

BRAZIL

TERESINA ENHANCING MUNICIPAL GOVERNANCE AND QUALITY OF LIFE PROJECT ADDITIONAL FINANCING (P 146870)



INVESTIGATION REPORT

JULY 22, 2020

Acknowledgments

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Abbreviations and Acronyms

APP	<i>Áreas de Proteção Permanente</i> (Permanent Protection Areas)
ANA	<i>Agência Nacional de Águas</i> (Brazilian National Water Agency)
ASL	Above Sea Level
BP	Bank Procedure
CAU/PI	<i>Conselho de Arquitetura e Urbanismo do Piauí</i> (Council of Architecture and Urbanism of Piauí)
CDFS	<i>Centro de Defesa Ferreira de Souza</i>
CPT	<i>Comissão Pastoral da Terra</i> (Pastoral Land Commission)
CONAMA	<i>O Conselho Nacional do Meio Ambiente</i> (National Council for the Environment)
CREA/PI	<i>Conselho Regional de Engenharia e Agronomia do Piauí</i> (Regional Council of Engineering and Agronomy of Piauí)
DSP	Dam Safety Panel
EA	Environmental Assessment
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
FUNAI	<i>Fundação Nacional do Índio</i> (Federal Indigenous Foundation)
GRM	Grievance Redress Mechanism
IBGE	<i>Instituto Brasileiro de Geografia e Estatística</i> (Brazilian Institute of Geography and Statistics)
IBRD	International Bank for Reconstruction and Development
IPHAN	<i>Instituto do Patrimônio Histórico e Artístico Nacional</i> (National Institute for Historical and Artistic Heritage)
ISR	Implementation Status and Results Report
MAB	<i>Movimento dos Atingidos por Barragens</i> (Movement of People Affected by Dams)
MTR	Mid-Term Review
NGO	Non-Governmental Organization
OP	Operational Policy
PAD	Project Appraisal Document
PAP	Project-Affected People
PMU	Project Management Unit
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
R\$	Brazilian Real
SEMPLAN	<i>Secretaria Municipal de Planejamento e Coordenação</i> (Municipal Secretariat of Planning and Coordination)
TOR	Terms of Reference
UPS	<i>Unidade de Projeto Social</i> (Project's Social Unit)

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Executive Summary

Introduction

1. On August 23, 2019, the Inspection Panel (the “Panel”) of the World Bank (the “Bank”) received a Request for Inspection (the “Request”) of the Teresina Enhancing Municipal Governance and Quality of Life Project in the State of Piauí in Brazil (the “Project”). The Request relates to the Project’s Additional Financing Loan – also called “Phase 2.” The Project supports flood protection measures and other urban improvement activities. The Request was submitted by 202 families (the “Requesters”) – residents of Teresina’s Mafrense and São Joaquim neighborhoods – who oppose their resettlement and claim alternative Project designs would allow them to keep their homes. They allege the Project is causing cultural, social, and economic harm, is leading to impoverishment, and lacks adequate disclosure of information, consultation, and participation. Furthermore, some of the Project-affected people (PAPs) self-identify as indigenous and argue the Project has not respected their rights. The Requesters designated three community members – Mme. Thays Beatryce, Mme. Lúcia Araújo, and Mr. Francisco Moraes – to speak on their behalf.

2. The Panel registered the Request on September 19, 2019, and Bank Management (“Management”) submitted the Management Response (the “Response”) on October 22, 2019. After visiting Brazil, the Panel recommended an investigation to the Bank’s Board of Executive Directors (the “Board”) on November 25, 2019. The Panel acknowledged the positive actions already proposed by Management to address the Requesters’ concerns but noted that it was not satisfied at that stage that they were adequate, especially those regarding consultation and participation, the socioeconomic baseline survey, and livelihood restoration. The Panel was also concerned whether Management’s commitments could be implemented within their declared timeframe.

3. On December 13, 2019, the Board approved the Panel’s recommendation to investigate. On January 7, 2020, the Panel posted its investigation plan on its website. In line with this plan, the Panel’s investigation assessed whether the Bank had complied with its Operational Policies and Procedures.

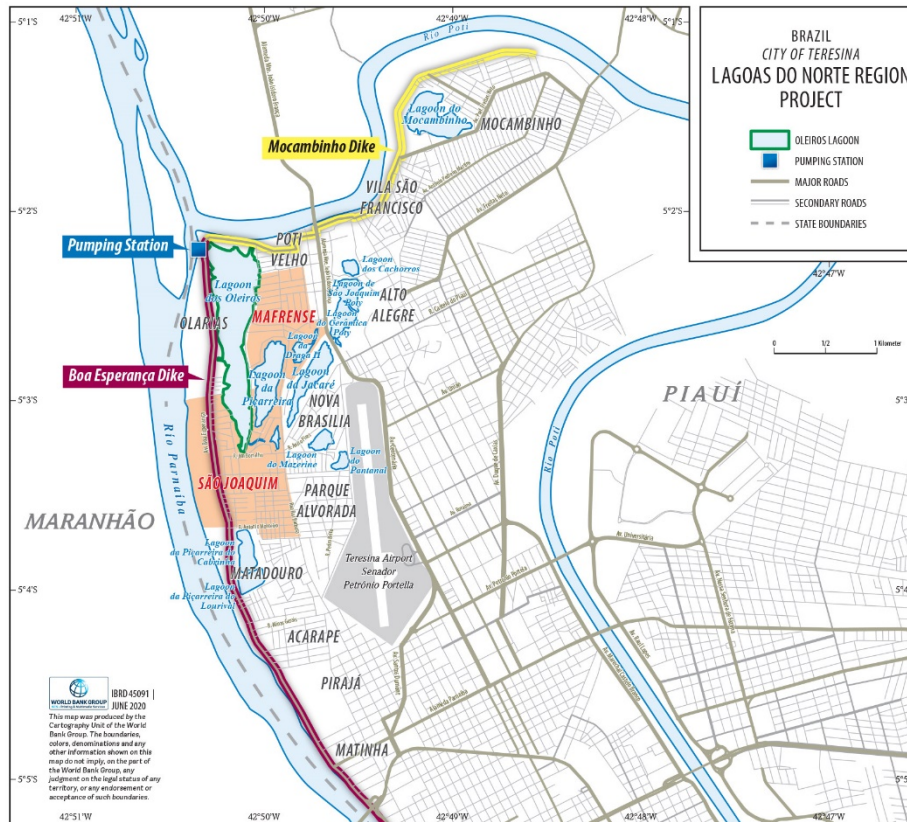
Context, Project Rationale, and Project Description

4. The Project is being implemented in the Lagoas do Norte region of the Municipality of Teresina, the capital of the Brazilian state of Piauí. Lagoas do Norte is one of the most vulnerable and poverty-stricken regions of the Municipality and suffers from frequent flooding. It consists of 13 neighborhoods located at the confluence of the Poti and Parnaíba Rivers, and has a population of about 100,000. Two dikes – Mocambinho Dike along the Poti River and Boa Esperança Dike along the Parnaíba River – partially protect the region from floods. Lagoas do Norte also includes a network of lagoons which is connected to the rivers and functions as a drainage system. The region is burdened by unplanned urbanization, with people backfilling lagoons and building houses on the backfill, sides, and top of the dikes.

Map 1 - State of Piauí with its Capital City, Teresina



Map 2 - Key landmarks in Lagoas do Norte



5. Lagoas do Norte has witnessed several major floods – in 1985, 1995, 2004, and 2019. Two thousand families were rendered homeless in 1995, and three thousand in 2004. A flood in April 2019 led the Municipality to declare a state of emergency; more than five hundred families were affected and three people lost their lives. The Project – designed to respond to these challenges – seeks to rehabilitate and upgrade flood protection infrastructure, improve sanitation, and promote environmental protection. Its first phase started in 2008 and resettled 466 families. To cover a financing gap, Phase 2 was approved in 2016 and is expected to close at the end of 2021. The Project adopted a framework approach under which the detailed engineering designs and resettlement plans were to be prepared during implementation. The civil works requiring resettlement under Phase 2 are grouped into eight packages with separate engineering designs and resettlement plans.

Request for Inspection and Management Response

6. *Request for Inspection.* The Requesters live in the neighborhoods of Mafrense (bordering Oleiros Lagoon) and São Joaquim (along Boa Esperança Avenue). They oppose their resettlement, which they believe would have been avoided had the Project explored alternatives. They contend the Project-related resettlement violates World Bank policy since it inadequately considers (i) alternatives that avoid resettlement, (ii) the economic, social, and environmental harm caused by involuntary resettlement, (iii) the impoverishment associated with loss of property and sources of income, (iv) the lack of economic opportunities at the resettlement site, (v) the community's existing social networks and cultural identity ties to the area, (vi) the affected population's access to Project benefits, (vii) community participation in resettlement planning and implementation, (viii) the principle of equal asset sharing between men and women, (ix) the need for compensation payment before displacement, (x) the absence of legal counseling, resulting in unfair valuation of assets and inadequate compensation for them, and (xi) the lack of access to land by people without formal land titles (renters, street vendors, or informal sellers). The Requesters also claim that families who settled in the affected areas after the 2014 census were overlooked by the resettlement process.

7. The Panel received letters from the Catholic Archdiocese of Teresina's Human Rights Commission, the Federal Public Defender's Office, and the State Public Prosecutor's Office in Piauí providing information in support of the Request. These letters emphasize the Project's impact on the cultural identity of the affected communities, which have roots going back to the founding of Teresina. During the Panel's investigation visit, Requesters claimed some of the affected communities qualify as traditional, and others as indigenous. Requesters allege they were inadequately consulted and that the Project failed to recognize and respect their rights as an indigenous community.

8. *Management Response.* Management states it understands the Requesters' concerns and recognizes their desire to remain in their current locations. However, Management argues the Project has carefully considered alternatives that led to a significant reduction in the estimated number of properties affected by resettlement from 1,730 in 2014 to 997 in 2019. While Management believes the Project and its safeguard instruments were properly consulted and disseminated, it recognizes that communication about the Project's benefits, impact, and risks could have been more effective. Management acknowledges that some resettlement instruments

were not fully in line with Bank policy requirements and require updating and strengthening. For example, the Resettlement Action Plans (RAPs) did not formally declare and communicate a cut-off date for determining eligibility for compensation. Subsequently, the Project established a new cut-off date, October 14, 2019. As for livelihood restoration, Management argues that while indeed the RAPs lack specific mitigation measures, other studies provide them. Regarding Boa Esperança Dike, following reviews by independent dam safety expert panels between 2005 and 2018, a new analysis of alternatives for the dike's rehabilitation was initiated and a RAP will be prepared based on its outcomes.

9. Management's Response presents a nine-point Action Plan which includes: (1) A census update, (2) review and revision of all RAPs, (3) suspension of the dismantling of structures built before the October 14, 2019, cut-off date, (4) a technical and social report on illegal structures in the Project area dismantled by the authorities in August 2019 – to ensure eligible structure owners are compensated in line with Bank policy, (5) strengthening the quality of consultation, (6) improved communications, (7) improved dissemination of Project information, and a commitment to ensure the Project website has updated information about the implementation progress of all RAPs, (8) a stronger Project grievance redress mechanism, and (9) implementation of the anthropological study's recommendations regarding cultural heritage aspects. Management committed to implementing these actions by the end of December 2019.

Avoidance or Minimization of Involuntary Resettlement and Flood Protection Measures

10. *Lagoas do Norte: Inner Urban Area Flood Mitigation.* The inner urban area of Lagoas do Norte – with its interconnected lagoons and canals – experiences localized, short-duration, intense rainfall which frequently floods the streets. Residents of the affected areas have, over the years, adopted informal measures to protect their properties against minor flooding. Oleiros Lagoon is dry much of the year, which is why people settle inside it. The Panel reviewed the Project's hydrological and hydraulic studies for this area and believes they were performed according to best practices.

11. The Environmental and Social Impact Assessment (ESIA) for Phase 2 analyzed alternative water levels and determined that maintaining a permanent water level of 55 meters above sea level (ASL) at Oleiros Lagoon was the most convenient ("*conveniente*") operating scenario consistent with the Project's objectives of avoiding flooding, maintaining the water level year-round, creating a recreational environment, and avoiding encroachment of the flood-prone areas surrounding the lagoons. The ESIA states that all properties below 55 meters are considered "at risk" and require resettlement. The Panel could not find evidence on how the Project analyzed different alternatives of permanent water levels in relation to different resettlement scenarios in order to reduce resettlement.

12. The Panel notes that the Brazilian Forest Code considers the borders of water bodies to be Permanent Protection Areas – or APPs – that prohibit all human or cattle access, although the application of the code in urban areas is somewhat flexible. The Panel understands that some areas of Lagoas do Norte would be APPs per the code. The ESIA considered two alternatives for the recovery of these APPs and favored the option that minimized resettlement.

13. **The Panel finds that while the analysis and design of Permanent Protection Areas for Lagoas do Norte sought to minimize resettlement, no such effort was made when determining a permanent water level of 55 meters ASL at Oleiros Lagoon. As a result, the Panel finds the analysis of alternatives for establishing the permanent water level is inadequate and in non-compliance with Bank Policy on Environmental Assessment, OP 4.01, paragraphs 2 and 8 (a), and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (a).**

14. *Dike Safety Considerations.* There are houses, shops, restaurants, bushes, and trees along the road atop Boa Esperança Dike and on its slopes. The Panel reviewed the studies relating to strengthening the dike conducted by different Dam Safety Panels (DSPs) and other experts since 2005 that concluded that the intrusions in the dike compromised its structural stability and water tightness and, in consequence, the safety of about 100,000 people. The Panel notes that the DSPs concluded it was acceptable to allow structures to remain on the city side of Boa Esperança Dike.

15. An analysis of alternatives is currently in progress for the strengthening of Boa Esperança Dike; it is expected to be finalized by the end of 2020. This analysis is supposed to consider earlier DSP studies and recommendations and conduct additional assessments. A RAP will be prepared based on its findings. The Panel notes that any involuntary resettlement required after completion of the analysis must be well-justified, based on an integrated approach to flood risk management, and must ensure equitable treatment of all affected communities. Adequate information-sharing, consultation, and participation by the affected communities will also be crucial.

16. At this stage the Panel can draw no firm conclusions regarding the effective implementation of resettlement avoidance and minimization with respect to Boa Esperança Dike, since key studies remain underway and no RAP has been prepared. However, the Panel reviewed the Terms of Reference (TORs) for the analysis of alternatives and notes that, while the objective of avoiding and minimizing resettlement is clearly stated therein, the TORs are vague regarding the specific criteria for considering this objective. **Since the analysis of alternatives for the strengthening of Boa Esperança Dike is ongoing, it is premature to conclude whether the principle of avoidance or minimization of resettlement has been complied with. Therefore, the Panel makes no compliance finding at this stage.**

The Involuntary Resettlement Process

17. *Use of a Framework Approach and Additional Assessments.* Phase 2 of the Project was deemed an extension of Phase 1, with no changes to the Project's component structure or safeguard category. The Panel notes there is no assessment of the specific characteristics of resettlement under Phase 2 – even though it is significantly larger and the socioeconomic environment is more complex, with the presence of inherent community tensions. In the Panel's view, this requires a renewed assessment.

18. The Panel notes that the Bank Policy on Investment Project Financing, OP 10.00, requires Bank consideration of additional financing to be based on updated or additional assessments of several considerations, including environmental and social risks. Had a proper assessment been undertaken to inform the Phase 2 resettlement, the Panel believes the strategy guiding resettlement might have been different and avoided harm and non-compliance. In Phase 2 the Project essentially

replicated the same Resettlement Policy Framework (RPF) used in Phase 1, with no significant modifications in the framework or practices.

19. *Identification of PAPs, Census, and Socioeconomic Data.* Between 2014 and 2015 a census of the Project area was conducted, and selected houses received seals indicating they would be affected by resettlement. During this period no cut-off date was established and, as a result, new structures were built and people moved into the area after the census. After the Request for Inspection was submitted, a cut-off date of October 14, 2019, was established. The original RAPs approved by the Bank did not include comprehensive PAP census data or an affected assets inventory. Per the Management Action Plan, all RAPs were then revised in 2020 to include PAPs who settled in the area by the October 14, 2019, cut-off date.

20. The Panel reviewed the 2012 socioeconomic baseline survey and notes that it was conducted for the entire population – more than 100,000 people – living in the Lagoas do Norte region, rather than just the PAPs. The Panel further notes that there has been no targeted socioeconomic survey to determine current production systems, labor, and income from both formal and informal economic activities of the displaced population, upon which RAPs should be designed. Furthermore, PAPs should have participated in the RAP design. The revised RAPs provide no socioeconomic data on the PAPs regarding their employment, income streams, assets, production systems, education levels, literacy, etc. No socioeconomic breakdown of impact – such as the number of families losing jobs, farmland, gardens, fruit trees, businesses, fisheries, and workshops – is presented.

21. The Panel understands socioeconomic data for PAPs are updated at the time of resettlement negotiation, and some of these data are reflected in the revised RAPs. However, this data collection is neither systematic nor comprehensive and PAPs learn about the detailed amounts of compensation for lost land, houses, and productive assets at the same time negotiations of resettlement assistance alternatives take place. The Panel notes that, while this approach may make up for weaknesses in the original data, it comes too late to utilize the updated data in the design of compensation, livelihood, and resettlement assistance policies and practices. The Panel believes compensation and resettlement assistance should have been disclosed and consulted on prior to RAP design, finalization, and dissemination.

22. The Panel notes, as stated in Bank policy, that the cut-off date for establishing eligibility is the date the census begins. The cut-off date could also be the date the project area is delineated, prior to the census. **As acknowledged in its Response, Management failed to ensure establishment of a cut-off date before determining the eligibility of PAPs, as required by Bank Policy on Involuntary Resettlement, OP/BP 4.12. However, since Management established a cut-off date after Panel receipt of the Request for Inspection, it is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 14.** The Panel observes that the new cut-off date should enable PAPs whose houses were dismantled prior to this date to benefit from the RAP provisions.

23. **Nevertheless, the Panel finds the lack of comprehensive socioeconomic data regarding production systems, labor, and household organization, and data on livelihoods, is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 6**

(a). The data collected should have included production levels and income derived from both formal and informal economic activities, and information on the standards-of-living of the displaced population.

24. *Adequacy of Compensation.* The Panel notes that the Project offers three compensation options to PAPs: Cash compensation, monitored resettlement, or new housing units. The Project also includes a variation of monitored resettlement (“crossed resettlement”), where a family unaffected by the Project can opt to benefit from the offered resettlement by switching houses with an affected household and being resettled in its place. The Panel analyzed the different compensation options and valuation methodology in detail.

25. **The Panel finds that the RAPs include neither a comprehensive methodology nor formulae to evaluate the full extent of losses suffered by PAPs to be displaced, which is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 10.** The formula in the RAPs is limited to land and houses and does not value income stream and livelihood losses from produce generated in the homestead. Additionally, the formula does not differentiate between the various types of businesses on which the households rely for their livelihoods. The Panel notes that in the case of mixed-use or commercial property, the unit value of the construction standard of this property is increased by 50 percent over the area with commercial use.

26. **The Panel finds that neither the RPF nor the RAPs analyze situations where PAPs lack legal title but have long enjoyed continuous occupancy of lands without eviction (i.e., with the implicit leave of the Government). This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15.**

27. The Project Management Unit (PMU) shared with the Panel team a market study, conducted in 2018, which indicates that houses are priced between R\$80,000 and R\$130,000 (US\$15,062 - \$24,475 using the exchange rate of June 21, 2020). The Panel believes the cap of R\$77,000 – about US\$14,497 – established for monitored resettlement is unrealistic in the context of recent housing price inflation to ensure replacement value at the time of displacement. **The Panel finds that, due to recent housing price inflation, the cap of R\$77,000 for monitored resettlement, while it may have been adequate initially, has not reflected full replacement cost since 2018. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (a) (iii).**

28. **The Panel further finds that the Project was in non-compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12, for displacing people and dismantling houses prior to payment of compensation or readiness of the resettlement site. However, with Management’s assurances in its Response that displacement will occur after compensation, and that eligible owners of dismantled structures will be compensated in line with Bank policy, the Panel finds that the Project is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 10.**

29. The Panel considers the use of a preexisting program to fund the construction of a resettlement site a cost-effective and practical initiative. Nevertheless, **the Panel finds that**

modalities should have been included to ensure Bank policy provisions would be applied, including PAP participation in site selection and their consultation on how the new site's productive potential, location, and other factors compare to those of the old site. **The Panel finds the failure to do this is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (b) (ii).**

30. *Vulnerabilities and Disruption of Social Networks.* The Panel notes that the Project defines several categories of vulnerability: The poor, the landless, the elderly, the disabled, and women. During its visit, the Panel met several PAPs who fall into these categories but who received no specific attention during the Project's resettlement process. **The Panel finds there is a risk of harm to some of the PAPs because the Project failed to pay particular attention to providing resettlement assistance to the vulnerable. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 8.**

31. **The Panel finds the Project is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) for having recognized the need to relocate PAPs in a way that preserves their preexisting social and cultural institutions, communities, and groups.** However, the Panel observes the Project failed to pay sufficient attention during relocation to the asymmetrical support relationships linking the most vulnerable to higher strata families.

32. *Reestablishing Livelihoods to Avoid Impoverishment.* During its field visit the Panel learned that households derive their livelihoods from multiple sources – including income generated in the informal economy, from the sale of agricultural produce, and from various small trades or a combination of micro-economic activities. During staff interviews, the Panel heard that 90 percent of PAPs are wage-earners and, after relocation, will be within five kilometers of their places of employment and require no livelihood restoration measures. However, the Panel found no documentary evidence to support this assertion. The Panel observes that the livelihood restoration programs mentioned in the RAPs are preexisting programs available to the entire population of Lagoas do Norte and were not designed to meet the specific needs of PAPs. The Panel notes that, as such, the Project has no demonstrated control over these programs and that PAPs must compete with all residents of Lagoas do Norte for access to them. The Panel considers referrals to preexisting assistance programs being planned under Component 3 do not constitute a serious livelihood restoration effort. The RAPs also fail to provide for transitional support. The Panel observes that no information is available on training and eligibility criteria, which is particularly concerning since 25 percent of Lagoas do Norte residents live below the poverty line and 26 percent are indigent.

33. **The Panel finds Management did not ensure the establishment of programs to assist PAPs in their efforts to improve – or at least restore – their livelihoods and standards of living, and therefore is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).**

34. **The Panel also finds that displaced people were not offered assistance for a transition period after displacement, based on the time needed to restore their livelihoods or standards of living. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12,**

paragraph 6 (c) (i). The Panel notes that such assistance is required in addition to compensation measures, and can take the form of credit facilities, training, or job opportunities.

35. *Exclusion from Project Benefits.* The Panel finds that the benefits of this Project are of a communal and public nature, and therefore accessible by those displaced by the Project. Flood protection, better sanitation, and leisure parks are all in the general public interest. **Since the Bank requires that resettlement activities provide sufficient investment resources to enable those displaced by the project to share in project benefits, the Panel finds Management is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).**

Information Disclosure, Consultation, Participation, and Grievance Redress Mechanism

36. *Information Disclosure, Consultation, and Participation.* The Panel notes that while the Project held numerous consultation meetings over the years, the affected community members lack information about the Project's benefits, impact, and risks. The Panel reviewed the records of 105 meetings, consultations, and public hearings held from February 2014 to October 2019. The Panel notes that most of these meetings were attended by the general population of the 13 neighborhoods of Lagoas do Norte and did not specifically target the population adversely affected by the Project. The revised RAPs were made available online for consultation, but they received little feedback. Many PAPs told the Panel they were not invited to any consultation meetings until a large community consultation meeting was held in February 2020. The Panel understands some PAPs did attend an earlier meeting in January 2019.

