power BI for data visualizations and project indicator dashboards. Additionally, when appropriate, CRS incorporates GIS analysis in monitoring plans using ESRI software. The monitoring and evaluation strategy will be developed by the Project's Monitoring and Evaluation Specialist in coordination with the Project Manager and CRS' Knowledge Management Director.

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Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8	Cultural Heritage	Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies



Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	Whereas project activities will include investments in minor irrigation systems, these will be planned to enhance climate smart irrigation and decrease water demand on river/groundwater fed areas and would not adversely affect riparian users, nor be adversely affected by riparian water uses.
Projects in Disputed Areas OP 7.60	No	Project activities will not be implemented in disputed areas.

Summary of Screening of Environmental and Social Risks and Impacts

The Project aims to promote sustainable and climate-resilient business opportunities and improve food security of poor households in mountain range farm communities in selected municipalities of El Balsamo microregion in El Salvador, through skills development, business development, and local capacity building related to DASH services. The project will: (i) work with 1,250 farmers and rural families engaged in agricultural production to promote the production of basic grains (maize and beans), seasonal vegetables and fruits (e.g. limes and other citrus, papaya, watermelon, cucumbers), and specialty coffee for export markets in at least 12 upland communities in the municipalities of Comasagua, Chiltiupan, and Taminique to improve climate-resilient agriculture production and increase food and nutrition security and household income; (ii) establish marketing alliances and supply chain channels to supply fresh vegetables and fruit to restaurants and hotels in coastal tourist communities, including Puerto Libertad, El Tunco, El Sunzal, El Zonte; and (iii) promote sustainable natural resources management practices (including soil, agro-ecological capital and productive water resources) and dietary diversity and nutritional awareness, sanitation and hygiene (DASH) services for 5,000 households in at least 10 communities. The Environmental risk rating is Moderate. The project is expected to generate positive environmental impacts through improvements in climate-resilient agricultural production and the promotion of sustainable natural resources management practices, including those related to soil management, agroecological capital and productive water resources. Potential negative impacts are anticipated to be: i) predictable, temporary and readily mitigated; ii) low in magnitude and site specific; and iii) expected to occur in previously intervened areas, within established footprints. Adverse environmental impacts from primary production activities (basic grains, vegetables, fruit trees and coffee) are expected to be moderate in magnitude and manageable through the adoption of Climate Smart Agricultural practices that promote the use of combination cover crops with integrated soil fertility management techniques (Component 1). Risks and impacts associated with primary production and processing of value chains may include those related to water use and wastewater handling, handling of agrochemicals, air emissions from cold storage and agro-logistics, waste handling and disposal. Minor construction works under Component 1 will involve the building of shade houses and small-scale irrigation works, as well as the establishment of processing, packaging and marketing systems. Construction related risks and impacts may include minor on-site vegetation clearing, minor earthworks and associated dust and noise emissions as well as impacts related to handling of waste. Potential occupational health and safety (OHS) risks and impacts are those associated with minor construction, installation of equipment and agricultural activities that could result in minor injuries, heat stress/dehydration, and traffic related incidents or accidents under Component 1. Under Component 2, minor works to promote improved health and



hygiene practices at household level could result in minor injuries to workers. Potential adverse community health and safety risks, such as the spread of Covid-19 and road incidents/accidents are expected to be low in magnitude. At concept stage, the project's Social risk rating is Moderate. The project will have social benefits from improved agricultural productivity, resilience to climate change, and food and nutrition security at farm level, as well as dietary diversity and nutritional awareness, sanitation, and hygiene (DASH) among communities and local institutions. The project does not involve land acquisition or involuntary resettlement. The project's social risks, to be assessed and confirmed through the Social Assessment, may include: i) potential barriers to access or risk of exclusion of vulnerable individuals or groups, as well as the risk of elite capture; ii) risks related to inadequate benefit sharing in arrangements involving private sector commercial entities; iii) risks related to changes in land use, particularly in contexts of collective land ownership; iv) occupational health and safety risks of agricultural activities and risks related to the participation of children in family or community-based income generating activities supported by the project; v) contextual violence including potential gender-based, domestic, and intrafamily violence, as well as, potentially, violence related to the presence of gangs; and viii) community health and safety risks from small-scale construction activities. While the risks mentioned above are relevant in an agriculture project of this nature, the risk is rated moderate due to the small scale of investments and CRS's experience and policies, including mechanisms for identifying and putting in place differentiated measures for vulnerable populations, occupational health and safety and child labor prevention policies and monitoring arrangements, risk mapping and security protocols related to crime and violence, an existing Grievance Redress Mechanism (GRM), among others. The Social Risk rating may be revised based on the results of the Social Assessment. The project's Sexual Exploitation and Abuse/Sexual Harassment risk rating is low. There will be no large-scale infrastructure or significant labor influx in communities. El Salvador has in place a law on gender-based violence and CRS has a code of conduct for staff that includes SEA/SH provisions. CRS also has experience implementing violence prevention methodologies. A preliminary service provider mapping exercise has already been conducted for El Salvador and will be updated as necessary in the context of the project. The GRM will be adapted to include specific provisions for management of SEA/SH related complaints. CRS will develop an Environmental and Social Management Framework (ESMF) that will assess project related E&S risks, impacts and opportunities and propose the corresponding mitigation measures. The ESMF will include an Environmental and Social Assessment (SEA) carried out in consultation with stakeholders. The SEA will establish the environmental and social baseline of the project area and identify potential impacts and risks associated with proposed activities. The ESMF will also set out an exclusion list defining those activities not eligible for financing under the project and will set out a process for screening of subprojects and determining the applicable types of E&S assessment and management for them. The ESMF will include a generic Environmental and Social Management Plan (ESMP) applicable to project activities as well as labor management procedures. A draft of the ESMF will be prepared, consulted, and disclosed before grant approval. The ESMF will be finalized and disclosed no later than 60 days after grant effectiveness. CRS will prepare a Stakeholder Engagement Plan (SEP), which will: i) identify and describe project stakeholders; ii) describe the participatory processes to be used for the development and implementation of project activities; iii) if necessary, based on the presence of indigenous peoples in the project area, the specific manner in which meaningful consultation and participation of Indigenous communities in project activities will be guaranteed based on the requirements of ESS7; and iv) differentiated measures to remove barriers to participation for vulnerable individuals and groups. The SEP will also describe the grievance redress mechanism, which will be adapted from the existing



grievance mechanism managed by CRS to meet Bank requirements. A draft SEP will be prepared, consulted, and disclosed prior to grant approval. The final SEP will be disclosed no later than 60 days after grant effectiveness. During project preparation, as part of the Social Assessment process, and in coordination with nationally representative indigenous organizations, CRS will develop strategies for the proactive inclusion of indigenous communities and producer's associations in project activities. As the specific activities and project locations that may involve Indigenous Peoples have not yet been identified, and to meet the requirements of ESS7, CRS will be asked to prepare an Indigenous Peoples Planning Framework (IPPF). A draft IPPF will be prepared, consulted, and disclosed prior to grant approval. The final IPPF will be disclosed no later than 60 days after grant effectiveness. In addition, CRS and the Bank will prepare an Environmental and Social Commitment Plan (ESCP). The ESCP will provide an overview of the key E&S management measures, as well as monitoring and reporting arrangements, and any training needs. A draft of the ESCP will be disclosed in country and on the Bank's website prior to grant approval.

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