37. The Panel observes that, as tensions and local anxiety increased, prominent public and non-profit institutions got involved to facilitate dialogue and bring the different parties together. The Panel understands the Archdiocese played a convening role in 2015 and 2016. More recently, the Public Defender – who was specifically appointed to work on issues related to Lagoas do Norte – is playing a facilitation role. The Panel appreciates that Management seeks to increase communications about the Project, its benefits, and risks. During its field visit, the Panel observed a high degree of frustration among the PAPs, and noticed some of them did not find the flood risk credible. They also failed to understand why certain households had to relocate and others did not. The Panel believes early and meaningful consultations could have mitigated these concerns.

38. The Panel notes that the Project failed to provide space for PAP participation in the design and implementation of the RAPs. The Panel considers that, given the Project's effects on PAPs' lives, their participation in the decision-making process should have been ensured at the earliest stages of RAP preparation. Involving the displaced community in the design and implementation of the RAPs helps minimize the risks associated with resettlement.

39. The Panel notes that the safeguard documents were not made available at a place accessible by displaced people and local non-governmental organizations in a form, manner, and language understandable to them. **The Panel finds that Project disclosure and consultation processes were neither effective nor meaningful and thus is in non-compliance with Bank Policy on Environmental Assessment, OP 4.01, paragraphs 15 and 16, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 22.**

40. **The Panel finds that the Bank failed to ensure participation by PAPs in resettlement planning** – that is, discussions about feasible resettlement alternatives, compensation at full replacement value, relocation assistance, the choices of residential housing, housing sites, and transitional support after their displacement. **This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).**

41. **Regarding cultural property, the Panel notes that the Project consulted with cultural leaders as of 2014 and held public consultations with different local entities. This is in compliance with Bank Policy on Physical Cultural Resources, OP 4.11, paragraphs 11 and 12.** The Panel also notes that the Project has assessed physical cultural resources related to the Afro-Brazilian groups present in Lagoas do Norte, and commissioned a stand-alone anthropological study, completed in 2018.

42. *Grievance Redress Mechanism (GRM).* The Project's grievance redress system offers PAPs several channels to submit complaints, including the COLAB cell phone application, the Social Unit, the Mobilization Committee, and the Municipality's Ombudsman. During its investigation visit, the Panel learned from PAPs that their grievances were neither being heard nor addressed. While PAPs were generally aware of at least one of the channels for grievance redress, they were unfamiliar with the full GRM system. The Panel notes that Management's Action Plan aims to organize complaints logs and provide training to the members of the Social Unit and Mobilization Committee for complaints handling. The Panel also notes the importance of the action item on disseminating information about the GRM system, the process of submitting complaints, and clarification of the process going forward, including timelines.

43. The Panel finds that while some of the Requesters' concerns exceed what a GRM can address, there are serious shortcomings in the Project's GRM system. **The Panel finds the lack of information about GRM processes and timelines, the unclear roles and responsibilities of its various actors, the inadequate training and capacity of the Mobilization Committee, and the lack of access to COLAB by a large part of the affected community is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (a).**

Cultural Aspects

44. *Classification of PAP Communities.* The Panel spoke to several people who claimed the Project failed to recognize the cultural specificities of Project-affected communities, many members of which identify as traditional. Some PAPs also self-identify as indigenous. The Panel notes that both the ESIA and the Project's anthropological study recognize the local communities as traditional and recommend actions be taken to preserve their physical and cultural resources. The Panel assessed the requirements of Bank Policy on Indigenous Peoples, OP/BP 4.10, in relation to the PAPs and noted that not all four criteria need to be strictly met but can be fulfilled to varying degrees. The Panel observes that, while some PAPs self-identify as indigenous, this has not been recognized by others. The Panel also notes that while the PAPs who identify as indigenous have some distinct religious and cultural institutions separate from the dominant society, they do not have collective attachment to geographically distinct habitats or an indigenous language different from the official language of the country or region. The Panel thus concludes the threshold for applying the relevant Bank policy to this Project is not reached. **The Panel finds**

Management is in compliance with Bank Policy on Indigenous Peoples, OP/BP 4.10, for not triggering it, since the affected communities in Lagoas do Norte are not considered indigenous as per Bank Policy on Indigenous Peoples, OP 4.10, paragraph 4.

45. *Impact on Cultural Resources.* During its visit, the Panel learned from local community members about their cultural and religious practices, traditions, and sites. The Panel observes that the Requesters are concerned with both tangible and intangible cultural heritage and notes that Bank Policy on Physical Cultural Resources, OP/BP 4.11, applies only to physical cultural resources. The Project's ESIA, which was prepared during Project preparation, recognized the rich cultural activity within the community linked to Afro-Brazilian culture and to local traditions. These include the use of river plains for economic activities and practices and the need to protect cultural traditions of artisanal production, such as ceramics. It did not analyze the different communities' cultural and religious practices, traditions, and sites in detail.

46. In the Panel's view, the Project's anthropological study – which was completed in 2018 and complements the ESIA – has sufficiently assessed and, where needed, mitigated the Project's impact on physical cultural resources. The Panel notes that the study found many physical cultural resources will not be adversely affected by the Project. The Panel also wishes to draw attention to Project activities intended to strengthen cultural recognition, such as the rehabilitation and improvement of Boi Theater, Rui Barbosa Market, and *Orixás* Square. The Panel notes that Management commits to follow up with the PMU on implementing the recommendations on cultural heritage identified by the Project's anthropological study. The Panel also notes that the Borrower has agreed to continue implementing these recommendations. **The Panel finds Management is in compliance with Bank Policy on Environmental Assessment, OP/BP 4.01, and Bank Policy on Physical Cultural Resources, OP/BP 4.11, regarding Project identification, assessment, and mitigation of impact on physical cultural resources.**

47. *Relocation of Physical Cultural Resources.* The Requesters expressed concern about the relocation of religious sites, such as *terreiros*, under the Project. The Panel observes that the Project appreciates the religious and cultural importance of the *terreiros* and recognizes the complexity of relocating such structures. It appears that the required rituals were performed where relocation has already taken place. Nevertheless, the Panel emphasizes the importance going forward of following the guidance provided by the Project's anthropological study. **The Panel finds Management is in compliance with Bank Policy on Physical Cultural Resources, OP/BP 4.11, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) regarding the Project's relocation of physical cultural resources.**

Supervision

48. *Frequency of Supervision and Technical Expertise.* The Panel considers the frequency of the Project's supervision to be satisfactory and notes that it increased in mid-2018 to respond to difficulties and delays in overall Project implementation and in implementation of RAPs. However, the social expertise deployed initially was inadequate. Prior to submission of the Request, social scientist representation on Bank supervision missions amounted to about 18 percent. Following the Request, that number increased to about 38 percent. During staff interviews, the Panel learned that an enlarged social team – composed of six social scientists, including a

regional safeguard advisor – was put in place to review the original RAPs. This significantly contrasts with the situation prior to submission of the Request, when the Project was mainly supervised by a single social scientist – a long-term Bank consultant reporting to a senior social scientist staff member. The Panel recognizes there are no specific rules as to the number of specialists required to work in any given discipline. The adequacy of the expertise made available must be assessed in the context of a project’s complexity, risks, and challenges.

49. The Panel notes that the Project did not appoint an advisory panel of independent, internationally recognized resettlement specialists to advise on all relevant aspects of the Project. The Panel therefore concludes that, in this case, the deployment of social science expertise prior to submission of the Request was not commensurate to the complexity, risks, and challenges of the Project’s social aspects – particularly those regarding resettlement. The Panel observes that after receipt of the Request, Management identified shortcomings in the RAPs that were not in line with Bank policy. Management consequently agreed with the Borrower on an Action Plan, most of which aims to improve compliance with various aspects of the resettlement policy.

50. *Quality of Bank Supervision.* The Panel notes that, prior to submission of the Request, reporting on resettlement challenges was inadequate. Supervision documents contained little or no information on many important aspects of resettlement, including disclosure of RAPs, consultation with the affected communities, and their participation in the design of the RAPs and decision-making processes. When resettlement-related information was included, such as the number of PAPs to be displaced, it was inconsistent. The Panel notes that the absence – or inconsistency – of such information is particularly concerning since the Project lacked systemic monitoring and evaluation of resettlement activities. Reporting during this initial period focused mainly on implementation delays related to the design or bidding processes. Supervision reports also mentioned and responded to the Borrower’s need for capacity building.

51. After the Request was submitted, the overall quality of supervision improved significantly, including on Management’s Action Plan implementation. Supervision reports also provided better evaluation of safeguard compliance. The Panel believes these improvements are due in large part to the social expertise added to the Project after the Request was submitted.

52. The Panel finds that Management supervision prior to submission of the Request was insufficient to identify key issues and challenges related to the resettlement, and therefore did not provide adequate Project implementation support. The Panel finds this is in non-compliance with Bank Policy on Investment Project Financing, OP 10.00, paragraph 19.

53. The Panel notes that – other than construction-related challenges, such as securing funds for Parque Brasil or engineering designs and bidding processes – the underlying root causes of problems were at first inadequately identified and assessed. This refers to social aspects, such as the opposition to the resettlement by some community members that was eventually supported by judicial, religious, and professional organizations. Furthermore, essential information – such as the number of PAPs or the description of the GRM – was inconsistent.

54. After September 2019, Management’s supervision reporting and identification and assessment of challenges improved significantly. Difficulties in Project implementation were

linked to aspects of the safeguard policies – such as establishing a cut-off date, conducting meaningful consultation, strengthening the GRM, and other factors mentioned in the Action Plan. In doing so, Management discovered areas of the RAPs that were not in line with Bank policy and identified weak ownership by PAPs of the RAPs. Management also agreed with the Borrower to pursue a set of actions to address the concerns raised. **The Panel finds that Management supervision after submission of the Request is in compliance with Bank Directive on Investment Project Financing, paragraph 43.**

55. The Panel further notes that, considering the complexity and contentious nature of Phase 2, Management failed to ensure that the Borrower engage an advisory panel of independent, internationally recognized resettlement specialists. The Panel observes that by November 2018, when two RAPs were either implemented or under implementation for more than a year, a resettlement evaluator had yet to be hired to monitor resettlement implementation. **The Panel finds Management is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 24 for failing to ensure adequate monitoring and evaluation of resettlement implementation.**

Conclusions

56. The residents of Lagoas do Norte are divided among those who support the resettlement and those who oppose it. All PAPs, including those who oppose their resettlement, recognize and welcome the Project's overall development objectives. The Project not only aims to improve the quality of life for a largely low-income population in an environmentally vulnerable area, it is viewed as a transformational project for the Municipality of Teresina with the success of Phase 1 gaining widespread coverage and recognition, including internationally. The various activities implementing the overall Project objectives further reinforce acceptance of Lagoas do Norte as a fully established region of Teresina.

57. The main issues with the Phase 2 resettlement pertain to a lack of systematic and comprehensive application of Bank Policy on Involuntary Resettlement, OP/BP 4.12. This policy defines not only what must be undertaken in preparing and implementing resettlement, but also the importance of performing the required steps in proper sequence. Failure to understand the specific characteristics of the socioeconomic environment under Phase 2 – which is larger in terms of scale and footprint than Phase 1 – deprived Phase 2 of an informed strategy, which in turn led to design flaws, inappropriate planning, and key omissions causing harm and non-compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12.

58. The resettlement created fear, frustration, alienation from the Project and, ultimately, anger resulting in some of the PAPs seeking the support of external parties, who have attempted to mediate between the Project and the PAPs. The breakdown in trust that has occurred between the parties is now deep-seated and cannot be fixed solely by better communication.

59. The first principle of Bank Policy on Involuntary Resettlement, OP/BP 4.12 – that of avoiding and/or minimizing resettlement – was not followed fully with regard to the inner urban areas of Mafrense and São Joaquim. While the hydrological and hydraulic studies are technically

sound, the social impact was not fully considered when the permanent water level for Oleiros Lagoon was decided. Such analysis may have reduced further the need for resettlement.

60. Following receipt of the Request, Management included in its Response a nine-point Action Plan to address weaknesses and inadequacies in the resettlement planning and the original RAPs. These action items include revising the RAPs, building capacity, and strengthening communication and consultation. The Bank has also assigned additional social scientists to work on the Project. These Bank efforts are commendable, and they create an opportunity to remedy some current inadequacies, especially regarding the resettlement of those living on Boa Esperança Avenue. The Panel does note that such belated efforts are unlikely to resolve some of the structural weaknesses producing harm with regard to the approach and implementation of this resettlement.

Chapter 1

Introduction

1.1. Background to the Request for Inspection

1. On August 23, 2019, the Inspection Panel (the “Panel”) of the World Bank (the “Bank”) received a Request for Inspection (the “Request”) of the Teresina Enhancing Municipal Governance and Quality of Life Project – Additional Financing (the “Project”)¹ in the state of Piauí, Brazil.² The Request was submitted by 202 families (the “Requesters”), residents of Teresina’s Mafrense and São Joaquim neighborhoods.³ The Requesters did not ask the Panel to keep their identities confidential and designated three community members – Mme. Thays Beatryce, Mme. Lúcia Araújo, and Mr. Francisco Morais – to speak on their behalf.

2. While many Requesters generally support the Project, they oppose their resettlement and claim alternative Project designs would allow them to keep their homes. They explain that many affected community members have lived in these neighborhoods for decades, and that by displacing them the Project will cause cultural, social, and economic harm and lead to their impoverishment. They also complain about poor disclosure of information, consultation, and participation in the resettlement process. During its investigation visit, the Panel also learned that some Project-affected people (PAPs) self-identify as indigenous and feel their rights as an indigenous community have neither been acknowledged nor respected by the Project.

3. The Panel registered the Request on September 19, 2019, and Bank Management (“Management”) submitted its Response (the “Management Response” or the “Response”) on October 22, 2019.⁴ In the Response, Management states the Bank made every effort to follow its policies but acknowledges that some weaknesses in the Project’s Resettlement Action Plans (RAPs) were identified, and are being addressed. After visiting Brazil in November 2019, the Panel submitted its Report and Recommendation to the Board on November 25, 2019, recommending an investigation. The Panel’s Report acknowledged the positive actions proposed by Management to address the Requesters’ concerns and Bank policy requirements. However, the Panel was not satisfied that these commitments were adequate, especially as they relate to consultation and participation, the socioeconomic baseline survey, and livelihood restoration. The Panel also noted its concern over whether Management’s commitments could be implemented within its declared timeframe.

¹ Several documents also refer to the Project as *Programa Lagoas do Norte*.

² Request for Inspection, August 13, 2019. Available at: <https://inspectionpanel.org/sites/inspectionpanel.org/files/cases/documents/140-Request%20for%20Inspection-13%20August%202019.pdf>

³ Many documents the Panel reviewed in the course of this investigation, including the Request for Inspection, were produced in Portuguese. References to and excerpts of these documents as used in this Report are unofficial translations.

⁴ Management Response, October 22, 2019. Available at: <https://inspectionpanel.org/sites/inspectionpanel.org/files/cases/documents/140-World%20Bank%20Management%20Response-22%20October%202019.pdf>

4. On December 13, 2019, the Board approved the Panel’s recommendation. Accordingly, on January 7, 2020, the Panel posted its investigation plan on its website, which outlines the key questions to be addressed and includes a brief description of the investigation’s methodology.⁵

1.2. Contextual Information and Project Description

5. **Context and Rationale for the Project.** Teresina is the capital of Piauí, a state in Brazil’s Northeast. It has undergone significant urban growth since the 1970s, with its then-population of around 200,000 nearly quadrupling to 788,000 by 2005.⁶ In 2019, Teresina had an estimated population of 864,845.⁷ At the time of the approval of the loan for the Project’s second phase in 2016, Teresina ranked twenty-fifth among Brazil’s twenty-seven state capitals in income per capita.⁸

Map 3 - State of Piauí with its Capital City, Teresina



6. The Municipal Government of Teresina (the “Municipality” or the “Borrower”) has in recent years focused efforts on Lagoas do Norte, one of the most vulnerable and poverty-stricken

⁵ Inspection Panel Investigation Plan, January 7, 2020. Available at: <https://inspectionpanel.org/sites/inspectionpanel.org/files/cases/documents/140-Inspection%20Panel%20Investigation%20Plan-7%20January%202020.pdf>

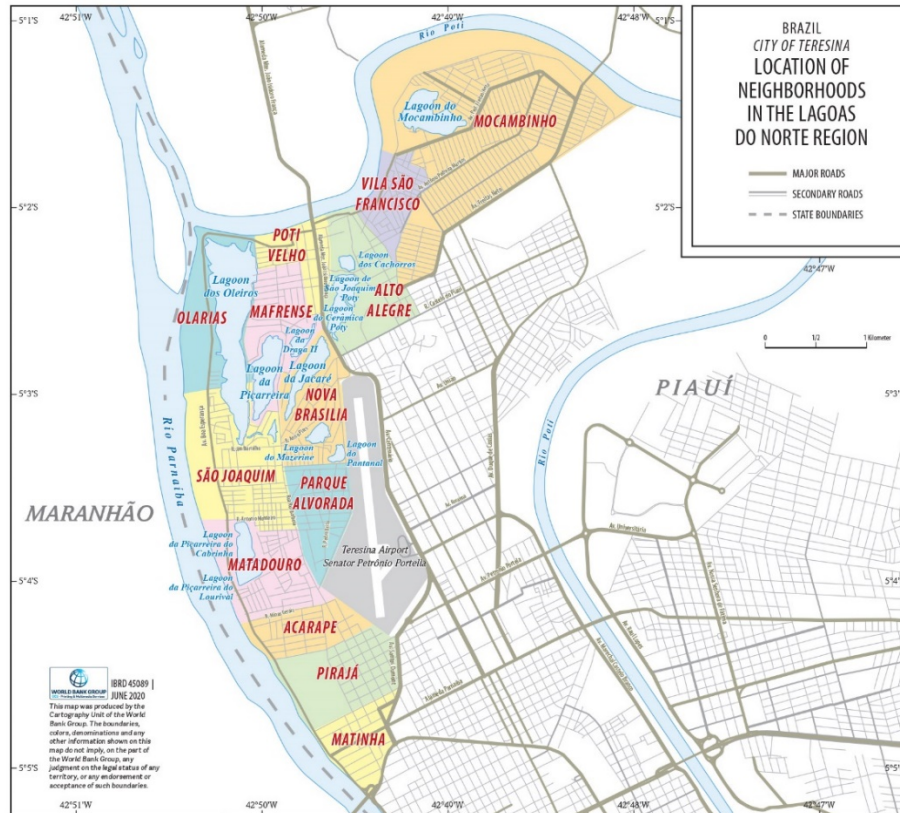
⁶ Project Appraisal Document, Teresina Enhancing Municipal Governance and Quality of Life Project, February 27, 2008 (the “PAD”), p. 2.

⁷ The Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or IBGE) is the agency responsible for official collection of statistical, geographic, cartographic, geodetic, and environmental information in Brazil. See, <https://www.ibge.gov.br/en/cities-and-states/pi/teresina.html>.

⁸ Project Paper for the Additional Financing (the “Project Paper AF”), February 1, 2016, p. 5.

regions of the Municipality, and one which suffers from frequent flooding and social exclusion, as well as from housing, health, environmental, social, and economic problems.⁹ Lagoas do Norte consists of 13 neighborhoods at the confluence of the Poti and Parnaíba Rivers and has a population of about 100,000.¹⁰

Map 4 - Thirteen Neighborhoods of Lagoas do Norte



7. According to the Project’s Environmental and Social Impact Assessment (ESIA), Lagoas do Norte is a vast, environmentally vulnerable, low-lying and flood-prone area modified by hydraulic interventions over the past 40 years. During the rainy season, water levels in the Poti and Parnaíba Rivers rise considerably, particularly during March and April. This leads the riverbanks to overflow and flood low-lying areas at the confluence of the rivers.¹¹ Two dikes – Mocambinho Dike along the Poti River and Boa Esperança Dike along the Parnaíba River – partially protect the region from greater flooding.

8. Besides overflow from the rivers, the region is also vulnerable to inland floods. More than 30 lagoons form an interlinked, surface drainage system which originally absorbed a significant

⁹ Project Paper AF, February 1, 2016, p. 5.

¹⁰ Management Response, p. 4.

¹¹ Environmental and Social Impact Assessment for Phase 2, January 2015 (the “ESIA”), English Executive Summary, p. 3.

amount of stormwater.¹² However, urbanization has disrupted natural processes, compromising this drainage system and adversely affecting residential quality of life.¹³

9. According to the ESIA, unplanned urbanization and improper land use in Lagoas do Norte have led to (i) partial or total backfilling of lagoons and the construction of houses in these areas, (ii) construction of houses near the dikes, along the Poti and Parnaíba Rivers, (iii) occupation of areas below the annual floodwater levels of the rivers and lagoons, (iv) clay extraction for ceramics (arts and crafts), which expands lagoon areas and creates craters and holes, some of which are associated with the current lagoons, (v) occupation of areas designated Permanent Protection Areas (APPs) by national legislation, (vi) planning and creating public roads without considering existing topography and seasonal flooding, and (vii) use of the rivers for tourism and recreational purposes under inappropriate conditions.¹⁴

10. Lagoas do Norte has suffered major disasters when both rivers flood simultaneously due to overlapping rainy seasons. This was the case in the flood events of 1985, 1995, and 2004.¹⁵ Two thousand families were rendered homeless in 1995, and three thousand in 2004. A flood in April 2019 led the Municipality to declare a state of emergency; more than five hundred families were affected and three people lost their lives.¹⁶

11. The Teresina Enhancing Municipal Governance and Quality of Life Project was designed to address these challenges. It seeks to rehabilitate and upgrade flood protection infrastructure, improve sanitation, and promote environmental protection.

12. **Detailed Project Description.** The Teresina Enhancing Municipal Governance and Quality of Life Project has the development objectives of modernizing and improving the management capacity of the Municipality of Teresina in the financial, urban, environmental, service-delivery, and economic development fields, and improving the quality of life of the low-income population in Lagoas do Norte.¹⁷

13. It is a two-phase investment financing operation supported by two International Bank for Reconstruction and Development (IBRD) loans. The first loan (Phase 1) was approved for US\$31.13 million on March 27, 2008. This loan was fully disbursed and closed on June 30, 2016. During the preparation of Phase 1 in 2005, hydraulic modeling of the lagoon drainage system and water quality modeling of the lagoons and adjacent rivers was performed to define the best approach to mitigating the Municipality's flooding problems. Assessments of macro-drainage, water supply, sewerage, urban and landscape design, and road networks were carried out for Areas 1, 2, 3, and 4 (see Map 5 below).¹⁸ Some Project documents prepared under Phase 1 – such as the

¹² Management Response, p. 4.

¹³ ESIA, English Executive Summary, p. 3.

¹⁴ ESIA, English Executive Summary, p. 3.

¹⁵ During these flooding events, the durations for discharges greater than 2,000 m³/s in the Parnaíba River, and 1,500 m³/s in the Poti River, were estimated at 46 days (1985 flood, both rivers, from March to May), 15 days (Poti River, April 1995) and 33 days (Parnaíba River, January and February 2004), and 15 days (Poti River, January and February 2004).

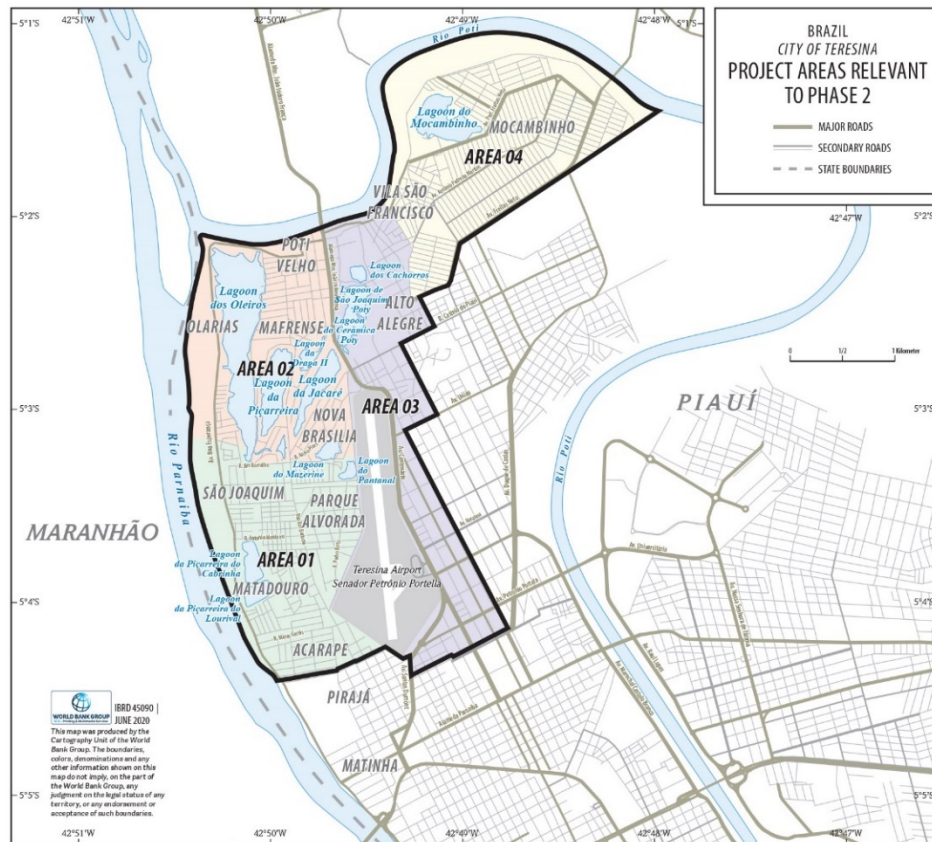
¹⁶ Management Response, p. 5.

¹⁷ PAD, p. 8; Project Paper AF, February 1, 2016, p. x.

¹⁸ Management Response, pp. 3 and 4.

2012 socioeconomic baseline study, the Resettlement Policy Framework (RPF), and the 2012 Drainage Master Plan – are relevant to the Panel’s investigation of Phase 2.

Map 5 - Project Work Areas in Lagoas do Norte



14. Phase 1 concentrated on Area 1 – the neighborhoods of Acarapé, Matadouro, Parque Alvorada, and parts of São Joaquim – and conducted some activities in Areas 2 and 4 – in the neighborhoods of Olarias and Mocambinho. During Phase 1 a total of 466 families were resettled to a site called Zilda Arns, located between the neighborhoods of Nova Brasília, Parque Alvorada, and São Joaquim, close to where these families had lived.¹⁹

15. An Additional Financing loan of US\$88 million (Phase 2, the subject of this investigation) was approved on February 24, 2016, and is expected to close on December 15, 2021. This Additional Financing was to cover a financing gap in Phase 1 and to enable completion of originally planned activities. The Project Paper for the Additional Financing attributes this gap to cost overruns originating from (i) unusually high inflation in the Brazilian civil construction sector,²⁰ (ii) appreciation of the Brazilian Real against the US Dollar during the execution of works,²¹ and (iii) underestimation of costs during preparation, as these were originally based on

¹⁹ Involuntary Resettlement Works 1 - Evaluation of Results and Impacts, p. 4.

²⁰ Since the Project was appraised, the national index of civil construction (INCC) increased by 73 percent. Project Paper AF, p. 5.

²¹ This accounted for about US\$7 million in funding losses. Project Paper AF, p. 5.

conceptual designs and increased once the basic and detailed engineering designs were prepared.²² The Project Paper explains that Phase 2 will finance integrated interventions in drainage, sanitation, urban requalification, and resettlement in Lagoas do Norte, all of which were planned under the original loan, and have been updated to conform to the current, on-the-ground reality. According to the Project Paper, there would be no changes in the Project's component structure or safeguard category.²³

16. During preparation of Phase 2 in 2014, a set of Project design alternatives considered new environmental and housing regulatory frameworks and the results of Phase 1 interventions.²⁴ The loan agreement for Phase 2 was signed by the Municipality and the Bank on April 27, 2016, and was declared effective on June 1, 2016. The loan is guaranteed by the Federal Republic of Brazil pursuant to an April 27, 2016, guarantee agreement between the Federal Republic and the Bank.

17. The Project has three components: 1) Municipal Management Modernization, City Development, and Project Management; 2) Integrated Urban-Environmental Development in the Lagoas do Norte region, and 3) Social and Economic Development in the Lagoas do Norte region. The Request relates to Components 2 and 3.

18. Component 2 focuses on the same set of activities as Phase 1 and incorporates lessons from it. The bulk of Phase 2 efforts are in Project Area 2, with activities in Mafrense, Poti Velho, and Olarias. Some activities are also occurring in Matadouro and São Joaquim in Area 1 and Mocambinho in Area 4.²⁵ This component includes: (i) Optimizing and expanding water supply, sewerage, and wastewater treatment delivery, (ii) executing critical, urban, macro- and micro-drainage activities, (iii) restoring natural environmental aspects of the region's lagoon and canal network, (iv) reducing flood risks and improving the safety of the dikes along the Parnaíba and Poti Rivers, (v) urban upgrading activities, and rehabilitating and constructing green spaces, parks, and leisure and community spaces, (vi) improving the local road network, and (vii) resettling families from areas of risk and other Project areas.

19. Component 3 comprises social and economic development activities complementary to Component 2, targeting all communities living in Lagoas do Norte.²⁶ It provides training for employment and income-generation, much of which focuses on the most vulnerable populations.

20. The Project was assigned an environmental Category A and triggered Bank safeguard Policies on Environmental Assessment, OP/BP 4.01; Bank Policy on Natural Habitats, OP/BP 4.04; Bank Policy on Physical Cultural Resources, OP/BP 4.11; Bank Policy on Involuntary Resettlement, OP/BP 4.12, and Bank Policy on Safety of Dams, OP/BP 4.37.

21. The Project's RPF for Phase 2 was publicly disclosed in October 2014, with the detailed engineering designs and resettlement plans to be prepared in the first year of implementation.

²² Project Paper AF, p. 5.

²³ Project Paper AF, p. 5.

²⁴ Management Response, p. 3.

²⁵ Management Response, p. 3.

²⁶ Management Response, p. 3.

According to the Response, 997 properties are now estimated to be affected by potential physical or economic displacement during Phase 2. Civil works that are expected to have resettlement impact under Phase 2 are grouped into eight packages. Each of these works has separate engineering designs and safeguard documents.²⁷

Package	Area and Works
1	Mocambinho Works, in the neighborhood of Mocambinho, linked to the restoration of Mocambinho Lagoon
2	Matadouro Works, in the Matadouro neighborhood, linked to the rehabilitation of the Matadouro drainage channel
3	Works No. 1 in the neighborhood of São Joaquim, linked to the restoration of the lagoons of São Joaquim, Mazerine, Oleiros, and Piçarreira
4	Works No. 2, in the neighborhood of Mafrense, linked to the restoration of Oleiros Lagoon
5	Works No. 3, in the neighborhood of São Joaquim also linked to the restoration of Oleiros Lagoon
6	Works No. 4, in the neighborhoods of Mafrense and Olarias, also linked to the restoration of the Oleiros Lagoon
7	Works No. 5, in the neighborhood of Mafrense, linked to the restoration of Piçarreira Lagoon
8	Works No. 6, in the neighborhoods of São Joaquim, Poti Velho and Olarias, linked to the strengthening of Boa Esperança and Mocambinho Dikes

22. In April 2020, the Project underwent a Level 2 restructuring.²⁸ The Restructuring Paper regularized the documentation regarding the use of IBRD loan resources of the Project to fund expenditures for resettlement caused by activities under the Project's Component 2 (including US\$3.5 million documented as of August 31, 2019). The restructuring caps such expenditures at Brazilian Real (R\$) 124 million (US\$24.6 million).²⁹

1.3. Request for Inspection and Management Response

23. The paragraphs below briefly introduce the issues raised in the Request and addressed in the Response. The specifics of these issues, the Bank's detailed response to them, and the Panel's in-depth analyses are provided in Chapters 2 to 6 of this Report.

24. *Request for Inspection.* The Requesters' concerns relate to the consequences of Project works in the Lagoas do Norte region of Teresina, particularly as they affect the neighborhoods of Mafrense and São Joaquim, where the Requesters live. The Requesters oppose their resettlement, which they believe could have been avoided had the Project explored alternatives. They believe their displacement will cause cultural, social, and economic harm, including impoverishment. They explain that some families have lived in the Project area for 40 years. They own businesses and rely economically on the networks they have formed. The Requesters claim that families,

²⁷ Management Response, p. 6.

²⁸ According to Bank Policy on Investment Project Financing, OP 10.00, paragraph 23, a Level 1 restructuring involves a change in safeguard category, an extension of the Bank Guarantee Expiration Date, etc. These types of changes are submitted for consideration by the Board. A restructuring involving any other modification of the project is considered a Level 2 restructuring.

²⁹ Restructuring Paper on a proposed Project Restructuring of BR Municipal APL: Teresina Enhancing Municipal Governance and Quality of Life Project, April 2020 (the "Restructuring Paper").

including those who settled in the affected areas after a census conducted in 2014, were not identified in the resettlement process. They also complain about a lack of information, consultation, and participation, and feel pressured to accept their resettlement and the compensation options offered to them. The Requesters would prefer to benefit from the Project's improvements and opportunities while remaining in their current homes.

25. They specifically contend that the Project's resettlement violates Bank policy as it inadequately considers: (i) Alternatives that avoid resettlement, (ii) the serious economic, social, and environmental harm caused by involuntary resettlement, (iii) the impoverishment associated with loss of property and sources of income, (iv) the lack of economic opportunities at the resettlement site, (v) the existing social networks of the community and their cultural identity ties to the area, (vi) opportunities for the affected population to partake in Project benefits, (vii) their participation in resettlement planning and implementation, (viii) the principle of equal asset sharing between men and women, (ix) the need for compensation payment before displacement, (x) lack of access to legal counseling that is causing unfair evaluation of assets and inadequate compensation amounts, and (xi) the lack of access to land suffered by people without formal land titles (renters, street vendors, and informal sellers).

26. In addition to the Request, the Panel received letters from the Catholic Archdiocese of Teresina's Human Rights Commission and the Federal Public Defender's and State Public Prosecutor's offices in Piauí, providing further information and supporting the Requesters' claims.³⁰ These letters emphasize the Project's impact on the cultural identity of the affected communities, which have roots going back to the founding of Teresina.

27. During the Panel's investigation visit, Requesters argued that some of the affected communities are traditional and some are indigenous. They allege they were inadequately consulted and that the Project failed to recognize and respect their rights.

28. *Management Response.* Management states it understands the Requesters' concerns and recognizes their desire to remain in their current locations. However, according to Management the Project has carefully considered alternatives that significantly reduced the number of households requiring resettlement, and potential adverse impact is being thoroughly assessed and mitigated through the Project's design and safeguard instruments. Management explains that the

³⁰ The August 5, 2019, letter from the Catholic Archdiocese of Teresina's Human Rights Commission emphasizes that affected communities have lived in the area for many years and their cultural identity is linked to their location and closely related to the history of the founding of Teresina. The letter states the Project will bring benefits to the Municipality but that it should be implemented with respect for the cultural rights of the affected communities. The August 14, 2019, letter from the Federal Public Defender's Office in Piauí states that it has followed the Project for the past three years and, while it understands the Project's importance and benefits, "*the Project managers have not demonstrated a willingness to consider the socio-economic and cultural impacts of the Project on the affected communities that have been living in the area for decades.*" It adds that it hopes a clear and impartial investigation is conducted into the Project's implementation. The Panel also received a copy of an ordinance from the Federal Public Defender's Office in Piauí establishing an internal commission to respond to concerns pertaining to the Project. The August 26, 2019, letter from the Public Prosecutor's Office of the State of Piauí requests the Panel's intervention and mentions that although the Public Prosecutor's Office recommended to the Municipality of Teresina that the Project's resettlement process be stopped, resettlement was instead expedited. The letter further states the Municipality did not provide studies proving that households to be resettled are in areas at risk.

estimated number of properties affected by resettlement dropped from 1,730 in 2014 to 997 in 2019, due to revisions to the Project's design and priorities. The Response further asserts that – following reviews conducted by independent dam safety expert panels between 2005 and 2018 – an analysis of alternatives for the rehabilitation of Boa Esperança Dike was initiated in February 2019.³¹ Management believes the Project and its safeguard instruments were properly consulted and disseminated but recognizes that communication about the Project's benefits, impact, and risks may have been ineffective.

29. The Response acknowledges that some resettlement instruments were not fully in line with Bank policy requirements and therefore required updating and strengthening. Management recognizes that the RAPs did not formally declare and communicate a cut-off date to determine who would be eligible to receive compensation (a cut-off date was subsequently established as October 14, 2019). Regarding livelihood restoration, Management argues that while the RAPs offer no specific mitigation, other studies include measures to help resettled PAPs improve or at least restore their livelihoods.

30. The Response presents a nine-point Action Plan to advance implementation and address the Requesters' concerns. It includes: (1) Updating the census, (2) reviewing and revising all RAPs, (3) suspending the dismantling of structures built before the October 14, 2019, cut-off date, (4) presenting a technical and social report on the illegal structures in the Project area dismantled by the authorities in August 2019 to ensure that eligible owners are compensated per Bank policy, (5) strengthening the quality of consultation, (6) improving the quality of communications, (7) improving dissemination of Project information and ensuring the Project website has current information about the implementation of all RAPs, (8) strengthening the Project's grievance redress mechanism (GRM), and (9) realizing the anthropological study's recommendations regarding cultural heritage. Management committed to ensuring these actions are properly implemented.

31. In conclusion, the Management Response contends the Bank made every effort to follow the policies and procedures applicable to the matters raised in the Request, and that the Requesters' rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.

1.4. Focus and Design of the Investigation

32. In line with its investigation plan, the Panel's efforts focused on questions relating to: (i) the study of alternative flood protection measures, (ii) the avoidance and minimization of resettlement, (iii) the identification of PAPs in the census, (iv) the socioeconomic survey, (v) the adequacy of compensation, (vi) livelihood restoration, (vii) the disclosure of information, (viii) consultation and participation, (ix) grievance redress, and (x) cultural aspects. The Panel's investigation also assessed Bank supervision over the years. The Panel reviewed Project-related documents and considered actions taken by the Bank since receipt of the Request.³²

³¹ As discussed below, this deadline has since been extended and the study was not completed by the time this Report was finalized in July 2020.

³² Inspection Panel Investigation Plan, January 7, 2020.

33. The Panel's investigation team was led by Panel Member Ramanie Kunanayagam and supported by Senior Operations Officer Serge Selwan, Operations Officer Birgit Kuba, Research Assistant Camila Jorge do Amaral, and two expert consultants – Professor Nilo de Oliveira Nascimento, an expert in hydrological engineering, and Professor William Partridge, an expert in involuntary resettlement (biographies in Annex 3). The investigation was conducted in two parts. The first phase included extensive examination of documentation and individual interviews with Bank staff and consultants.

34. The second phase involved a fact-finding field visit to Brazil that took place March 7-17, 2020. In Brasília the Panel team met with representatives of the Bank's Country Office and officials from Brazil's Federal Ministry of Economy and Federal Ministry of Regional Development. In Teresina the team met with the mayor and the planning secretariat at the Municipality (SEMPPLAN) – the Project Management Unit (PMU). The Panel also met with Requesters and other potentially affected community members of Mafrense and São Joaquim and their representatives. Additionally, the Panel team met with the State Public Prosecutors, the Federal Public Defender, the Human Rights Commission of the Archdiocese of Teresina, and several non-governmental organizations (NGOs) and professional organizations.³³

35. The Panel traveled along Boa Esperança Avenue, stopping at points of interest, and visited different areas of the Mafrense and São Joaquim neighborhoods. Some of the Panel's site visits were conducted together with the PMU, others were held with members of the Mafrense and São Joaquim communities, as well as members of the Centro de Defesa Ferreira de Sousa (CDFS). The Panel understands that CDFS is assisting parts of the São Joaquim community, and that some CDFS members have supported the Request since its submission. The Panel was told that CDFS has a technical assistance network that includes other civil society organizations and academic institutions. In April 2020, CDFS sent a report to the Panel³⁴ which discusses the Requesters' concerns regarding (i) the analysis of alternative flood protection measures, (ii) consultation, participation, and disclosure of information, (iii) baseline studies, compensation, and livelihood restoration, (iv) cultural heritage, and (v) supervision by the Bank. CDFS also commissioned an anthropological study, attached to the report shared with the Panel.³⁵

36. The Panel benefited enormously from speaking with different community members – both those supporting the Project and agreeing to their resettlement, as well as those opposing the Project or resettlement. The Panel's site visits to the rivers, lagoons, and the two neighborhoods – where the team could visit houses and cultural sites – were also of great value to this investigation. Testimony and field observations are recorded throughout this Report where relevant.

³³ These include: Movimento dos Atingidos por Barragens (MAB) – Movement of People Affected by Dams, Comissão Pastoral da Terra (CPT) – Pastoral Land Commission, Conselho de Arquitetura e Urbanismo do Brasil (CAU/PI) – Council of Architecture and Urbanism, and Conselho Regional de Engenharia e Agronomia do Piauí (CREA/PI) – Regional Council of Engineering and Agronomy of Piauí.

³⁴ Community Response Report to the World Bank Inspection Panel Investigation Plan for the Project Teresina Enhancing Municipal Governance and Quality of Life Project (P146870), April 6, 2020 (the “CDFS Report”). Available at:

https://issuu.com/centrodedefesaferreiradesousa/docs/technical_report_to_the_investigation_panel__anne.

³⁵ CDFS Report, Annex D.2.

37. The Panel would like to note that this investigation occurred as COVID-19 was declared a pandemic. However, the team completed its field-based investigation on schedule, just before COVID-19 restrictions came into force. The Panel was thus able to conduct its interviews and meetings in Washington D.C., Brasilia and Teresina in-person and visit the Project site. Most of the post-visit research and drafting was home-based.

38. The Panel team expresses gratitude to all those it met for sharing their views and providing information. The Panel also thanks the staff of the World Bank's Country Office in Brasilia for its assistance with logistical arrangements, and Bank Management and the Project team for sharing information and providing updates.

39. In this Report the Panel assesses whether the Bank complied with its Operational Policies and Procedures, including:

- Environmental Assessment, OP/BP 4.01,
- Indigenous Peoples, OP/BP 4.10,
- Physical Cultural Resources, OP/BP 4.11,
- Involuntary Resettlement, OP/BP 4.12, and
- Investment Project Financing, OP 10.00 and related Directive.

40. This Report is structured as follows:

- Chapter 1 (this chapter) introduces the Report and briefly presents the background of the case, the Project, and its context. It summarizes the Request and the Management Response, outlines the Panel's investigation process, and explains the design and focus of the investigation.
- Chapter 2 analyzes the assessments of flood protection and dike safety and how they determine the Project's design. In this context it discusses how the Project considered the Bank policy requirement to avoid or minimize involuntary resettlement to the degree possible, and what measures were taken.
- Chapter 3 analyzes the involuntary resettlement process, focusing on the identification of Project-affected people, the collection of census and socioeconomic baseline data, the adequacy of compensation packages, the dislocation of social networks, exclusion from Project benefits, vulnerable PAPs, livelihood restoration, and the risk of impoverishment.
- Chapter 4 examines the Project's information disclosure, participation and consultation processes, and GRM.
- Chapter 5 evaluates the cultural aspects raised in the Request, including the classification and identification of the cultural characteristics of the Project-affected communities, the Project's impact on physical cultural resources and intangible cultural resources, as well as Project efforts to relocate cultural sites.
- Chapter 6 discusses Bank supervision of the Project before and after receipt of the Request and focuses on the frequency and quality of supervision.
- Chapter 7 presents the Report's conclusions.

41. It is important to note that chapter 2 distinguishes between the inner urban area of Lagoas do Norte, where PAPs living near the lagoons and in other flood-prone areas are affected by

resettlement, and Boa Esperança Dike, where works to strengthen the dike have not yet been designed and where resettlement needs are as yet unclear. The analyses in the other chapters generally apply to both neighborhoods and the overall resettlement process as described in the available Project documents, including the RAPs. While some RAPs under Phase 2 are already under implementation, no RAP has been prepared for those PAPs potentially affected by works on Boa Esperança Dike.

Chapter 2

Avoidance or Minimization of Involuntary Resettlement and Flood Protection Measures

2.1. Introduction

42. This chapter analyzes the assessments relating to flood protection, dike safety, and how they determine Project design. In this context it discusses how the Project interpreted the Bank requirement to avoid or minimize involuntary resettlement as much as possible, and what measures were taken to do so.

2.2. Request for Inspection

43. The Requesters oppose their resettlement and claim alternative Project designs would enable them to keep their homes. According to the Request, some affected families have lived in the Project area for 40 years. The Requesters also believe the Project's approach to resettlement violates Bank policy, as it does not consider alternatives that would avoid resettlement.

2.3. Management Response

44. The Response states the Project was designed to address recurrent floods in the Lagoas do Norte region, and years of unplanned urban development that has compromised the region's natural drainage systems and contributed to flooding. According to Management, the Project seeks to rehabilitate and upgrade flood protection infrastructure, improve drainage by restoring and preserving the lagoons, and strengthen Boa Esperança and Mocambinho Dikes.³⁶

45. Management adds that the Project also supports urban improvements – including water supply and wastewater collection and treatment, rehabilitation of green spaces, construction of leisure spaces, housing improvements, and urban mobility. The improvements to flood infrastructure require resettlement of households currently in areas at risk of flooding, including houses built on the edges of the lagoons and on the crests and slopes of the dikes.³⁷

46. Management recognizes the Requesters' desire to remain where they are. It claims its careful and comprehensive consideration of viable Project alternatives has already significantly reduced adverse impact, greatly lowering the number of households requiring resettlement. According to the Response, the properties that will be affected in Phase 2 now number 997, which includes 177 properties already affected that involve 301 families. Management explains this number is subject to revision as the designs of some activities continue to be reviewed. Management adds that some of the Project's key activities will require removal of houses and structures built in risky areas or that compromise the Municipality's drainage and flood protection system, hence putting residents and others at risk of flooding.³⁸

³⁶ Management Response, October 22, 2019, p. v.

³⁷ Management Response, p. v.

³⁸ Management Response, pp. vi and 7.

47. The Response states the designs of seven of the eight civil works under Phase 2 are being prepared according to the results of a hydrologic and hydraulic study for the entire drainage system of Lagoas do Norte. This research determined the optimal water level in the lagoons was between 55 and 56 meters above sea level (ASL), taking into account (i) social and environmental considerations, including water quality, (ii) the operation of the lagoons, and (iii) the need for a buffer area that can absorb flooding with a 25-year return period.³⁹

48. Management explains that there are approximately 174 illegally built houses on the crest and slopes of Boa Esperança Dike. These threaten the dike's integrity and thus jeopardize the safety of the entire population of Lagoas do Norte – approximately 100,000 people. Analysis of alternative designs of the civil works for strengthening Boa Esperança and Mocambinho Dikes, originally due by end-2019, is ongoing.⁴⁰

2.4. Bank Policies

49. Bank Policy on Environmental Assessment (EA), OP/BP 4.01, requires the EA to evaluate potential environmental risks and impacts in a project's area of influence, examine alternatives, and identify ways to improve project selection, siting, planning, design, and implementation “*by preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts.*”⁴¹ According to the policy, the EA considers the natural environment, human health and safety, and social aspects, such as involuntary resettlement, etc. It considers natural and social aspects in an integrated way.⁴² According to the policy, the EA for Category A projects examines potential environmental impacts – compares them with those of feasible alternatives and recommends measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and to improve environmental performance.⁴³

50. Bank Policy on Involuntary Resettlement, OP/BP 4.12, recognizes that involuntary resettlement may cause severe, long-term hardship, impoverishment, and environmental damage and requires that it “*be avoided where feasible, or minimized, exploring all viable alternative project designs.*”⁴⁴

51. The World Bank's Involuntary Resettlement Sourcebook – which is not a binding document, but which provides additional information and exemplary case studies – notes that minimization or elimination of land acquisition may not always minimize or eliminate adverse impact. For example, people should not be allowed to continue using or occupying land or structures if doing so poses a hazard to themselves or others.⁴⁵

³⁹ Management Response, pp. 8 and 9.

⁴⁰ Due to pre-COVID and COVID-related delays, the estimate for completion of these studies is December 2020.

⁴¹ Bank Policy on Environmental Assessment, OP 4.01, paragraph 2.

⁴² Bank Policy on Environmental Assessment, OP 4.01, paragraph 3.

⁴³ Bank Policy on Environmental Assessment, OP 4.01, paragraph 8 (a).

⁴⁴ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (a).

⁴⁵ World Bank (2004): Involuntary Resettlement Sourcebook – Planning and Implementation in Development Projects (English). Washington, D.C. World Bank, pp. 5 and 6. Available at: <http://documents.worldbank.org/curated/en/206671468782373680/Involuntary-resettlement-sourcebook-planning-and-implementation-in-development-projects>

2.5. Panel Observations, Analysis, and Findings

52. **Description of the Project and its Intervention Area.** The Project’s objectives can be broadly divided into flood management, sanitation, and environmental protection. These follow the so-called “blue and green” approach to urban planning,⁴⁶ which promotes multiple uses of urban infrastructure and here consists of reducing urban flood risk in Lagoas do Norte, improving and treating sewage, environmental protection of the lagoons, and creating parks and facilities for cultural, leisure, and sports activities.⁴⁷

53. The Project’s flood management, sanitation, and environmental protection activities concern two areas that are connected geographically and hydrologically.

54. First, the Poti and Parnaíba River basins: The Poti River is a tributary of the Parnaíba River and crosses the Municipality, with its left riverbank and floodplain urbanized since the founding of Teresina. The right riverbank and the floodplain are areas of more recent urban expansion, particularly near the confluence. The Parnaíba River defines the political border between the states of Piauí and Maranhão.⁴⁸

55. Second, the floodplain at the inner part of the rivers’ confluence: Known as the Lagoas do Norte region, this floodplain consists of dense urban developments, channels, drainage canals, and lagoons. It includes the neighborhoods of Mafrense and São Joaquim, where the Requesters live.

56. Two dikes were constructed on the banks of the Poti and Parnaíba Rivers. Boa Esperança Dike was built along the Parnaíba River in the 1970s; Mocambinho Dike was constructed along the Poti River in 1985.

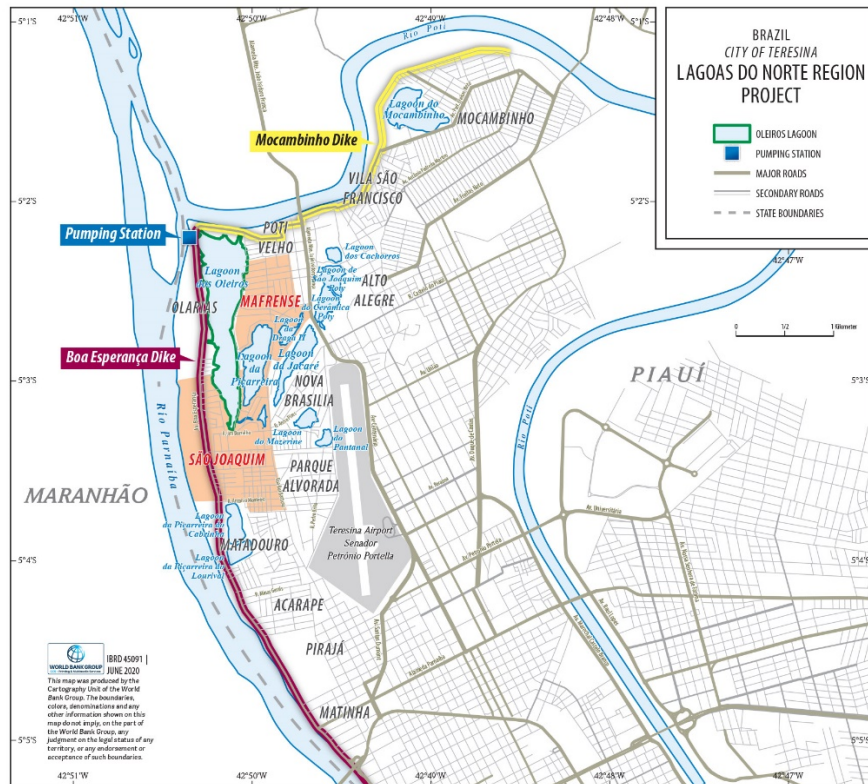
57. The Request specifically concerns Project impact on residents of the Mafrense and São Joaquim neighborhoods bordering Oleiros Lagoon – particularly people living along Manuel Aguilar Filho Street in Mafrense – and on residents of Boa Esperança Avenue occupying the slopes of Boa Esperança Dike.

⁴⁶ “Blue and green” infrastructure refers to urban systems that aim to manage stormwater efficiently and promote nature conservation, harmonizing urban land use and occupation with the protection of local ecosystems by reducing runoff and abating water pollution. The term refers to interconnected networks of permeable, vegetated, and multifunctional spaces that structure the landscape around watercourses and areas of environmental concern (Rosa, D., Nascimento, N., Moura, P. Medeiros, G. (2020).

⁴⁷ Prefeitura Municipal de Teresina (2018). Contratação de Empresa Especializada para o Desenvolvimento de Estudos, Adequação de Projetos e Elaboração de Projetos Executivos para a Zona Norte de Teresina – PI no Âmbito do Programa Lagoas do Norte – Fase 2, Anexo 1: Termos de Referência, Teresina, p. 8.

⁴⁸ Pinheiro, M.C.; Carvalho, R.V. (2019). Considerações sobre Aspectos Hidrológicos e Hidráulicos dos Critérios de Projeto dos Diques – Relatório Técnico Produto 1, Programa Lagoas do Norte Etapa II, Prefeitura Municipal de Teresina, p. 31.

Map 6 – Key Landmarks of Lagoas do Norte



Box 1 – Boa Esperança Dike is a 5,500-meter-long, earthen dike with gentle slopes and a top-level profile that varies between 59.06 and 59.90 meters ASL. Boa Esperança Avenue, on top of the dike, connects the neighborhoods inside the dike. Several houses, shops, restaurants, bushes, and trees are on the dike's slopes.

Mocambinho Dike is a 2,250-meter-long earthen dike with parts built of stone and concrete, and top levels varying between 58.30 and 60.70 meters ASL. Portions of this dike have trees and buildings, some of which incorporate the concrete dike wall into their structures.

Oleiros Lagoon, the largest of the interconnected lagoons, has been partially excavated by the local clay industry. The Oleiros and Mocambinho Lagoon gates connect the lagoons to the rivers. Pumps drain excess water from the lagoons into the rivers to protect the urbanized area from floods.

2.5.1. Lagoas do Norte: Inner Urban Area Flood Mitigation

58. **Characteristics of the Area and Field Observations.** The inner area of Lagoas do Norte suffers from localized, intense rainfalls lasting minutes to hours. The catchment areas are small, predominantly flat, and densely populated; streets are frequently flooded during the rainy season.⁴⁹ To protect their properties against minor floods, residents of the affected areas have adopted informal measures such as elevated sidewalks and house entrances (see Picture 1). The local drainage system connects to several lagoons linked by culverts and canals (macro-drainage). If the lagoons did not exist, the residential areas would flood quickly. A design rainfall event with a critical, five-day duration was adopted to simulate the Lagoas do Norte macro-drainage system.⁵⁰



Picture 1 - Elevated sidewalks and house entrances in Mafrense, bordering Oleiros Lagoon.

59. The Panel understands that Oleiros Lagoon may be considered an urban wetland that is dry much of the year, which is one reason people settle inside the lagoon's footprint and backfill parts of the lagoon's storage area to stabilize their house foundations during the wet season. Older developments there have largely kept to the borders of the lagoons, but some backyards are created by backfilling.

60. The Panel team visited households in different parts of the Mafrense neighborhood and learned that the older and more consolidated⁵¹ houses along Manuel Aguiar Filho Street generally do not suffer from the floods.⁵² Many of these households have large backyards facing the lagoon. The Panel team observed that these backyards are mostly surrounded by concrete walls.

61. The Panel team visited more recent settlements built on backfilled areas of the lagoon that are in more precarious condition. Residents reported being flooded regularly (see Picture 2). One resident living close to the lagoon told the Panel her garden and house are frequently surrounded by floodwaters. The Panel observed that her refrigerator was elevated on bricks to prevent flood damage (see Picture 3).

⁴⁹ This type of rain event floods mainly the Lagoas do Norte road system due to poor performance of the micro-drainage system. Nearly the entire road system is flooded during these events.

⁵⁰ Tucci, C.E.M.; Souza, R.S. (2014). Controle de Inundações e Manutenção dos Níveis das Lagoas Norte: Simulações Hidrológicas e Hidráulicas dos Cenários de Inundações, Prefeitura Municipal de Teresina, pp. 20f.

⁵¹ The term "consolidated" is used here to refer to better constructed buildings made of more robust building materials.

⁵² Reduced flood risk in Lagoas do Norte is due to the significant increase in the Oleiros pumping station's capacity, implemented during Phase 1 of the Project.



Picture 2 – Recent settlement built on backfill.



Picture 3 – Elevated refrigerator.

62. The current design of the inner urban flood mitigation measures will require resettlement of families, physically and economically. The Panel understands the Project justifies involuntary resettlement around the lagoon for three reasons: Residents are in flood-prone areas, Oleiros Lagoon's storage capacity must be recovered, and Oleiros Lagoon needs better environmental protection. The Panel notes that affected houses and other structures are in different areas covered by Project activities: (i) Inside the lagoon storage areas – particularly Oleiros Lagoon, (ii) within the Oleiros green belt, an APP, (iii) on the borders of the canals connecting the lagoons, which are also flood-prone areas, and (iv) within so-called “urban windows,”⁵³ discussed below.

63. **Flood Mitigation and Environmental Studies.** Stormwater and flood control studies were developed for the Lagoas do Norte region in 2005⁵⁴ and 2014,⁵⁵ and a water quality report was prepared in 2005.⁵⁶ These studies formed the basis of all environmental and urban drainage projects subsequently developed for the area. The 2014 study updated and improved earlier hydrologic and hydraulic studies developed for Lagoas do Norte.

64. The Panel understands that the existing system of lagoons, connecting canals, and pumping stations was improved and reduces significantly the risk of flooding in the area. This includes optimizing use of the lagoons' storage capacity, perfecting the hydraulics of the lagoons' connecting channels, and greatly increasing the system's pumping capacity, implemented during Phase 1.

65. The Panel believes the hydrological and hydraulic simulations of the stormwater system in Lagoas do Norte to be comprehensive. In light of the varying, initial water levels in the lagoons and the operating rules of the Oleiros Lagoon pumping station (see Pictures 4 and 5), 15 scenarios were modeled and evaluated on the time evolution of water levels in the lagoons and in the connecting channels, as well as pumping durations. A water balance model was used to evaluate

⁵³ Urban windows are access ways to green areas surrounding the lagoons, such as the Oleiros public park. The urban windows are an urban design concept not directly linked to flood risk or environmental protection purposes.

⁵⁴ Tucci, C.E.M.; Cruz, M.A. (2005). Estudo de Modelagem Hidráulica do Sistema de Drenagem para a Região do Programa Lagoas Norte, Programa Lagoas do Norte, Prefeitura Municipal de Teresina.

⁵⁵ Tucci, C.E.M.; Souza, R.S. (2014).

⁵⁶ Tucci, C.E.M.; Cruz, M.A. (2005). Estudo de Modelagem de Qualidade da Água dos Rios e Lagoas da Cidade de Teresina para o Programa Lagoas do Norte, Prefeitura Municipal de Teresina.

the variability of the lagoons' water levels throughout the year. Results obtained allowed the Project to assess alternatives for determining the permanent water level at Oleiros, and to refine pumping operation rules. The system is designed to avoid flooding occurrences for a 25-year return period design event and can also accommodate a 50-year return period event without overflows.⁵⁷



Pictures 4 and 5 – The pumping station that regulates water levels in Oleiros Lagoon.

66. The Project's ESIA considered these technical studies in its analysis of alternatives. According to the ESIA, resettlement is required mainly to permit construction of macro-drainage works involving the lagoons and for the recovery of the APPs.⁵⁸ The sections below therefore focus on these two areas.

67. **Analysis of Alternatives for Lagoon Water Levels.** The analysis of alternatives in the 2014 ESIA for Phase 2 refers to the 2014 flood control study. It assessed different water levels for Oleiros Lagoon, considering 53.5, 54, and 55 meters ASL. The ESIA explains that a 55-meter level at Oleiros is the most convenient (*"conveniente"*) operating scenario and supports the Project objectives of avoiding flooding, maintaining the water level year-round, creating a recreational environment, and preventing encroachment of the flood-prone areas around the lagoons.⁵⁹ According to the ESIA, the Borrower decided to maintain the level at 55 meters based on urban landscape design. The environmental recovery of the lagoon and surrounding areas would allow the Borrower to implement tourism clusters in Lagoas do Norte.⁶⁰ The ESIA states that all properties located below 55 meters are considered "at risk" and thus require resettlement.⁶¹

⁵⁷ Tucci, C.E.M.; Souza, R.S. (2014).

⁵⁸ Environmental and Social Impact Assessment, Programa de Melhoria da Qualidade de Vida e da Governança Municipal de Teresina Programa Lagoas do Norte – Fase II Relatório de Avaliação Ambiental e Social – RAAS, November 2014 (the "ESIA 2014"), pp. 32-33.

⁵⁹ ESIA 2014, p. 86.

⁶⁰ ESIA 2014, p. 23.

⁶¹ ESIA 2014, p. 95.

68. The Panel recognizes the importance of preventing encroachment on the Oleiros storage area, but it believes an alternative urban design could have been considered to meet the Project's objectives of flood control and environmental protection, and also minimize resettlement.

69. The Panel notes that the maximum water level at Oleiros depends on the initial water levels in the other lagoons and on the pumping operation rules adopted.⁶² The pumping system only controls the Oleiros Lagoon water level. During rain events, water from the other lagoons may raise the permanent water level at Oleiros above 55 meters. Therefore, the Oleiros water level must be dropped below 55 meters prior to or at the start of rain events to prepare for the inflow from the other lagoons. Under current operating rules, if properly implemented, the Oleiros water level can be kept at or below 55 meters.⁶³

70. In the Panel's view the adoption of the 55-meter water level at Oleiros may not minimize involuntary resettlement. The Panel believes that flood maps illustrating the water levels simulated in the hydraulic and hydrological studies would allow a better understanding of the reasons for involuntary resettlement due to flood risk. If pumping is triggered at 53 meters, water levels will fluctuate between 53.83 and 54.14 meters.⁶⁴

71. Water balance simulations estimate the water level at Oleiros Lagoon will remain below 54 meters for most of the year, without adopting a permanent water level to prevent encroachment.⁶⁵ This scenario allows houses within the 54-55 meter levels to remain, if flood adaptation measures are adopted where feasible.

72. For ground levels above 54 meters, the risk of flooding depends on attention to water level monitoring, weather forecasts, and pumping operations. This suggests that involuntary resettlement based on flooding risk may not be justified for people living above 54 meters on the border of Oleiros Lagoon. The area's flat topography and lagoon network prevent flash floods and high-flow velocities that present much higher risks than the slow-rising flooding associated with feeble-flow velocities. It is important to point out that not all the structures built on the border of Oleiros Lagoon above 54 meters can adopt flood adaptation measures (e.g., precarious buildings are unsuitable for flood adaptation).

73. During the Panel's visit, several PAPs raised concerns about the operation of pumps and suspect poor decision-making – or even bad faith – causing flooding of houses on the border of Oleiros Lagoon. The CDFS report echoes this concern. The Panel notes that greater transparency of operational decision-making can avoid misunderstandings and better explain decisions and actions undertaken during rain events.

⁶² Tucci, C.E.M.; Souza, R.S. (2014), p. 31.

⁶³ Flood modeling does not consider modelling uncertainties, population increase in the Lagoas do Norte district, associated changes in land use, or possible changes in rainfall characteristics due to climate change. Notwithstanding this, adaptations in pump operating rules, if required, and high frequency monitoring of the lagoon water levels may ensure that 55 meters is not exceeded at Oleiros.

⁶⁴ Tucci, C.E.M.; Souza, R.S. (2014). These results were obtained for an initial water level at 42.50 meters at Oleiros.

⁶⁵ Tucci, C.E.M.; Souza, R.S. (2014).

74. The Panel notes that choosing a permanent water level for Oleiros is more relevant to flood control than to ecology since it is not a perennial lagoon, but an abandoned riverbed (a so-called paleochannel).⁶⁶ Choosing a permanent water level for Oleiros also has implications for the delineation of the APPs, discussed below.

75. **Analysis of Alternatives for the APPs.** The ESIA explains that two alternatives for the banks of the lagoons, which are APPs, were analyzed: (1) Full recovery of the APP and implementation of a linear park, and (2) adoption of an urban design that allows consolidated structures to remain in the APPs, together with the design of “urban windows.” According to the ESIA, Alternative 1 would require the full relocation of about 1,214 properties and the partial relocation of 65 properties. Alternative 2 would fully relocate 763 properties and partially relocate 131 properties. The ESIA concludes Alternative 2 is more appropriate as it significantly reduces resettlement.⁶⁷

76. The Panel notes the Brazilian Forest Code considers the borders of water bodies (such as creeks, rivers, natural and artificial lakes, and wetlands) to be APPs, and prohibits all human and cattle access. While requiring the same level of protection, the application of the Forest Code in urban areas is more flexible.⁶⁸ Factors permitting flexibility include previous permanent occupation by consolidated urbanization, impact on urban connectivity and mobility, the potential for vacant land to increase environmental degradation, the risk of creating areas that invite informal occupation, etc. In many Brazilian cities, when protected areas are kept or recovered on the borders of water bodies, limited access is usually allowed to reduce undesirable consequences.

77. The Panel understands that, according to the Brazilian Forest Code, some areas of Lagoas do Norte would be APPs. The region is a large riparian area at the confluence of two large rivers and connected to several lagoons. Some of these lagoons are natural, permanent storage areas, altered by occupation on their borders and inside their storage areas, and clay exploitation. Therefore, the historical urban occupation of this area, most of it through consolidated urbanization, would seem to justify flexible application of the Forest Code.

78. **Avoidance and Minimization of Resettlement.** The Panel notes that the models employed for hydrological and hydraulic simulations are comprehensive and adequate for designing the system and defining its operating rules. The Panel could find no evidence of Project analyses of how different alternatives and permanent water levels would affect resettlement scenarios. The Panel notes that the ESIA’s analysis of alternatives provides no information on how resettlement considerations influenced the choice of the alternative of keeping Oleiros Lagoon at 55 meters. The ESIA emphasizes landscape and tourism purposes but does not focus on avoidance or minimization of resettlement in the context of flood management.

⁶⁶ Brandt, J.R.T.; Pinheiro, M.C.; Carvalho, R.V. (2016). Avaliação das Condições de Estabilidade e Segurança dos Diques dos Rios Poti e Parnaíba, Relatório Final, Programa Lagoas do Norte Etapa II, Termos de Referência N°22/2005, Prefeitura Municipal de Teresina.

⁶⁷ ESIA 2014, p. 25.

⁶⁸ The Forest Code’s flexibility in urban areas, when justified by public interest, is regulated by Resolution 369/2006 of the Brazilian National Environmental Council (CONAMA - *O Conselho Nacional do Meio Ambiente*) in compliance with the Federal Law n. 4771/1961, later modified by MP 2166/2001.

79. The ESIA considered two alternatives for APP recovery and favored the option that minimized resettlement. Adoption of an urban design enables consolidated structures to remain in the APPs. The Panel notes that the Project considered resettlement minimization in the application of this approach.

80. The Panel recognizes that some houses below the flood line would have to be resettled. In other cases, this is less clear because residents have already implemented informal flood adaptation measures to protect their houses. The Panel notes that alternative designs – based on permanent levels below 55 meters at Oleiros Lagoon combined with informal flood adaptation techniques – were insufficiently considered as options that could both mitigate direct flood damage and reduce the need for resettlement (see map in Annex 2). Weather forecasting and high frequency monitoring of the stormwater management system are also important for adequate decision-making in triggering flood emergency measures.

81. During its visit, the Panel spoke to households who did not understand why they would have to resettle. It also met families who would give up their backyards if they could keep their houses, but they did not know if this was an option under the Project. As the Panel concluded its investigation – at the end of May 2020 – the Project provided to the Panel maps of a permanent water level of 55 meters at Oleiros Lagoon identifying properties partially or fully affected. The Panel notes the importance of clearly defining flood-risk areas, making detailed maps accessible to the affected families, and providing clear guidance on the resettlement criteria.

82. The Panel finds that while the analysis and design of Permanent Protection Areas for Lagoas do Norte sought to minimize resettlement, no such effort was made when determining a permanent water level of 55 meters ASL at Oleiros Lagoon. As a result, the Panel finds the analysis of alternatives for establishing the permanent water level is inadequate and in non-compliance with Bank Policy on Environmental Assessment, OP 4.01, paragraphs 2 and 8 (a), and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (a).

2.5.2. Dike Safety Considerations

83. **Characteristics of the Area and Field Observations.** This section deals with Project activities to strengthen Boa Esperança Dike and related concerns raised in the Request. As noted above, there are houses, shops, restaurants, bushes, and trees along the road atop Boa Esperança Dike and on its slopes (see Picture 6). According to Management, the approximately 174 illegally built houses there threaten the dike's integrity.



Pictures 6 – Road and structures atop the dike.

84. The Requesters contend that only the dike's river side – occupied by poorer households – is the focus of resettlement and the other side – occupied by high-value houses, bars, motels, and restaurants – is not. They are unclear why the dike's integrity is not equally threatened by structures on both sides.

85. The CDFS report also raises issues relating to the reinforcement of Boa Esperança Dike. It states that the full extension of the dike is not thoroughly demonstrated and that Project studies do not clearly identify water tightness problems in the dike's extension. It argues the Borrower seeks to gentrify Boa Esperança Avenue.⁶⁹

86. The Panel team observes that in the floodplain, on both sides of Boa Esperança Dike, abandoned river channels form natural water storage areas and are regularly flooded during the rainy seasons. On the river side of Boa Esperança Dike, the Parnaíba River floodplain is relatively large and subject to typical, rural, peri-urban occupation. Some inhabitants of this area have adopted intensive flood adaptation measures in and around their houses (see Picture 7). Long-time residents are better adapted and tend to be less affected by floods. More recent settlers – those who arrived in the last 5 to 15 years – seem less aware of or concerned by flood risk and, as a consequence, seem less prepared to deal with flooding; some of their houses even face the risk of collapse during flooding. The Panel team also learned about the *vazanteiros*, who do not live in the floodplain but farm it.⁷⁰ The Panel notes that from a flood management perspective, it is counterintuitive that people live on a dike's river side. The Panel understands no decision has been made whether people currently living in these areas need to be relocated.



Picture 7 – Elevated house in the Parnaíba floodplain

87. **Dam Safety Panels (DSPs).** Since 2005, Dam Safety Panels have been engaged by the Project and have conducted several technical studies relating to dike safety. The first DSP visited the Project site in early 2006 and identified several safety risks concerning both dikes, including erosion, trees and structures on the slopes of Boa Esperança Dike, and discontinuity in Mocambinho Dike.

88. In 2015, a second DSP updated the safety assessments carried out during Phase 1 and considered a proposal to widen Boa Esperança Avenue. It identified erosion processes on the river borders, some of which it associated with occupation and agricultural activities on the river sides of the dikes, as well as pollution from inadequate solid waste disposal in the area. A new flood frequency analysis was developed for a river section downstream of the confluence of the Parnaíba and Poti Rivers, chronologically combining discharges from both rivers.⁷¹ The DSP identified inconsistencies between different sources of topographic surveys. Due to uncertainties in water level estimations, it recommended adopting a freeboard of 1.50 meters for the estimation of the new dike top profiles.⁷²

89. Between 2017 and 2018 additional surveys on the flood marks of the 1985 flood event were conducted, which permitted a more precise simulation of the water level profile and allowed the DSP to lower the required freeboard for the dikes to one meter above the 1985 water mark. While the DSP could not identify visual signs of instability, it nevertheless determined that – due

⁶⁹ CDFS Report, pp. 9 and 14.

⁷⁰ *Vazanteiros* are farmers who farm on the edges of rivers during water recession.

⁷¹ This was a strategy to deal with the fact that peak flows on both rivers cannot be considered statistically independent.

⁷² Brandt, J.R.T.; Pinheiro, M.C.; Carvalho, R.V. (2016), p. 46.

to building foundations, water supply wells, pit latrines, septic tanks, and trees with deep root systems – the dike did not comply with safety best practices. The DSP noted that earthen dikes can have no intrusions into their massifs; only roads, highways, or bicycle paths are allowed on dike tops. Other intrusions weaken the massif, which can lead to the dike’s collapse during major floods.

90. The DSP also concluded that both dikes present very irregular profiles with top levels significantly lower than the recommended freeboard level (at least one meter above the 1985 water mark).⁷³ To achieve that freeboard, Mocambinho Dike must be raised 6 to 81 centimeters and Boa Esperança Dike 27 to 134 centimeters.⁷⁴ The DSP found it impossible to attest to the geotechnical safety of the dikes, which puts the entire population of Lagoas do Norte at risk. The DSP considered two alternatives to increase the safety of the dikes and ensure protection of the inner area for the 100-year return period event (see Box 2).

Box 2 – DSP Alternatives for Boa Esperança and Mocambinho Dikes

Alternative 1:

- Reinforce Boa Esperança Dike by removing all structures and trees on its river side slope and regularize the dike top level to the required flood control target.
- Remove all trees on the upstream slope of Mocambinho Dike and regularize its top level to the required flood control target.

Alternative 2:

- Construct a parallel earthen dike closer to the Parnaíba River; this would eliminate the need to reinforce Boa Esperança Dike and to conduct related involuntary resettlement.
- Evaluate not widening Boa Esperança Avenue and keeping the occupations on both sides.
- Remove all trees and construction from the upstream slope of Mocambinho Dike and regularize its top level.

91. The DSP recommended implementation of Alternative 1. Alternative 2 was discarded due to technical challenges relating to much lower ground levels and poor soil characteristics of the Parnaíba floodplain closer to its border, making it more challenging and prohibitively expensive to build dike foundations there. The DSP concluded structures could remain on the city side of Boa Esperança Dike, provided dike reinforcement is implemented.

92. The Panel notes that two independent studies⁷⁵ confirm that the Boa Esperança Avenue is built over the dike’s top and that the DSP reports adequately assess the risk of dike collapse. Although a quantitative assessment of such risk requires data on dike intrusions that are unavailable here in the required detail, the qualitative assessment was an adequate basis for their

⁷³ Brandt, J.R.T.; Pinheiro, M.C.; Carvalho, R.V. (2018). Avaliação das Condições de Segurança e Estabilidade dos Diques dos Rios Parnaíba e Poti, Produto 2, Programa Lagoas do Norte Etapa II, Prefeitura Municipal de Teresina, p. 4.

⁷⁴ Pinheiro, M.C.; Carvalho, R.V. (2019), pp. 16 and 17.

⁷⁵ Companhia de Pesquisa de Recursos Minerais (CPRM) (2015). Detalhamento da Poligonal PI_TE_SR_08 do Relatório de Mapeamento de Risco e Desastres Naturais, Trecho: Avenida Boa Esperança, entre a Rua Minas Gerais e o Restaurante Pesqueirinho, Teresina – Piauí, Ação Emergencial para o Reconhecimento de Áreas de Alto e Muito Alto Risco a Movimentos de Massas e Enchentes, Serviço Geológico do Brasil, CRTM, Teresina.; JB Engenharia (no date). Obras de Proteção contra Enchentes: Alça de Ligação da Marginal Poty com a Marginal Parnaíba, Teresina.

decision, especially as it relies on sound technical literature and best practices of dike construction and maintenance.

93. In 2019, the Bank requested experts to review all DSP reports.⁷⁶ Following this review,⁷⁷ additional hydrologic data provided by the Brazilian National Water Agency (*Agência Nacional de Águas* – ANA) were incorporated. The new report significantly improved flood frequency analyses and hydraulic simulations of the Poti and Parnaíba Rivers. It reviewed statistical analyses and hydraulic modelling and recommends additional studies to be conducted by the design company in charge of developing alternatives to improve dike safety.

94. Following the 2019 flood frequency analysis mentioned above, the DSP considered the possibility of raising the freeboard to 1.50 meters but recognized that this may face physical limitations imposed by existing roads and buildings on both dike slopes. The DSP report points out, however, that it may not be useful to increase Boa Esperança Dike's top level if weak points – such as low ground levels – are detected along the Maranhão Avenue, upstream along the Parnaíba River and unprotected by any dike.⁷⁸ Therefore, the DSP recommends that the design company evaluate the risk of overflow from the Parnaíba River to the city area all along Maranhão and Boa Esperança Avenues through hydraulic modeling.

95. The Panel notes that the DSP adequately addressed the risk of collapse for Boa Esperança Dike by estimating the water level profile for the 100-year return period.⁷⁹ It is important to note that most of Boa Esperança Dike's profile is below the one meter freeboard, which means the inner-city area is at risk of flooding much more frequently than the estimated 100-year flood.⁸⁰

96. **TORs for Analysis of Alternatives for Dike Safety.** In December 2018, the Borrower prepared Terms of Reference (TORs)⁸¹ for a new analysis of alternatives for dike safety. Currently, a consulting firm is reviewing alternatives – based on assessments to be carried out – to further minimize resettlement needs while ensuring the safety of the local population. This analysis of alternatives has been delayed due to several factors, most recently the COVID-19 pandemic. The Panel was told completion of this study is now expected by December 2020. According to

⁷⁶ Prefeitura de Teresina (2019). Ajuda Memória: Missão de Apoio à Implementação do Programa Lagoas do Norte II (Aspectos de Segurança dos Diques), 6 a 8 de maio de 2019, Teresina; Canali, G.V. (2019). Ajuda-Memória da Missão Realizada pelo Consultor Eng. Gilberto Valente Canali, Teresina, 05-08 de fevereiro de 2019, Programa Lagoas do Norte Etapa II, Prefeitura Municipal de Teresina.

⁷⁷ Pinheiro, M.C.; Carvalho, R.V. (2019).

⁷⁸ In a description of the 1985 flood event, it was noted that part of the water from the Parnaíba River that flooded the Teresina inner-city area entered through a low ground level along the Maranhão Avenue. JB Engenharia (no date). Obras de Proteção contra Enchentes: Alça de Ligação da Marginal Poty com a Marginal Parnaíba, Teresina. Chaves, S.V.V., Tavares, A.C., Andrade, C.S.P., (2017). Vulnerabilidade às Inundações em Teresina, Piauí, e Ações Mitigadoras do Poder Público, Sociedade e Território – Natal. Vol. 29, N. 2, p. 175-197.

⁷⁹ Brandt, J.R.T.; Pinheiro, M.C.; Carvalho, R.V. (2018), p. 23, Figure 4.1.

⁸⁰ For an extension of about 1,350 meters, from the Parnaíba-Poti confluence upstream up to rua Dalas, and in an extension of about 500 meters, from rua Ceará in the downstream direction, the dike profile is below the design water level, in places 0.50 meters below the estimated water level.

⁸¹ Prefeitura Municipal de Teresina (2018).

Management, the Project will support the development of non-structural measures to minimize risks to the population, such as an early warning system and an emergency action plan.⁸²

97. The Panel reviewed the TORs for alternative studies and notes they adequately state the objective of minimizing involuntary resettlement when considering alternatives of dike strengthening and top leveling. However, the Panel observes that the TORs do not require a comprehensive study of flood risk along the entire Parnaíba and Poti River borders in Teresina, assessing all weak points upstream of the areas protected by the dikes for the 100-year design event, as suggested in DSP's 2019 report.⁸³ The TORs also fail to require efforts to inform the affected communities of the outcomes of the analyses, the resulting designs, and their impact, including clarifying and justifying the need for dike reinforcement and associated projects.⁸⁴ The Panel understands that widening Boa Esperança Avenue is no longer planned, but the TORs nonetheless mention the widening or construction of an auxiliary road among other alternatives.

98. On the river side slope, the Panel observed sand-dragging in the right channel of the Parnaíba River (see Pictures 8 and 9). Intense sand mining in the left channel of the Parnaíba River could be enlarging and deepening it, likely intensifying riverbank erosion that may threaten dike stability.⁸⁵ The Panel notes that this issue should be considered by the consulting firm.



Pictures 8 and 9 - Sand-pumping station in the river and sand storage area near the river.

99. **Avoidance and Minimization of Resettlement.** The Panel notes that, since 2005, different DSPs and other experts have conducted several studies on strengthening Boa Esperança Dike. They all conclude the intrusions in the dike's structure compromise its stability and water tightness. As discussed above, an analysis of alternatives for strengthening this dike is ongoing and expected to be completed by the end of 2020. This analysis is supposed to consider earlier studies and recommendations and conduct additional assessments; a RAP will be prepared based on its outcomes. The Panel understands these analyses are being conducted for different segments of the dike and that different solutions may be proposed for each section.

⁸² Management Response, p. 12.

⁸³ Pinheiro, M.C.; Carvalho, R.V. (2019), p. 29.

⁸⁴ The Panel is aware of the previous efforts of the DSP and the Project to explain the needs of dike reinforcement in response to community and Public Prosecutor requests. The alternative studies will provide more detailed information on the characteristics of the dikes and the need for dike reinforcement which may contribute to a better understanding of the Project's justifications.

⁸⁵ CPRM (2015), Teresina, p. 9.

100. In any case, the Panel notes that any involuntary resettlement required after the completion of current analyses must be well-justified, based on an integrated approach to flood risk management, and must ensure equitable treatment of all affected communities regarding the risks they face. Adequate information-sharing, consultation, and participation by these communities will also be crucial.

101. At this stage the Panel can draw no firm conclusions regarding the effective implementation of resettlement avoidance and minimization with respect to Boa Esperança Dike, since key studies remain underway, and no RAP has been prepared yet. However, the Panel reviewed the TORs for the analysis of alternatives and observes that while the objective of resettlement avoidance and minimization is clearly stated, the TORs are vague regarding the specific criteria for considering this objective.

102. Since the analysis of alternatives for the strengthening of Boa Esperança Dike is ongoing, it is premature to conclude whether the principle of avoidance or minimization of resettlement has been complied with. Therefore, the Panel makes no compliance finding at this stage.

103. Based on its analysis of the technical assessments conducted by the different DSPs, the Panel notes that additional studies were recommended to be conducted. Among these is an assessment of all weak points along both dikes using hydraulic modeling of the 100-year return period event – due to more recent estimations of maximum discharges for the Parnaíba River⁸⁶ – which would ensure that dike reinforcement is assessed within a comprehensive flood management framework. The Panel further notes the importance of developing a flood emergency management framework, as well as a flood forecast and warning system. Finally, the Panel stresses the Project's need to ensure that social scientists are involved with these studies, since the design company conducting the analysis of alternatives is an engineering firm.

104. The Panel notes that people living on Boa Esperança Dike – especially those on the river side and in the Parnaíba floodplain – have long established themselves in the area, are deeply opposed to being resettled, and have limited or no knowledge of the technical considerations governing dike safety. Those living in the Parnaíba floodplain should be carefully evaluated on their preparedness and experience living with floods, the level of flood-proofing they have adopted, and how their livelihoods are linked to the river and floodplain.

⁸⁶ Pinheiro, M.C.; Carvalho, R.V. (2019), p. 29.

Chapter 3

The Involuntary Resettlement Process

105. This chapter analyzes the approach and implementation steps taken by the Project with regard to involuntary resettlement. It is divided into six sections – use of a framework approach, identification of PAPs, valuation and compensation, vulnerabilities and disruption of social networks, livelihoods, and exclusion from Project benefits.

3.1. Use of a Framework Approach and Additional Assessments

106. As noted above, this Project was processed as Phase 2 Additional Financing to Phase 1 of the Teresina Enhancing Municipal Governance and Quality of Life Project. Phase 1 comprised multiple subprojects whose precise siting and consequent impact on displaced people could not be known at the time of appraisal.

107. Per Bank Policy on Investment Project Financing, OP 10.00, the Bank may provide additional financing to an ongoing, well-performing project for completion of activities when the original financing is insufficient. In such situations, the Bank considers the proposed additional financing be based on updated or additional assessments of the technical, economic, fiduciary, environmental, and social considerations, and related risks.⁸⁷

108. The Panel notes that Bank Policy on Involuntary Resettlement, OP/BP 4.12, allows projects with multiple subprojects – such as the focus of this Report – to use RPFs when the zone of impact is known but where precise siting cannot be determined.⁸⁸ Hence, an RPF was prepared in 2007 to guide the preparation of detailed RAPs for future subprojects. The Panel notes that similarly, when the additional financing was approved, several studies and assessments to inform the designs of the Phase 2 subprojects were ongoing. The Panel concludes, therefore, that adoption of a framework approach was appropriate in this context.

109. The Panel notes that the Phase 1 resettlement – part of the original loan of March 2008 – was considered a success by both the Borrower and the Bank.⁸⁹ Phase 2 was deemed an extension of Phase 1, with no changes in the Project's component structure or safeguard category.⁹⁰ Management considered that in Phase 1 the Project had followed the provisions of the agreed RPF, prepared a satisfactory RAP, and successfully concluded involuntary resettlement programs.⁹¹

⁸⁷ Bank Policy on Investment Project Financing, OP 10.00, paragraph 26.

⁸⁸ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 28. The purpose of a policy framework is to clarify the resettlement principles, organizational arrangements, and design criteria to be applied to subprojects prepared during project implementation. Subproject resettlement plans consistent with the policy framework are subsequently submitted to the Bank for approval after specific planning information becomes available (OP 4.12, Annex A, paragraph 23) and before the subproject is accepted for Bank financing (OP 4.12, paragraph 29).

⁸⁹ Aide Memoire, November 2018.

⁹⁰ Project Paper AF, p. 5, paragraph 3.

⁹¹ Project Paper AF, p. 39, paragraph 11.

110. Out of the 466 families resettled under the earlier phase, 327 chose houses at a residential complex called Zilda Arns, close by the site of origin.⁹² The remaining 139 families elected cash compensation, had scattered, and too few could be found for the evaluation study. The ex-post evaluation thus only covers those who moved to the resettlement site. It reported an overall 71 percent satisfaction rate regarding replacement housing, a 92 percent satisfaction rate with the new location, and 94 percent of the residents were satisfied with the resettlement process.

111. In Phase 2, the Project essentially replicated the same RPF with no significant modifications in the framework or practices. The 2014 RPF states that “*the principles and guidelines are the same as those adopted in the previous phase.*”⁹³ However, significant changes were introduced in Phase 2 RAPs pertaining to eligibility criteria, compensation provisions, and alternative resettlement options.⁹⁴

112. The Panel notes that no assessment was conducted to understand the specific characteristics of the Phase 2 resettlement. The Panel observes that the involuntary resettlement under Phase 2 is significantly larger and the socioeconomic environment more complex than the resettlement under Phase 1, and there are inherent community tensions. An additional new resettlement option – “monitored resettlement,” in which the Project buys replacement properties selected by the PAPs – was introduced in Phase 2. Furthermore, the Panel believes Phase 2 required the inclusion of specific, livelihood restoration measures. This necessitated renewed assessment.

113. The Phase 2 strategy did not reflect the socioeconomic environment in which the Project operates. The Panel notes that, while not a policy requirement, a targeted socioeconomic assessment in the Project area during RPF preparation to inform Phase 2 resettlement would have identified the heterogeneity of the affected population and their resistance to resettlement. Thus, the strategy guiding resettlement might have been different, and the related harm might have been avoided. This and other key omissions led to findings of non-compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12, detailed below.

114. In summary, the Panel observes that the original and the revised 2020 RAPs (i) lack a comprehensive socioeconomic baseline for the PAPs and a full inventory of lost assets, (ii) fail to disaggregate Project impact for the heterogeneous PAP population and to design differential resettlement assistance measures, (iii) do not analyze livelihood strategies in order to match PAP needs and capabilities with livelihood restoration measures, and (iv) do not pay special attention to the most vulnerable PAPs.

115. Discussion of the principle of avoidance or minimization is contained in chapter 2. The timeliness of disclosure, the importance of consultation, the participation of PAPs in design of the

⁹² Resettlement Policy Framework (RPF), 2007, p. 13. See also Involuntary Resettlement Works 1 - Evaluation of Results and Impacts, p. 24. It adds that 475 families were successfully resettled in Phase 1. Of these, 327 families opted for resettlement in a residential complex (21 families in “mixed” properties and 306 in “residential” properties) and 139 families opted for cash compensation (p. 105).

⁹³ RPF, 2014, p. 7.

⁹⁴ The revised RAP 1 was completed at the time the investigation started. It is used as a reference point in this Report because of its earlier availability. All RAPs adopt the same methodology and structure but include data specific to each working area covered.

RAPs, and the availability and accessibility of a grievance redress mechanism are covered in chapter 4. The resettlement of physical cultural resources is examined in chapter 5.

3.2. Identification of PAPs, Census, and Socioeconomic Data

3.2.1. Request for Inspection

116. According to the Requesters, the original RAP identifies 119 families in Phase 2-affected areas – 34 of which will be partially affected and 85 totally affected. The Requesters claim there are other families that arrived in the area after 2014 and are not considered in Project documents for resettlement, and after the RAP preparation.⁹⁵ The Requesters observe that on Boa Esperança Avenue, as in Mafrense, some houses received a seal indicating likely resettlement.

117. The Requesters allege that this involuntary resettlement fails to consider the conditions under which the affected population lives, and that these conditions are not factored in finding ways to recover their livelihoods.⁹⁶ They told the Panel that information about their livelihoods was not collected.

3.2.2. Management Response

118. Management states a socioeconomic survey was conducted for each area as part of the preparation of each RAP. Management considers that the survey would safeguard against impoverishment risks and enable affected people to share in Project benefits. The socioeconomic analysis covers all aspects relevant to the resettlement program. It evaluates, among other things, family composition, gender, income-generating activities, structures, and their use by affected people (residential and commercial). Management adds that a baseline survey was conducted in 2012 to gather information on the conditions and quality of life of the overall population of the Lagoas do Norte region. That analysis focused on environmental and social sustainability.⁹⁷

119. Management notes that a preliminary census of the overall Project area to identify potentially affected households was carried out in 2014 and finalized in 2015. As a result, it estimated the Project would affect 1,730 properties and 2,180 families. Houses deemed “affected” received a seal and a census code registered in the Municipality.⁹⁸ Management states the number of properties affected by the Project at the time of drafting the Response is estimated at 997. Of this number, 301 families involving 177 properties have already been resettled. Management adds that this number is subject to revision as the designs for some Project activities are reviewed to minimize the number of families to be resettled.⁹⁹

120. Management acknowledges that RAPs were not fully in line with Bank policy requirements and need updating and strengthening. This pertains mainly to the declaration and communication of a cut-off date for the Project and the fact that a cut-off date was never disclosed. It adds that the

⁹⁵ Request for Inspection, p. 1.

⁹⁶ Request for Inspection, p. 4.

⁹⁷ Management Response, p. 43, response to claim No. 12.

⁹⁸ Management Response, p. 22, response to claim No. 1.

⁹⁹ Management Response, p. v, paragraph vi.

Borrower recently agreed to establish a new cut-off date of October 14, 2019, which is now properly communicated and disclosed.

121. Management, however, considers that this oversight did not adversely affect the PAPs, since all residents who moved into the Project area prior to the October 14, 2019 cut-off date are eligible for compensation should they need to be resettled. This includes the owners of structures dismantled by the Borrower in August 2019.¹⁰⁰ Management asked the Borrower to update the census by the end of December 2019.¹⁰¹

3.2.3. Bank Policies

122. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires borrowers to conduct a census to identify the people who will be affected by involuntary resettlement, to determine who will be eligible for assistance “*and to discourage inflow of people ineligible for assistance.*” The policy requires borrowers to develop procedures, satisfactory to the Bank, for establishing the criteria under which displaced persons will be deemed eligible for compensation and resettlement assistance.¹⁰²

123. The policy also requires that eligible persons be provided resettlement assistance “*to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date established by the borrower and acceptable to the Bank.*” The policy specifies that people who encroach on the area after the cut-off date are not entitled to compensation or resettlement assistance.¹⁰³

124. Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 6 (a) on resettlement instruments requires that socioeconomic studies “*are conducted in the early stages of project preparation and with the involvement of potentially displaced people.*” These studies should include the results of the census survey covering (i) current occupants of the affected area, (ii) “*standard characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population,*” (iii) the magnitude of the expected total or partial loss of assets, and the extent of physical or economic displacement, (iv) information on vulnerable groups or people for whom special provisions may have to be made, and (v) updated information on the displaced people’s livelihoods and standards of living at regular intervals so that the latest information is available at the time of displacement.¹⁰⁴

¹⁰⁰ Management Response, p. vi, paragraph ix.

¹⁰¹ Management Response, p. 23, response to claim No. 1.

¹⁰² Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 14.

¹⁰³ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 16.

¹⁰⁴ Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 6 (a).

3.2.4. Panel Observations, Analysis and Findings

125. **Cut-off Date and Census Data.** A census of the Project area was conducted between 2014 and 2015. The process intended to register properties and identify those who would be fully or partially affected. The Project classified the properties based on whether they were sited below 55 meters ASL.¹⁰⁵ The Panel was informed that officers conducting the census visited each property, registered it, and placed a seal on each house considered affected. During the field visit, PAPs told the Panel about their experience with the identification process. They report that no permission was sought to enter their property, no explanation was provided about what the officers were doing, no explanations were offered about resettlement, and no census information was collected from the family. PAPs told the Panel they did not know the reason for these visits until months later and, for some of them, even years after the sealing.

126. When seals were affixed to properties in 2014 and 2015, no cut-off date was established, as required by Bank policy, to register those eligible for compensation and resettlement assistance, to prohibit additional construction on the properties, and to prevent opportunistic outsiders seeking compensation benefits from encroaching on the area. This was acknowledged in the Response. As a result, additional structures were built by some PAPs, and squatters encroached on some of the affected areas. It was only after the Request was filed that the cut-off date of October 14, 2019, was established.

127. All the RAPs were revised in 2020. RAP 2 for the Mafrense neighborhood took into consideration the cut-off date of October 14, 2019, and included an additional 44 households that settled in the area between the census and this cut-off date, bringing the total number of affected households to 170. Similarly, other revised RAPs now reflect an updated number of affected households (RAP 3 includes 148 additional houses and RAP 4 an additional 41). The October 14, 2019, cut-off date and consequent revision of the RAPs addressed the Requesters' concern that all affected households be captured in the RAPs. The Bank reports that the census of affected households has been updated in all the revised RAPs in 2020 and this seems to be the case (see Annex 3).

128. Following the field visit, the Panel received the updated 2019 census of the households whose properties are totally affected.¹⁰⁶ The Panel also received maps showing assets that are totally or partially affected, and attributing these determinations to flood risk area, APPs, or access to green areas to allow environmental recovery of the borders of the lagoons.

129. The Panel notes that for households and families potentially affected by the works intended to strengthen the dike and Boa Esperança Avenue, the relevant RAP (RAP 6) cannot be finalized until the study of alternatives is completed. Nevertheless, based on prior studies some of the houses received a “*seal*” in 2014 indicating their likely resettlement. The Project initially estimated 351 properties with 347 resident households would be affected.

130. The Panel notes that a cut-off date is a time-marker by which affected people are identified and deemed eligible for compensation or resettlement assistance. Anyone who occupies or uses a

¹⁰⁵ Revised RAP 1, p. 11 and revised RAP 3, p. 10.

¹⁰⁶ Project's Summary of the 2019 Census.

parcel of land to be taken by a project prior to the cut-off date would benefit from such assistance. Additionally, a properly disclosed cut-off date serves to identify new, speculative land-use that can be denied compensation and resettlement assistance. Encroachers are usually considered fraudulent as they would know, due to public disclosure of the cut-off date, which land is being taken. Therefore, cut-off dates are fundamental to establish landowner or occupant eligibility.

131. Normally a cut-off date is when the census begins and is used to establish the PAPs' eligibility and their entitlements. The Panel observes the original RAPs approved by the Bank did not include comprehensive PAP census data or an affected-persons assets inventory. According to many PAPs the Panel met with, no census data were gathered during the registration and sealing of their properties. When the RAPs were revised in 2020, the numbers of affected families were updated.

132. Furthermore, the revised RAPs do not contain comprehensive updates of the asset inventory to reflect the community's socioeconomic heterogeneity. Bank staff portray the PAPs as poor and indigent, trapped in the informal economy, and it appears many are. But field observations belie this generalization, as some PAPs were seen living in large consolidated houses made of concrete blocks with zinc or tile roofs and garages. They own automobiles and motorcycles, patios with gardens and fruit trees, and have their own workshops, bars, shops, and restaurants.

133. Many PAPs remain unclear on the criteria used to determine whether and why their properties are affected. For many of the PAPs interviewed this is the case, but it is particularly worrisome for the people living between Boa Esperança Dike and the Parnaíba River. These families make their livings by farming in river water recession gardens (called "*vazante*"), collecting and recycling waste, artisanal fishing traded mostly at São Joaquim Market, and gathering fruit for Rui Barbosa Market. They told the Panel they heard from neighbors about the risk of displacement and involuntary resettlement, but said "*their houses have not been sealed,*" and they do not know if they and their productive activities will be affected. They believe "*they are invisible*" to the Project.

134. The descriptions of the PAPs in the RAPs fail to capture this heterogeneity in socioeconomic status. The RAPs do not delineate or analyze assets affected, such as livestock pens, agricultural fields, fishing boats and gear, community gardens, fruit trees, household gardens, etc. Shops, bars, restaurants, grocery stores, beauty parlors, barbershops, workshops, etc. are lumped together as "*commerce*" – either free standing or operated out of residences. The revised RAPs indicate that a formula exists for calculating compensation for "*commerce*" and property, including land. The formula is discussed below.

135. It is unclear to the Panel how the census was used to determine eligibility for compensation and other resettlement assistance without any updated information on assets affected. Staff interviewed reported that the amount of cash compensation is determined on a case-by-case basis by the Social Unit during the negotiation process after the finalization of the RAP.

136. **Socioeconomic Baseline.** The Panel reviewed the 2012 socioeconomic baseline survey¹⁰⁷ used to aggregate data about the population affected by resettlement. The Panel notes that the survey was conducted on the entire population of more than 100,000 people living in the Lagoas do Norte region – not on the smaller subset of PAPs – and the baseline survey does not disaggregate the data for the PAPs. The Panel also notes that the information in RAP 1 is presented in terms of percentages – for example, 51 percent of residents are working, 61 percent are female heads of household, and 63 percent of houses are valued at less than R\$65,000 (US\$12,237.67¹⁰⁸).¹⁰⁹ Such descriptors of the entire population should not be used for the purpose of the resettlement. Moreover, the survey has not been updated, the information is eight years old, and does not necessarily describe the current condition of the PAPs.

137. The Panel notes there has been no targeted socioeconomic survey to determine current production systems, labor, and income from both formal and informal economic activities of the displaced population. The RAPs should have been designed using such information and involving PAP participation. The Panel reviewed the revised RAPs and notes that they provide no socioeconomic data specifically on the PAPs disaggregated in terms of employment, income streams, assets, production systems, education levels, literacy, etc. No socioeconomic breakdown of impact is presented – such as the number of families losing jobs, farmland, gardens and fruit trees, businesses, fisheries, workshops, etc. This contradicts Management’s claim that a comprehensive socioeconomic survey was conducted for each area as part of the preparation for each RAP.

138. The Panel visited several households in Mafrense and on Boa Esperança Dike. From discussions with each household the Panel learned that affected families derive their livelihoods from multiple sources. A number have informal jobs. The income earned is supplemented by part-time fishing, raising and selling garden vegetables, herbs for *Umbanda* rituals, fruit, and field crops, manufacturing of religious icons and other wood artwork, collecting and recycling waste, working at beauty salons, barbershops, and bars, or selling home-cooked food.

139. The Panel further notes that the Social Unit is updating the socioeconomic data of the PAPs at the time of resettlement negotiation. However, this process of data collection is neither systematic nor comprehensive. The same applies to the methodology for determining compensation and resettlement assistance, which is said to be “*described during implementation*” to the PAPs.¹¹⁰

140. The Panel notes that validation of information during negotiations may compensate for weaknesses in the data gathered and presented in the revised RAPs. Nevertheless, it is late to utilize

¹⁰⁷ Semplan, Programa Lagoas do Norte, Socioeconomic Baseline Study – 2012.

¹⁰⁸ Using the exchange rate of June 21, 2020.

¹⁰⁹ Original RAP 1, p. 21 and revised RAP 1, p. 24. Revised RAP 2 reports 67 percent of residents are working, 77 percent are female-headed households, 87 percent of houses are valued at less than R\$65,000, p. 18. Revised RAP 3 reports 73 percent of residents are working, 71 percent are female-headed households, 88 percent of houses are valued at less than R\$65,000, p. 21. Revised RAP 4 reports 78 percent of residents are working, 70 percent are female-headed households, 82 percent of houses are valued at less than R\$65,000, p. 21.

¹¹⁰ Revised RAP 1, pp. 63 and 64, and Annex 1.

the new data in the design of compensation, livelihood, and resettlement assistance policies and practices.

141. This work-around – validating data during negotiations – does not meet the policy requirement that “*displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs.*”¹¹¹ Compensation and resettlement assistance information should have been disclosed and discussed prior to RAP design, finalization, and dissemination. Instead, compensation and resettlement assistance have been decided without analysis of current socioeconomic production activities, or consideration of reestablishing these activities in a new location, or consultation with PAPs about whether they wish to continue them or switch to other socioeconomic activities.

142. The Panel notes, as stated in Bank policy, that the cut-off date for establishing eligibility is the date the census begins. The cut-off date could also be the date the project area is delineated, prior to the census. **As acknowledged in its Response, Management failed to ensure establishment of a cut-off date before determining the eligibility of PAPs, as required by Bank Policy on Involuntary Resettlement, OP/BP 4.12. However, since Management established a cut-off date after Panel receipt of the Request for Inspection, it is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 14.** The Panel observes that the new cut-off date should enable PAPs whose houses were dismantled prior to this date to benefit from the RAP provisions. This issue is covered in other sections below.

143. Nevertheless, **the Panel finds the lack of comprehensive socioeconomic data regarding production systems, labor, and household organization, and data on livelihoods, is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 6 (a).** The data collected should have included production levels and income derived from both formal and informal economic activities, and information on the standards-of-living of the displaced population.

3.3. Adequacy of Compensation

3.3.1. Request for Inspection

144. The Requesters allege that the involuntary resettlement being carried out fails to consider (i) the serious economic, social, and environmental risks and the breakdown of production systems, (ii) the impoverishment associated with loss of property or sources of income, (iii) the conditions of production of goods and services when relocated from their places of origin to less advantageous sites, and (iv) unfair appraisals of property and real estate that were not conducted in advance. They further claim the replacement cost method, which should include transaction costs, was not used.¹¹²

¹¹¹ OP 4.12, paragraph 2 (b).

¹¹² Request for Inspection, pp. 3 and 4.

3.3.2. Management Response

145. Management indicates that the compensation for PAPs as provided in the RAPs exceeds the requirements of Bank policy and Brazilian law.¹¹³ Management claims all PAPs who must be physically resettled – regardless of their legal status as owners or illegal occupants of the land – are offered three compensation options from which they can choose: Cash compensation, new housing units, or monitored resettlement.¹¹⁴

146. Furthermore, Management states owners (those with legal land title) are compensated at full replacement cost for their land, assets, and any improvements they made to them. Squatters (those with no recognizable legal right or claim to the land they occupy) are compensated at 70 percent of the value of these lands and full replacement cost for assets lost and improvements made to them. Renters are eligible for resettlement assistance for a period of 12 months (cash compensation equal to R\$5,770.65¹¹⁵ or roughly US\$1,086.45¹¹⁶).

147. Management states that affected properties are assessed and compensated according to their use (housing only, commerce/economic activity only, or mixed use). Properties used for commerce/economic purposes are compensated at a value 50 percent higher than those used only for housing. Management adds that the resettlement site in Parque Brasil offers additional space to reestablish commercial or economic activity.¹¹⁷

3.3.3. Bank Policies

148. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that displaced people receive full replacement cost for losses of assets directly attributable to the project.¹¹⁸ The policy requires a specific methodology be used to determine replacement cost, and a description of the proposed types and levels of compensation under local law and such supplementary measures as may be necessary to achieve replacement costs for lost assets.¹¹⁹ It also requires that displacement not occur before compensation and other resettlement assistance is provided.¹²⁰

149. The policy requires cash compensation sufficient to replace lost land and other assets at full replacement cost in local markets.¹²¹ It requires that displaced people receive assistance (such as moving allowances) during relocation, and get residential housing, or house sites, or agricultural sites whose productive potential, locational advantages, and other factors are at least equivalent to those of their old sites.¹²²

¹¹³ Management Response, p. 13, paragraph 37.

¹¹⁴ Management Response, p. 12, paragraph 34.

¹¹⁵ Management Response, p. 34, response to claim No. 6.

¹¹⁶ Using the exchange rate of June 21, 2020.

¹¹⁷ Management Response, pp. 33 and 34, response to claim No. 6.

¹¹⁸ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (a) (iii).

¹¹⁹ Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 10.

¹²⁰ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 10.

¹²¹ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 12.

¹²² Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (b).

150. According to the Bank policy, displaced people eligible for compensation and resettlement assistance include those lacking formal legal rights to the land at the time the census begins but who have claims to such land or assets, provided that these claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan.¹²³ The policy indicates that such claims could arise from continued possession of public lands without government action to evict (that is, with implicit leave of the government).¹²⁴

3.3.4. Panel Observations, Analysis, and Findings

151. The Panel reviewed the RPF, and the original and revised versions of the RAPs. The Panel also met with the Social Unit implementing the RAP and with the consultants who designed the original RAPs. The Panel notes that the RAP consultants conducted their field work between 2014 and 2016. In preparation for this work, they were briefed by Bank staff on Bank Policy on Involuntary Resettlement, OP/BP 4.12, in February 2014. According to the consultants, this briefing did not address the gaps between Bank policy and the policy adopted by the Project. The Panel believes this was a missed opportunity as gaps exist and were not addressed in the RAPs.

152. The Panel analyzes below the valuation methodology contained in the RAPs and the three compensation alternatives the Project offered displaced families in Lagoas do Norte. The Panel understands the Project also includes a variant of monitored resettlement – “*crossed resettlement*” – whereby a family unaffected by the Project but desiring to benefit from resettlement can switch houses with an affected household and be resettled in its place.¹²⁵

153. **Valuation Methodology.** The PAPs claim that how compensation is determined was never explained to them, and that they were not told why they received more or less than their neighbors. During its visit, the Panel went to three adjacent houses of similar household composition. One had construction in the backyard and the household was told by the Project they would receive a unit in Parque Brasil and substantially more money than the other two households, which received only compensation money. None of them understood what justified the differences in the compensation each received. The Bank, on the other hand, states it has examined the application of the formula and is satisfied compensation for assets is fair.

154. The Panel reviewed the formula for determining compensation for assets lost, contained in annexes to the RAPs (see Box 3). The formula is: $VI = (VT+VB)FC$, where VI is the property

Box 3 – Valuation Formula for Compensation for Assets Lost

$$VI = (VT+VB)FC$$

VI	Property value (estimated from recent sales in the vicinity)
VT	Land value (market value and recent sales)
VB	Improvement value
FC	Commercialization factor

¹²³ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15 (b).

¹²⁴ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15 (b) and footnote 20.

¹²⁵ Revised RAP 1, p. 68.

value (estimated from recent sales in the vicinity), VT is the land value (market value and recent sales), VB is the improvement value, and FC is the commercialization factor.

155. The revised RAPs consider it impossible to calculate the value of all improvements due to the “*large number of properties*.”¹²⁶ The RAPs define and use five representative housing construction categories: Normal, normal/low, low, minimum, and below minimum. For each category typical residences were priced based on an average value per square meter. Then the area of each assessed residence is multiplied by this value, generating VB (improved value). To complement the property evaluation, improvements such as gates, walls, and bathrooms, depending on the type of property, were considered during the cadaster survey.

156. The commercialization factor relates to the theoretical value of the property (VT + VB), thus bringing the estimated value closer to regional market realities. The commercialization factor is obtained from the average of the ratios between advertised prices for properties for sale (market research) and the estimated values. The Panel notes that for mixed-use or commercial properties, the construction value is increased 50 percent for the commercial use area, to mitigate the cost of relocating an existing business.¹²⁷

157. The Panel notes that this methodology is limited to land and structures. The RAPs do not include a methodology to value vegetable gardens, orchards and fruit trees, poultry pens, dry agricultural land, livestock corrals and barns, irrigated agricultural land, fishponds or tanks, and other income-producing resources, each of which has a distinct replacement value. Additionally, differential values of property used for commerce are not used to reflect, for example, the actual replacement costs of barbers’ chairs, auto service or repair garages, coffeeshops, vegetable and/or fruit stands, motels or hotels, grocery stores, small shops, restaurants and bars, or kiosks. The Panel observes that the compensation methodology does not adequately reflect differential full replacement costs for all lost productive assets.

158. In terms of land valuation, the Project distinguishes between PAPs with legal, registered, land ownership titles and those without such titles. Those with proof of ownership receive 100 percent of the value of the land in compensation; the others receive only 70 percent of the land value. Both categories can choose from the same three alternatives described below. It should be noted that most inhabitants of Lagoas do Norte lack land titles.

159. According to Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15, there are three categories of inhabitants: (i) Those with formal legal rights to land, (ii) those without formal legal rights to land when the census begins, but who have a claim to such land or assets, provided such claims are recognized under the country’s laws, or become recognized through a process identified in the RAP, and (iii) those with no recognizable legal rights or claim to the land they occupy. The Panel found no analysis assessing the PAPs against these three categories of land tenure.

160. The RAPs provide a breakdown of those with title to their lands and those without. However, for those in the latter category the RAPs do not distinguish between those with

¹²⁶ Revised RAP 1, Annex 1, p. 2.

¹²⁷ Revised RAP 3, Annex 1.

recognizable claims – which would justify compensation at full replacement cost – and those without such claims. The RAPs simply view all PAPs without titles as families without recognizable claims and award them 70 percent of the value of the land in compensation.

161. **Cash Compensation.** As stated above, residents with legal proof of ownership to the land are paid cash compensation at full replacement value. There is no ceiling on cash compensation amounts. This compensation is to be used to buy replacement property elsewhere and is in line with Bank policy.

162. The Panel notes that the majority of PAPs are occupants without proof of ownership to the land. They comprise 68 percent of residents in Masaseira, São Joaquim, Piçarreira, Oleiros, and Mocambinho covered by RAP 1, 81 percent of residents in Mafrense covered by RAP 2, and 80 percent of residents in São Joaquim and Lago Oleiros covered by RAP 3. In Brazil, those without proof of ownership of their land are considered squatters. The Panel understands that under Brazilian law, squatters are entitled only to compensation for the structures and improvements on land lost, but not for the land itself.

163. As described in the RAPs and confirmed in various meetings, the Project offers cash compensation up to 70 percent of the land value to those considered squatters (even though no such payment is required under Brazilian law). Management considers this to be more generous than Bank policy and Brazilian legislation. The Project also offers 100 percent of the value of houses.

164. The Panel notes that many of these PAPs have occupied their lands for decades; some told the Panel they were among the first occupants of Lagoas do Norte, having arrived at a time when no titles were given in the area. The Panel met with an older couple living on Boa Esperança with some of their children and grandchildren. They said they were the first couple in the area and had settled there more than 40 years ago. The Panel met with another older woman near the confluence of the rivers who said she and her sister were the first to possess land, build a house, and live there. Rights to land possession established in this manner have been customarily recognized by local inhabitants for decades.

165. Similarly, these residents have been implicitly recognized by the local Government, which has provided many households with basic infrastructure such as roads, sanitation, metered water, and electricity. Local Government has collected payment for these public services and has not evicted or tried to evict these occupants.

166. The Panel notes that Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that occupants lacking proof of ownership be considered legal occupants of their lands eligible for compensation at full replacement value if they have enjoyed “*continued possession of public lands without government action for eviction.*”¹²⁸ The Bank’s Involuntary Resettlement Sourcebook considers that a state tolerating the encroachment, and even imposing taxes and other fees on the occupants, effectively establishes the occupants’ informal or customary rights to that land.¹²⁹ In the Panel’s view this provision may apply to PAPs whose occupation is uninterrupted, recognized

¹²⁸ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15 (b) and footnote 20.

¹²⁹ Involuntary Resettlement Sourcebook, p. 37.

de facto by the Government's provision of paid public services, and who have faced no Government action for eviction.

167. The Panel notes that neither the RPF nor RAPs analyze situations fitting this policy provision.¹³⁰ Therefore it is unclear whether any PAPs should have been categorized as having recognized claims to the land – either under Brazilian law or through a process identified by the RAP.

168. **Monitored Resettlement.** The Panel reviewed the monitored resettlement alternative under which the PMU allocates to eligible PAPs up to R\$77,000 (US\$14,496.93¹³¹) for the purchase of a replacement house. In August 2018 the Borrower commissioned a survey of the housing market and 205 houses were identified as available in the Project area for potential purchase by affected families. Under this option, the displaced person or family seeks new housing in the real estate market. Once a house is identified, the PMU purchases it on behalf of the displaced person and registers it in that person's name.

169. During the field visit, the Panel discussed this alternative with the PMU and several PAPs. The PMU informed the Panel that this is the alternative preferred by PAPs as it enables them to stay in the area. The PMU later told the Panel team a market study conducted in 2018 indicated that houses are priced between R\$80,000 and R\$130,000 (US\$15,061.74 - \$24,475.33¹³²), which is above the R\$77,000 initially estimated.¹³³

170. PAPs told the Panel that due to inflation they cannot find comparable and affordable houses within the maximum R\$77,000 threshold established under the resettlement plans. They also said the value of their own houses had changed with the inflation. The Panel met with a household comprising an economically active older couple, their son and daughter-in-law, and their grandchildren. The family lived in side-by-side houses, both of which received seals. One of the houses had a grocery store in the front and a makeshift automobile body shop in the back. They told the Panel that to replace their house, they would need between R\$120,000 and R\$180,000 (US\$22,592.61 - US\$33,888.92¹³⁴). The Panel visited other households marked for displacement; they all said the monitored resettlement amount was insufficient and that equivalent replacement houses cost on average R\$150,000 (US\$28,240.77¹³⁵). PAPs added that house prices had risen in Lagoas do Norte, too, since sellers knew the compensation being paid and were holding back sales, intentionally creating a shortage.

171. The Panel understands inflation of house prices is common during large resettlements. It notes this could have been predicted had the Project enjoyed greater social expertise from the onset

¹³⁰ The Panel notes that local communities throughout Asia, Africa, and the Americas hold upwards of 65 percent of the land area under customary tenure systems and national governments have regularized, legalized, or otherwise recognized about 2.75 percent of those holdings (see Rights and Resources Initiative, *Who Owns the World's Land? A Global Baseline of Formally Recognized Indigenous and Community Land Rights*, 2015. Available at: <https://rightsandresources.org/en/publication/whoownstheland/#sthash.TwrhhVM5.dpbs>).

¹³¹ Using the exchange rate of June 21, 2020.

¹³² Using the exchange rate of June 21, 2020.

¹³³ See Semplan 2018: Banco de Imóveis – Programa Lagoas do Norte 2018.

¹³⁴ Using the exchange rate of June 21, 2020.

¹³⁵ Using the exchange rate of June 21, 2020.

of Phase 2. Internationally recognized experts with large-scale development project experience are likely to have foreseen the inflationary impact of monitored resettlement on property values. The involvement of internationally recognized expertise in resettlement is discussed below.

172. The Panel considers that monitored resettlement would be in line with Bank policy if it could adjust to market conditions to match replacement value at the time of displacement. An inflexible cap of R\$77,000 established long before the implementation of most RAPs does not reflect full replacement cost, as required by Bank policy.

173. **Parque Brasil.** Parque Brasil is a residential complex built by the Borrower with funding from the *Caixa Econômica Federal* (an agency of the Federal Government of Brazil).¹³⁶ It comprises 1,022 housing units, each approximately 45 square meters. The complex includes single family houses (350 units, 100 of which will be equipped with areas for commercial activities) and apartments (672 units). Located about four kilometers north of Lagoas do Norte, Parque Brasil will be provided with public services such as drainage, water supply, sanitation, and electricity. Households who chose this option will receive one unit per nuclear family; this applies to adult children or dependents.

174. Overall infrastructure and services such as education, health, and public transportation are available in the neighborhood. The PMU considers that by constructing community centers, recreational spaces, and places of worship, etc., the Project will ensure that Parque Brasil fosters and preserve family and social networks.¹³⁷

175. The construction of Parque Brasil suffered many delays. The Borrower considered two alternative resettlement sites before reverting to Parque Brasil. At the time of Management's Response, construction was expected to be completed by March 2020.¹³⁸ When the Panel visited Parque Brasil it learned the housing units would be ready for occupants by June 2020. PAPs who chose this resettlement alternative are provided with rental houses until units in Parque Brasil become available.¹³⁹

176. The Panel notes that PAPs who elect resettlement in Parque Brasil face constraints that call into question the adequacy of this alternative. First, as noted above, at the time of the field investigation Parque Brasil was still under construction, public services were not yet available, and it was not ready for occupancy. Construction of a school inside the complex had not begun. Nevertheless, displaced families whose homes were prematurely destroyed to make way for Project-related civil works are renting temporary housing provided by the Project until Parque Brasil is ready.¹⁴⁰ A total of 98 households are in this situation.¹⁴¹

177. The Panel observes that the Bank did remind the Borrower about the need to perform due process and provide compensation, in line with Bank policy, before moving Project-affected

¹³⁶ Management Response, p. 23, response to claim No. 1.

¹³⁷ Management Response, p. 12, paragraph 36.

¹³⁸ Management Response, p. 12, paragraph 36.

¹³⁹ Revised RAP 1, p. 67.

¹⁴⁰ Management Response, p. 23, response to claim No. 1.

¹⁴¹ Revised RAP 1 lists four households (p. 70), revised RAP 2 lists also four households (p. 55), revised RAP 3 lists 33 households (p. 59), and revised RAP 4 lists 57 households (p. 52).

people or dismantling structures. Consequently, the Borrower ceased dismantling houses prior to resettlement.

178. Second, in interviews with PAPs the Panel learned that very few want to move to Parque Brasil. Many of the poorest PAPs recognize that the Parque Brasil houses are superior to their current homes and that they will receive ownership titles to their replacement houses, giving them more security and a higher standard of living. Nevertheless, they are doubtful about their employment prospects, despite assurances they will be able to take existing buses from Parque Brasil back to their current jobs. Similarly, those who make their livings from the sale of services – at beauty salons, barbershops, bars, or by selling home-cooked food – depend on foot traffic which is unlikely to develop at Parque Brasil for years, and then only if the complex's occupants are gainfully employed.

179. Many who are employed as wage-earners derive some of their income from gardening vegetables, collecting herbs for *Umbanda* sanctuaries, growing fruit, and selling field crops such as okra, cassava, sweet pepper, beans, pumpkin, sweet potatoes, and sugar cane. The lots for Parque Brasil houses are too small to sustain these ancillary, subsistence production activities, and too far from local markets to be cost-effective. PAPs dependent on these income sources view conditions at Parque Brasil negatively.

180. In March 2020, the PMU informed the Panel that 50 apartments in Parque Brasil were already allocated. Among the many PAPs the Panel met with and discussed the Parque Brasil option, three seemed interested in this alternative. One was a partially affected household that would lose a four-square-meter room in its garden in which a son lives. As a cohabitant of the partially affected household, the son is entitled to replacement housing. In this case, the parents will stay where they are – albeit with a smaller garden – and their son will move to a new unit in Parque Brasil. In another household of two sisters and their children, the cohabitating sister will receive a house in Parque Brasil and was satisfied with this option. Parque Brasil seems a good alternative for cohabitant family units with no assets.

181. Third, Parque Brasil is not a Project-designed or directed program but a preexisting federal Government program. The Panel notes that the Borrower included it as an alternative by enlarging the size of the houses in response to criticism received in Phase 1. The Panel observes that since Parque Brasil was an existing program with an established location, regulations, policies, practices, and norms, the PAPs had no opportunity to participate in site selection or to discuss whether the complex's productive potential, location, and other factors were at least as advantageous as those of their old site, as Bank policy requires.

182. The Panel observes – as demonstrated in various supervision documents – that neither the Borrower nor the Bank had much control over Parque Brasil. Yet having such control is critical to ensure compliance with Bank policy. The Panel notes that when a preexisting program such as this one is utilized, provision must be made to allow PAPs to participate in decision-making related to the site and other aspects to secure the objectives and meet the needs of involuntary resettlement.

183. The Panel finds that the RAPs include neither a comprehensive methodology nor formulae to evaluate the full extent of losses suffered by PAPs to be displaced, which is in

non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 10. The formula in the RAPs is limited to land and houses and does not value income stream and livelihood losses from produce generated in the homestead. Additionally, the formula does not differentiate between the various types of businesses on which the households rely for their livelihoods. The Panel notes that in the case of mixed-use or commercial property, the unit value of the construction standard of this property is increased by 50 percent over the area with commercial use.

184. **The Panel finds that neither the RPF nor the RAPs analyze situations where PAPs lack legal title but have long enjoyed continuous occupancy of lands without eviction (i.e., with the implicit leave of the Government). This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15.**

185. **The Panel finds that, due to recent housing price inflation, the R\$77,000 cap established for the monitored resettlement, while it may have been adequate initially, has not reflected full replacement cost since 2018. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (a) (iii).**

186. **The Panel further finds that the Project was in non-compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12, for displacing people and dismantling houses prior to payment of compensation or readiness of the resettlement site. However, with Management's assurances in its Response that displacement will occur after compensation, and that eligible owners of dismantled structures will be compensated in line with Bank policy, the Panel finds that the Project is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 10.**

187. **The Panel considers the use of a preexisting program to fund the construction of a resettlement site a cost-effective and practical initiative. Nevertheless, the Panel finds that modalities should have been included to ensure Bank policy provisions would be applied, including PAP participation in site selection and their consultation on how the new site's productive potential, location, and other factors compare to those of the old site. The Panel finds the failure to do this is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (b) (ii).**

3.4. Vulnerabilities and Disruption of Social Networks

3.4.1. Request for Inspection

188. **The Requesters claim that some families have lived in Lagoas do Norte for 40 years and their homes have great sentimental value. Others support themselves by work performed in their homes. Furthermore, there are needy people who depend on the help of their closest neighbors, since they have lived so long in the area. And there are elderly people who form part of the community's history.**¹⁴²

¹⁴² Request for Inspection, p. 2.

3.4.2. Management Response

189. Management acknowledges the Requesters' concerns. It states that the Project supports activities to strengthen community associations and civil society organizations to improve access by families to social programs.¹⁴³ Management adds that the RAPs provide for the elaboration of an overall Social Work Project (*Projeto de Trabalho Social*) to support integration of resettled families and allow them to rebuild family and community links, as well as income-generation capacity.¹⁴⁴

190. Management indicates that Parque Brasil – the only resettlement alternative with a predetermined location – provides PAPs the opportunity to foster and preserve family and social networks through community centers, recreational spaces, places of worship, etc.¹⁴⁵

3.4.3. Bank Policies

191. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that “*particular attention*” be paid to the needs of vulnerable groups among those displaced. The policy lists as vulnerable those below the poverty line, the landless, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected by national land compensation legislation.¹⁴⁶

192. The policy also requires that patterns of community organization appropriate to the new circumstances are based on choices made by the displaced persons. It adds that, to the extent possible, the existing social and cultural institutions of the displaced should be preserved and the preferences of the displaced, with respect to relocating in preexisting communities and groups, are honored.¹⁴⁷

3.4.4. Panel Observations, Analysis, and Findings

193. The Panel notes that the Project defines “vulnerable families” as those with monthly per capita income equal to or less than one-half the national minimum wage, and those living in precarious houses. It also defines as “extremely vulnerable” households headed by females, families having people older than 60, families with disabled people, families with a monthly per capita income equal to or less than a quarter of the national minimum wage, families in flood risk areas, and victims of domestic violence.¹⁴⁸

194. The PAD for Phase 1 states that approximately 65 percent of the population of Lagoas do Norte “*earns less than three minimum wages per month (or about US\$1.5/person/day)*.”¹⁴⁹ It adds that 25 percent of families in Lagoas do Norte live below the poverty line and 26 percent are

¹⁴³ Management Response, p. 16, paragraph 49.

¹⁴⁴ Management Response, p. 14, paragraph 39.

¹⁴⁵ Management Response, p. 12, paragraph 36.

¹⁴⁶ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 8.

¹⁴⁷ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c).

¹⁴⁸ Revised RAP 1, pp. 79 and 80.

¹⁴⁹ PAD, p. 18 paragraph 54, and p. 92.

indigent. The area's main economic activities include handmade ceramic articles, clothes-making, brick and tile manufacturing, rudimentary or subsistence fishing, and family vegetable gardening on the riverbanks.¹⁵⁰ The Panel notes that, if the proportions in the PAD hold true for the Project area, well over half the PAPs are vulnerable.

195. The RAPs state that selection of properties to be resettled will take into consideration accessibility, family ties, and livelihoods of vulnerable PAPs.¹⁵¹ The Panel observes that neither the original nor the revised RAPs contain specific program or project directed at assisting the vulnerable. This, despite the clear Bank policy requirement to pay "*particular attention*" to the needs of the vulnerable among the PAPs.

196. The Panel observes that vulnerable people depend on social networks of mutual, reciprocal support which can be disrupted by resettlement. Such networks link higher strata families to lower strata families through ties of kinship, fictive kinship, and patron-client relationships that involve unequal but reciprocal exchanges of services. It is through such networks that the vulnerable acquire short-term employment, credit for emergency expenses, healthcare, attention to the aged, childcare, school supplies, and security of person and property which they cannot otherwise obtain. Such networks are part of the social fabric that constitutes a community's socioeconomic structure.

197. The RAPs claim that such vital, reciprocal support networks will be protected by selecting replacement properties while maintaining family and neighborhood network ties. The Panel notes that this is a credible claim for PAPs electing cash compensation and monitored resettlement because they have a voice in deciding the location of their replacement properties.

198. However, the protection of social networks is less credible in the case of resettlement to Parque Brasil. The Panel believes the poorest and the indigent, many female-headed households, and most of the elderly and disabled PAPs will form the majority of those resettling in Parque Brasil. The better off PAPs, because of Parque Brasil's location or the size of its houses, will tend to choose cash compensation or monitored resettlement. As the asymmetrical but reciprocal relationships between the most vulnerable and higher strata families are broken, the former will unquestionably suffer significant harm.

199. During its field visit the Panel team met with vulnerable PAPs, many of whom live in poverty. The Panel also met with households headed by older couples. One of these couples lives some distance from Boa Esperança and close to the Parnaíba riverbank. They have adapted to flood conditions by elevating their house, have boats to travel across the polder¹⁵² when it floods, and live mainly from farming and fishing.

200. The Panel met with another older couple who lives by collecting and recycling waste. They earn R\$50 per week (US\$9.41¹⁵³). The neighboring house was occupied by a sibling who, with her husband, also collects and recycles waste. The Panel saw mounds of recyclable material

¹⁵⁰ PAD, p. 92.

¹⁵¹ Revised RAP 4, p. 51.

¹⁵² Polders are areas used to trap overflow water from the surrounding rivers during heavy rains using the natural landscape.

¹⁵³ Using the exchange rate of June 21, 2020.

gathered in their backyard. Neither of these households want to move, as they do not believe they can continue their livelihood activities.

201. The Panel considers it difficult to see how such households would adapt to resettlement in Parque Brasil where the possibility of fishing, farming, collecting and storing waste material, or keeping animals differs from their current locations. The Panel notes that the three couples are at advanced ages, making it harder for them to learn and live from a new trade. Additionally, cash compensation or monitored resettlement will not compensate them appropriately, as their house values are quite low, and they will be unable to secure an equivalent quality of life. Furthermore, they currently live in the city center, where most health and social services are within walking distance, and when needed, there is a bus service. Parque Brasil, for them, is remote from such services.

202. The Panel also met with households with two serious cases of disability. One had a quadriplegic adult male. The Panel understands the Social Unit is aware of his case, but no information is available about the level of care necessary to assist him and his family in the resettlement process. The Panel also met with a couple whose child has Autism Spectrum Disorder. The mother was worried by the prospect of resettling and uprooting her child from the stability and comfort they currently enjoy. She was embarrassed and did not want to speak about her child's condition; she said the Project is unaware of her situation. The Panel is particularly worried about such households with vulnerable PAPs.

203. The Panel observes that vulnerability is multi-faceted, as demonstrated above, and that a household may face different vulnerabilities. A person may be socioeconomically disadvantaged by being a single mother responsible for a child with a physical or mental disability. Resettlement for this woman will be innately different than for a woman in good health with no children and supported by a spouse. The intersections of vulnerabilities are unique for each household and can weigh more heavily than the sum of its parts would suggest. The needs of households with compound vulnerabilities rise exponentially with the risks of impoverishment they face.

204. The Panel notes that the revised RAPs claim vulnerable families will be identified and accompanied by social workers who will make referrals and negotiate on behalf of the PAPs, linking them to Social Assistance Reference Centers, the Family Health Strategy Program, the Municipal Foundation for Health, the Municipal Secretary of Education and Culture, the Municipal Secretary of Public Policies for Women, and other resources. But the information on these programs is missing.

205. The Panel observes that there are no technical descriptions presented in the revised RAPs that show where support programs for the vulnerable will be delivered – which could be where the PAPs will live, or in another settlement of the greater Lagoas do Norte region, or mainly in Teresina. Nor are there technical descriptions of what vulnerable PAPs can obtain from such programs, such as short-term employment, credit for emergency expenses, health care, attention to the aged, childcare, school supplies, security of person and property, special education, and other necessities previously provided by social support networks.

206. The revised RAPs do not formulate specific, targeted measures or instruments to pay particular attention to the vulnerable; they merely refer to existing municipal programs serving the regional population. As is the case with livelihood restoration programs for the PAPs, the vulnerable PAPs are expected to compete with the other 100,000 people of Lagoas do Norte for access to social support programs. The claim that the Social Unit will identify, refer, and accompany thousands of vulnerable PAPs to the various, existing programs is neither credible nor reassuring, nor is it in line with Bank policy.

207. The Panel finds there is a risk of harm to some of the PAPs because the Project failed to pay particular attention to providing resettlement assistance to the vulnerable. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 8.

208. The Panel finds the Project is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) for having recognized the need to relocate PAPs in a way that preserves their preexisting social and cultural institutions, communities, and groups. However, the Panel observes the Project failed to pay sufficient attention during relocation to the asymmetrical support relationships linking the most vulnerable to higher strata families.

209. Further analysis is provided in chapter 5 below on Management's claims about the cultural aspects and places of worship in Lagoas do Norte.

3.5. Reestablishing Livelihoods to Avoid Impoverishment

3.5.1. Request for Inspection

210. The Requesters claim that they and their families are being disadvantaged in terms of social, political, cultural, and economic conditions.¹⁵⁴ They believe the Project has not properly considered the risk of impoverishment associated with the loss of property or sources of income.¹⁵⁵

211. They further allege that the resettlement being carried out does not make mandatory payments of compensation prior to resettlement. They state families without legal title to property and families without user-rights to the land will lose access because of the Project.¹⁵⁶

3.5.2. Management Response

212. Management argues that a socioeconomic survey conducted in each area will ensure safeguards against impoverishment and enable affected people to share in Project benefits. The survey analyzed all aspects relevant to development of the resettlement program. It evaluated, among other things, family composition, gender, income-generating activities, and structures – residential and commercial – and their use by affected people.¹⁵⁷ Management states that these data serve as the basis for monitoring and evaluating implementation of resettlement – including

¹⁵⁴ Request for Inspection, p. 2.

¹⁵⁵ Request for Inspection, p. 3.

¹⁵⁶ Request for Inspection, p. 4.

¹⁵⁷ Management Response, p. 43, response to claim No. 12.

the livelihood restoration program – and that ex-post monitoring and evaluation are in place to verify that the objectives, action plan, and policies of the RAP are being met. Management adds that it specifically asked the Borrower to ensure that the ex-post evaluation includes livelihood restoration.¹⁵⁸

213. According to Management, the RPF and RAPs are based on the principle that people whose productive activities are disrupted or reduced as a result of the Project would be compensated for such losses at full replacement cost to enable them to rebuild their lives in the shortest time possible.¹⁵⁹ Management adds that the Project supports activities to create jobs and establish income-generation programs, including micro-entrepreneurship.¹⁶⁰ The Project inaugurated the new São Joaquim Market – improving the labor conditions of artisanal fishermen – and intends to revitalize “*Polo Cerâmico*” to improve the labor conditions of potters.¹⁶¹

214. The Response states that the RAPs support the integration of resettled families and allow them to rebuild their income-generation capacity. Management adds that the Project funded job retraining with the result that many PAPs learned new skills and started new businesses (e.g., hairdressing and construction).¹⁶²

215. Management acknowledges that the RAPs do not provide specific mitigation measures to restore livelihoods. It considers, however, that other studies – such as the anthropological study and the study titled *O Projeto Sócio-Ambiental: Participação Popular e Controle Social* (Volumes I and II) – do outline measures to help resettled PAPs improve or at least restore their livelihoods. It adds that it asked the Borrower to improve and update the description of livelihood restoration programs in the revised RAPs.¹⁶³

3.5.3. Bank Policies

216. Bank policy requires that, where resettlement is unavoidable, resettlement activities are conceived and executed as sustainable development programs, providing sufficient investment resources to enable the PAPs to share in Project benefits.¹⁶⁴ It requires that the project assist displaced persons in their efforts to improve their livelihoods and standards of living, or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.¹⁶⁵

¹⁵⁸ Management Response, p. 44, response to claim No. 12.

¹⁵⁹ Management Response, p. 14, paragraph 38.

¹⁶⁰ Management Response, p. 16, paragraph 49.

¹⁶¹ Management Response, p. 34, response to claim No. 6.

¹⁶² Management Response, p. 32, response to claim No. 5. The Management Response provides a list of specific activities, such as: (i) Professional training for employment in activities with market demand, (ii) support for the training of entrepreneurs and the creation of small businesses, (iii) support for cooperative ventures, (iv) support for upgrading the quality of ceramic products, and (v) support for the regularization of pottery activities and identification of new clay deposits.

¹⁶³ Management Response, p. 44, response to claim No. 12.

¹⁶⁴ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).

¹⁶⁵ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).

217. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that displaced persons are offered support after displacement, during a transition period based on a reasonable estimate of the time likely needed to restore their livelihoods and standards of living. It also requires that displaced persons are provided development assistance in addition to compensation measures – assistance such as land preparation, credit facilities, training, or job opportunities.¹⁶⁶

3.5.4. Panel Observations, Analysis, and Findings

218. As noted above, during its field visit the Panel learned that households derive their income from multiple sources, including the informal economy, the sale of agricultural produce, small trade, or a combination of micro-economic activities.

219. The consulting firm that prepared the original RAPs investigated the current incomes of the PAPs and used the results to craft recommendations for a PAP economic development plan. The Panel did not find these data in the original RAPs, they are not in the revised 2019 RAPs, nor are they matched with livelihood restoration programs mentioned in the RAPs. The Panel notes that since the multiple income streams are neither analyzed nor recorded in the RAPs, it is therefore unclear how livelihood restoration programs that match PAP capabilities, knowledge, and needs could have been consulted, designed, and implemented.

220. The Panel learned during several staff interviews that 90 percent of the PAPs are wage-earners and that resettlement will move them no more than five kilometers from their current places of work. Management notes that, therefore, the majority of PAPs will not have their livelihoods affected. This was a topic the Panel pursued during the interviews, given that livelihood restoration is a major focus of this investigation. The Panel found no documentary evidence to support Management's assertions.

221. The Panel observes that livelihood restoration programs mentioned in the RAP were not designed to meet the needs of the PAPs. Rather, they are “off the shelf,” preexisting programs available to the entire population of Lagoas do Norte. The RAPs and Management describe the livelihood restoration programs for PAPs as training courses offered by the Municipal Economic Development Secretariat, the Wall Foundation Ferraz, the Teresina Municipal Secretariat for Solidarity Economy, and others not identified. In addition, the Project refers families to programs such as the Social Assistance Reference Centers, the Family Health Strategy Program, Social Assistance and Integrated Policies, the Municipal Foundation for Health, the Municipal Secretary of Education and Culture, and the Municipal Secretary of Public Policies for Women. The Panel also notes the references to Component 3 in the Project Paper for Phase 2 and in the Management Response, and how both PAPs and the broader community could benefit from the livelihood restoration and income-generation programs under Component 3. The Panel believes referrals to preexisting assistance programs and what is being planned under Component 3 do not constitute an adequate approach to livelihood restoration.

222. In fact, what all these programs have in common is that they serve the entire population of Lagoas do Norte. The Project has no way to ensure delivery of promised benefits to PAPs or to tailor interventions to restore their livelihoods. To gain access to training, PAPs must compete

¹⁶⁶ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (c) (i).

with applications from the 100,000 other residents of the 13 neighborhoods of the greater Lagoas do Norte region. Such training courses may be attractive to ordinary citizens as leisure time pursuits, but they are not designed to address the immediate, dire situations facing displaced people who just suffered the dismantling of their production systems, a disruption in their support networks, and the disappearance of their income streams. The Panel observes that PAPs preparing for displacement – and even more so once displaced – would demand urgent attention and specific assistance.

223. Moreover, the RAPs provide no transitional support¹⁶⁷ after displacement, based on a reasonable estimate of the time likely needed for PAPs to restore their livelihoods and standards of living. The RAPs' entitlement matrix lists, for all PAPs, free transportation to their new houses of furniture, goods, and all reusable materials salvageable prior to demolition of their old houses. This cannot be considered transitional support. The Panel notes that transitional support is critical to enable PAPs to feed themselves, secure essential services, and manage their debts during this period and while in training. Furthermore, the RAPs present no technical description of the training courses mentioned, the market demand for the skills in which PAPs are to be trained, the duration of courses, their physical accessibility in relation to PAPs residences, or their eligibility criteria. Since these programs are offered to the wider population, they may include selection criteria that could disadvantage PAPs.

224. The Panel considers the absence of information on training – and particularly on eligibility criteria – to be of concern. As discussed above, more than half of the PAPs may be poor or indigent. This kind of sociocultural marginality usually correlates with low levels of literacy. If literacy is required for access to the Municipality training programs, many PAPs are probably ineligible. The revised RAPs do not describe eligibility criteria. This is an example of why the Project must control the delivery of livelihood restoration programs to ensure they can be tailored to PAPs' needs.

225. Bank staff informed the Panel team that – with the close support, counseling, and referrals by the Borrower – the Social Unit would place PAPs in these training programs. The Panel observes that such assurance is not supported by systematic data in the revised RAPs to indicate how these processes work or the numbers of PAPs thus far placed in training programs in completed resettlement operations (such as the RAP for Canal Matadouro) or operations now underway (RAP 1). Most importantly, the success of this approach – in terms of new jobs secured, old jobs maintained, or new and old businesses in operation – would be evident in the audit of RAPs, once completed.

226. The Panel team met with PAPs who had already been displaced and who were generally satisfied with their resettlement. However, those who were business-owners reported a downturn in their businesses after moving. A PAP who owned a hairdressing salon reported receiving training, but said it still took her several months – and a rocky beginning in the new location – to reestablish her business successfully. Most other PAPs the Panel team met with said they did not receive training. During a community meeting the Panel team asked PAPs about their interest in

¹⁶⁷ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (c) (i), defines transitional support as the “support after displacement, for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living.” It specifies that “such support could take the form of short-term jobs, subsistence support, salary maintenance or similar arrangements,” footnote 14.

training. Their answer was overwhelmingly positive. Community members said they were not informed about any training programs and asked to participate in the design such programs so they can have their needs addressed.

227. In summary, the revised RAPs do not offer concrete, practical, targeted measures, instruments, or programs for livelihood restoration compatible with the capabilities and preferences of the PAPs. This fundamental shortcoming can defeat the key objective of Bank Policy on Involuntary Resettlement, OP/BP 4.12, which is to assist PAPs in improving or at least restoring their livelihoods and standards of living. The Panel finds this poses a substantial risk of potential harm to the PAPs.

228. The Panel finds Management did not ensure the establishment of programs to assist PAPs in their efforts to improve – or at least restore – their livelihoods and standards of living, and therefore is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).

229. **The Panel also finds that displaced people were not offered assistance for a transition period after displacement, based on the time needed to restore their livelihoods or standards of living. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (c) (i).** The Panel notes that such assistance is required in addition to compensation measures, and can take the form of credit facilities, training, or job opportunities.

3.6. Exclusion from Project Benefits

3.6.1. Request for Inspection

230. The Requesters claim that, with the development of new parks, “*we thought that we would benefit from the wonders of the project adopted by city hall since we have been waiting so long for improvements, but now we are not given the choice of staying.*”¹⁶⁸ They add that the involuntary resettlement being carried out does not consider the possibility for them to participate in the benefits afforded by the Project.¹⁶⁹

3.6.2. Management Response

231. Management recognizes that there may have been issues with the effectiveness of communications with local residents about Project benefits, impact, and risks.¹⁷⁰ Management adds that a socioeconomic survey was conducted for each area in preparation for each RAP to ensure safeguards against impoverishment risks and enable affected people to share in Project benefits.¹⁷¹

¹⁶⁸ Request for Inspection, p. 2.

¹⁶⁹ Request for Inspection, p. 3.

¹⁷⁰ Management Response, p. vii, paragraph xii.

¹⁷¹ Management Response, p. 43, response to claim No. 12.

232. According to Management, the Project supported the creation of Lagoas do Norte Park and Mocambinho Park and the rehabilitation of *Encontro dos Rios* Park, all of which provide free access to the population. The Project has also supported key studies and plans that have had an impact on the Municipality as a whole.¹⁷² Management adds that the Project will benefit all local residents by ensuring flood protection, improving water quality of the lagoons, increasing access to environmentally clean leisure areas, and improving access to water and sanitation. Furthermore, the Project promotes opportunities for training, cultural activities, and gender- and youth-related incentives.¹⁷³

3.6.3. Bank Policies

233. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable those displaced by the project to share in project benefits.¹⁷⁴

3.6.4. Panel Observations, Analysis, and Findings

234. The Panel notes that the Requesters do not dispute the many benefits the Project brings to the population of Lagoas do Norte. Rather, they complain that they “*are not given the choice of staying in order to enjoy the benefits,*” that they are being removed from the area where the benefits will be available, and are thus denied access to them.

235. The Panel does not entirely agree with this claim. Clearly the PAPs who are being moved from their present locations will still benefit from the general improvements in the Lagoas do Norte region – improved water quality of the lagoons, better water and sanitation services, flood protection, and access to environmentally clean leisure areas. PAP access to such benefits is available to all, even those resettled in Parque Brasil.

236. The Requesters argue that these benefits could be realized without displacing PAPs. The Panel’s investigation found that this argument might be credible for the lagoon areas, except for structures clearly located in the floodplain of the lagoons below the maximum water level that will be maintained – which must be resettled because they will be flooded by the Project. The Panel notes that claims pertaining to the application of the policy’s primary principle – avoidance of resettlement where feasible – are addressed in chapter 2.

237. The Panel finds that the benefits of this Project are of a communal and public nature, and therefore accessible by those displaced by the Project. Flood protection, better sanitation, and leisure parks are all in the general public interest. **Since the Bank requires that resettlement activities provide sufficient investment resources to enable those displaced by the project to share in project benefits, the Panel finds Management is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).**

¹⁷² Management Response, p. 41, response to claim No. 10. Management lists the Drainage Master Plan, the Water and Sanitation Master Plan, the Transport and Urban Mobility Master Plan, capacity building activities and the modernization of the municipal government.

¹⁷³ Management Response, p. 41, response to claim No. 10.

¹⁷⁴ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).

Chapter 4

Information Disclosure, Consultation, Participation, and Grievance Redress Mechanism

4.1. Introduction

238. This chapter discusses the issues raised in the Request for Inspection concerning the Project's disclosure of information to PAPs, meaningful consultation with them, PAPs participation in the design and implementation of resettlement plans, and the GRM established to respond to PAPs' complaints. It analyzes these in light of Bank Policy on Environmental Assessment, OP/BP 4.01, Bank Policy on Physical Cultural Resources, OP/BP 4.11, and Bank Policy on Involuntary Resettlement, OP/BP 4.12. The chapter is divided into two sections: The first discusses the disclosure, consultation, and participation processes and the second discusses the GRM.

4.2. Information Disclosure, Consultation, and Participation

4.2.1. Request for Inspection

239. The Requesters allege the Project lacks transparency, fails to disclose information, and conducts little or no meaningful consultation. They claim there has been no dialogue between the affected communities and the Borrower in the resettlement planning. The Requesters told the Panel that while most of the households are yet to be resettled, there is a lack of information about the Project and the Project's timeline.¹⁷⁵ Furthermore, the Requesters claim the RAPs were not made available to them until they were "*able to obtain the assistance of a prosecutor and public defender.*"¹⁷⁶

240. The Requesters claim the current, involuntary resettlement process lacks opportunities for PAPs' participation in planning and implementation of the resettlement – to have their demands heard and answered, so they can restore or improve their living conditions. They also say there is inadequate participation by the affected families to apply the principle of shared property between women and men, in evaluating assets, and in negotiations concerning alternative modes of compensation inherent to the resettlement.¹⁷⁷

241. During the field visit the Requesters shared their belief that Project activities on Boa Esperança related to the widening of the road rather than to dike safety or flood management. Some even questioned whether a dike really existed in the area.¹⁷⁸

¹⁷⁵ Request for Inspection, p. 2.

¹⁷⁶ Request for Inspection, p. 2.

¹⁷⁷ Request for Inspection, p. 3.

¹⁷⁸ Request for Inspection, p. 2.

4.2.2. Management Response

242. Management recognizes there may have been limitations to the effectiveness of communications with residents about Project benefits, impact, and risks. Some of the flood-protection measures appear to be misperceived as purely aesthetic, recreational, or urban improvements, and hence have won little acceptance from PAPs as justification for resettlement. Moreover, families settled on the crests of the dikes may not understand the flood risks.¹⁷⁹

243. Nevertheless, Management believes the Project and its required safeguard instruments were properly consulted with and disseminated to PAPs. According to Management, the consultations on the ESIA and the RPF commenced in October 2014, attempting to mitigate potential environmental and social aspects in the RAPs.¹⁸⁰ Management states that since 2014, more than 60 public hearings, meetings, and presentations were held with Project-affected communities and other stakeholders, and that between 2016 and 2018, 87 community consultation activities took place with the residents of Lagoas do Norte, including 25 community meetings, and 25 workshops on the Project's environmental aspects.¹⁸¹ Management presents a list of 105 meetings held between 2014 and the submission of the Request in October 2019. Management acknowledges that the 2014 census was not disclosed to PAPs as a cut-off timeline.¹⁸²

244. Management states that stakeholder engagement is carried out for each of the work areas during their preparation and design phases. They include public hearings with the affected local communities, technical meetings, and presentations regarding the Project all aimed at describing the safeguard instruments and discussing issues and concerns. Before construction starts, at the time of implementing the RAPs, the Social Unit staff engages with Project-affected families to conduct group meetings, schedule site visits, hold negotiations, set up guided visits to new houses for displaced people, etc.¹⁸³ Management also states such consultations and meetings, aimed at establishing and maintaining dialogue with community members, have allowed PAPs to provide feedback and raise questions they might have about the effects and benefits of Project activities.¹⁸⁴

245. According to Management, a Mobilization Committee – composed of members of community organizations representing the 13 neighborhoods of Lagoas do Norte – is responsible for ensuring that meetings are held frequently to engage the communities in Project activities.¹⁸⁵

246. Nevertheless, Management recognizes that communications with PAPs can be better and has committed, in the Action Plan presented in its Response, to ensure these actions are properly implemented by the end of December 2019. Among these actions are strengthening the quality of consultation, improving communications and dissemination of Project information, and ensuring the Project website has updated information about the implementation progress of all the RAPs.¹⁸⁶

¹⁷⁹ Management Response, p. 7, paragraph 24.

¹⁸⁰ Management Response, p. 15, paragraph 45.

¹⁸¹ Management Response, p. 15, paragraph 46.

¹⁸² Management Response, p. 15, paragraph 43.

¹⁸³ Management Response, p. 17, paragraph 52.

¹⁸⁴ Management Response, p. 15, paragraph 46.

¹⁸⁵ Management Response, p. 17, paragraph 54.

¹⁸⁶ Management Response, p. vii, paragraph xiv.

4.2.3. Bank Policies

247. Bank Policy on Environmental Assessment, OP/BP 4.01, requires that meaningful consultations take place between the Borrower, project-affected groups, and local NGOs on all Category A projects (such as this one). The Borrower is expected to provide relevant material in a timely manner prior to consultation, and in a form and language understandable and accessible by the groups being consulted.¹⁸⁷ The policy also requires the Borrower to provide a summary of the Project's objectives, description, and potential impact for discussion at the initial consultation.¹⁸⁸

248. In addition, the policy requires the Borrower to make the draft EA report available at a public place accessible by project-affected groups and local NGOs. For projects requiring the preparation of subprojects, the Borrower is to ensure that EA reports for the subprojects are also made available in a public place accessible by affected groups and local NGOs.¹⁸⁹

249. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires the Borrower to make the relevant draft resettlement instrument available at a place accessible by displaced persons and local NGOs, in a form, manner, and language understandable to them.¹⁹⁰ The policy also requires that displaced persons and their communities are offered opportunities to participate in planning, implementing, and monitoring resettlement.¹⁹¹

250. Bank Policy on Physical Cultural Resources, OP/BP 4.11, requires the Borrower to consult with relevant project-affected groups, concerned government authorities, and relevant NGOs about any physical cultural resources component of a project. This consultative process is part of the public consultations required in the EA process. That process includes documenting the presence and significance of physical cultural resources, assessing potential impact, and exploring avoidance and mitigation options.¹⁹² The findings of the physical cultural resources component of the EA are disclosed as part of, and in the same manner as, the EA report.¹⁹³

4.2.4. Panel Observations, Analysis, and Findings

251. **Environmental and Technical Documents.** The Panel notes that the ESIA provides procedures for the public disclosure and consultation of environmental assessments. Per the requirements of the ESIA, public disclosure should occur at the PMU office and on the Project's website for a minimum of 15 days. Following this, public consultations must take place with state and municipal government institutions, local associations, and NGOs.¹⁹⁴ The ESIA states that social and environmental documents were prepared and disseminated for consultation in several

¹⁸⁷ Bank Policy on Environmental Assessment, OP 4.01, paragraph 15.

¹⁸⁸ Bank Policy on Environmental Assessment, OP 4.01, paragraph 16.

¹⁸⁹ Bank Policy on Environmental Assessment, OP 4.01, paragraph 16.

¹⁹⁰ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 22.

¹⁹¹ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b) and 13 (a).

¹⁹² Bank Policy on Physical Cultural Resources, OP 4.11, paragraph 11.

¹⁹³ Bank Policy on Physical Cultural Resources, OP 4.11, paragraph 12.

¹⁹⁴ ESIA 2014, p. 143.

meetings with community members. The Borrower disclosed these documents through its website, on October 24, 2014.¹⁹⁵

252. On November 4, 2014, the Borrower held a Lagoas do Norte Forum¹⁹⁶ meeting to discuss with community representatives the design of the Project and its main components, the environmental and social studies, their key conclusions, and the Environmental and Social Management Plan (ESMP).¹⁹⁷ According to Management, several associations of residents from the region attended this public consultation. The ESIA states the participants were quite favorable to the Project and that the discussions were lively, interesting, and enjoyed strong participation by the public, who were satisfied with the responses to the questions raised.¹⁹⁸

253. Records of the first meetings, available on the Project's website, indicate that some community members were troubled by some of the interventions under the proposed Project and requested further meetings to address their concerns.¹⁹⁹ One of these meetings was held on February 23, 2015, with 20-30 residents of Boa Esperança Avenue.²⁰⁰ This was during Project preparation prior to the approval of Phase 2.

254. During its visit, the Panel heard from community members that they could not access Project information. They said relevant information was only obtained when the Public Prosecutor's office intervened. This intervention led to a public meeting on March 23, 2015, where the Secretary of Planning explained the results of the study produced by the DSP in 2006 regarding the works on Boa Esperança Avenue, the safety issues concerning the dikes, and the current risks to the structures.²⁰¹ In February 2016, the DSP presented the preliminary results of the technical study on the Parnaíba and Poti Rivers' dike areas to the Public Prosecutor, other local authorities, and technical entities. They concluded the occupation of the embankments of the two rivers should be discouraged.²⁰²

255. The Requesters told the Panel they had seen no flood risk maps, had not themselves been affected by floods (except in 1985), and therefore believe the reasons for resettlement are aesthetic. They also complained that the technical analysis and studies were not disclosed to them in an accessible manner and a simplified and understandable language.

256. The Panel notes Management's claim that the Project held numerous community and disclosure meetings, and Management's admission that there may have been limitations to the

¹⁹⁵ ESIA 2014, p. 182.

¹⁹⁶ On September 18, 2014, the Social Unit created the Lagoas do Norte Forum composed of three of the Borrower's representatives and ten representatives from community entities in the Project-affected area, as well as members of the Mobilization Committee.

¹⁹⁷ ESIA 2014, p. 37.

¹⁹⁸ ESIA 2014, p. 37.

¹⁹⁹ Project's Official Webpage: <https://semplan.teresina.pi.gov.br/2015/02/23/audiencia-amplia-debate-publico-sobre-programa-lagoas-do-norte/>.

²⁰⁰ Management Response, p. 68.

²⁰¹ Project's Official Webpage: <https://semplan.teresina.pi.gov.br/2015/03/23/reuniao-aborda-aspectos-tecnicos-do-programa-lagoas-do-norte/>.

²⁰² Project's Official Webpage: <https://semplan.teresina.pi.gov.br/2016/02/17/tecnicos-analisam-condicoes-de-seguranca-de-diques-de-teresina/>.

effectiveness of its communications with residents.²⁰³ The Panel also notes that Requesters and community members state there is insufficient disclosure of information regarding the Project's benefits, impact, and risks. They also state there is no dialogue between them and the Project.²⁰⁴

257. **Involuntary Resettlement Documents.** The RPF requires the affected population to be informed of the Project's importance, its potential impact, its displacement by geographic areas, and its grievance mechanism. The RPF also mandates participation by PAPs in the entire resettlement process.²⁰⁵ It further requires that consultations and disclosure of information be documented.²⁰⁶

258. According to Management, Project information, including the 2014 RPF, was made available on the Bank's website, in hard copies at Borrower's offices, and summarized in brochures distributed in the Project intervention areas.²⁰⁷ Between 2014 and 2015, a dozen consultations and public meetings were held to discuss the Project's socio-environmental safeguard documents, including the RPF. These meetings brought together more than 900 people.²⁰⁸ The Requesters told the Panel that during these disclosure meetings, community voices were not heard and community views were not considered.

259. The Panel reviewed the consultation records included in the Response of 105 meetings, consultations, and public hearings held from February 2014 through October 2019. The Panel found no documentary evidence of PAP participation in the planning and design of the RPF issued in 2014. The RPF itself lacks information regarding the consultation process with displaced families.

260. Detailed records of only 37 of these meetings are available on the Project's website. Of these, only three were held exclusively with Mafrense residents – April 2015, August 2015, and March 2019. The first of these was a presentation of the Project to community leaders. The second was with the President of the Association of the Mafrense Residents. The last addressed affected families at a PAP's house in the Mafrense neighborhood.²⁰⁹

261. In São Joaquim, five meetings were held from February 2014 through October 2019. The first was to clarify for families the proposals for displacement and resettlement of families from the Boa Esperança Avenue. The second was a meeting with *vazanteiros*²¹⁰ and potters²¹¹ communities of São Joaquim to discuss the intervention on the dike of Boa Esperança. The third and fourth meetings were with residents around the Lagoon of São Joaquim to present RAP 1. The fifth meeting was with the community affected by RAP 1 to discuss the resettlement options. During the Panel's visit members of the community said they had not been consulted or given an opportunity to participate in revising the RAPs until the meeting on February 18, 2020. Prior to

²⁰³ Management Response, p. vii, paragraph xii.

²⁰⁴ Request for Inspection, p. 2.

²⁰⁵ Framework for Involuntary Resettlement, 2014, pp. 36 and 37.

²⁰⁶ Resettlement Policy Framework (RPF), 2014, p. 53.

²⁰⁷ Management Response, p. 17, paragraph 51.

²⁰⁸ Revised RAP 1, p. 123.

²⁰⁹ Management Response, Annex 5, pp. 68-75.

²¹⁰ *Vazanteiros*, part of the *ribeirinha* communities, traditionally use the riverbeds for cultivation.

²¹¹ Local ceramics manufacturers who extract clay from Oleiros Lagoon.

this meeting, some members had heard rumors of resettlement and negotiations involving other communities. Others claimed, during the eligibility visit, they only heard about the Project and the proposed resettlement through television reports. The Requesters allege the Project placed seals on their houses without any explanation.

262. The PAPs complained they had not met with World Bank staff until the meeting on February 18, 2020. The Project emphasized that it made the revised RAPs available for online consultation. These revised RAPs describe the various disclosure, consultation, and participation strategies adopted to discuss the interventions and study how to minimize resettlement. Public meetings included representatives and residents of interested local communities, and the State and Federal Prosecutors.²¹²

263. However, some PAPs said they had a difficult time accessing the documents. During the field visit, the Panel team observed that some of the poorer PAPs have neither electricity in their residences nor access to cellphones and computers, and that some of these poorer, older, and more vulnerable residents have low levels of literacy.

264. The Requesters said they were not invited to participate in the design of training, courses, or measures to recover their economic activities. They told the Panel team they wanted to participate in discussions on the selection of training options to benefit and complement their current economic activities. When asked what type of trainings would have been well received by the community, residents responded they could not select courses without first having a dialogue between community members and the Project.

265. According to the CDFS report, throughout the resettlement process residents and organizations supporting them faced difficulties accessing Project information. The report states Project information should be public and accessible and not only available on demand. It confirms that the Borrower should disclose information to PAPs in a timely manner.²¹³ It argues the available information lacked clarity and the language used was confusing to the community.²¹⁴ CDFS contends that community members and leaders should be able to contribute to the decision-making process with their perceptions of and desires regarding “development” and “quality of life.”²¹⁵

266. The Requesters add that since dialogue with the Project has been difficult, the Archdiocese played a convening role in 2015 and 2016. Community anxiety triggered the involvement of several other external parties, such as the offices of the State Public Prosecutor, State and Federal Public Defenders, *Conselho de Arquitetura e Urbanismo do Piauí* (The Council of Architecture and Urbanism of Piauí), and *Conselho Regional de Engenharia e Agronomia do Piauí* (The Regional Council of Engineering and Agronomy of Piauí). Currently the State Public Defender who was specifically appointed to work on the issues relating to Lagoas do Norte is playing a

²¹² Revised RAP 1, p. 123.

²¹³ CDFS Report, p. 26.

²¹⁴ CDFS Report, p. 26. The CDFS adds that “the understanding of the proposal’s directions and intentions, in particular, those that deal with or should deal with the mapping of buildings to be removed and their respective reasons.”

²¹⁵ CDFS Report, p. 54.

facilitator role. The Panel observes the intervention of these independent institutions in support of the Requesters signifies growing discontent and frustration over the Project, exacerbated by the lack of information and consultation. These independent entities have become trusted vehicles of communication for the community.

267. The Panel notes that most of the workshops, meetings, and consultations were attended by the general population of the 13 neighborhoods of the Lagoas do Norte region, rather than specifically targeted at the population adversely affected by the Project. The Panel also notes, based on its review of consultation records, that PAPs were rarely meaningfully consulted on the Project and its environmental and social impact, and that any such consultations occurred long after safeguard documents were finalized. PAPs were not invited to participate in the formulation and preparation of RAP documents. Only during the period of the RAPs' revision, in February 2020, were PAPs directly consulted.

268. The Panel observes that Management and the Project intend to increase communication about the Project, its benefits, and risks. During the field visit the Panel team also observed a high degree of frustration among the PAPs. Some in the community were angry because they did not believe the flood risk was credible. They were confused about why certain households would be expected to vacate their land and others not. The Panel notes that early and meaningful consultations could have reduced these highly charged sentiments.

269. The Response states that the Social Unit engages with the PAPs by hosting individual negotiations with families regarding their choices of compensation.²¹⁶ Management also states it is during these negotiations that the Borrower verifies and updates data, and PAPs choose their compensation and select livelihood support measures and training. However, from the Requesters' and communities' perspectives this comes too late.

270. The Panel observes these negotiations do not constitute participation by the PAPs in the design of the resettlement and formulation of resettlement policies such as the terms of eligibility for compensation, replacement housing alternatives, restoration of livelihoods, or transitional support during and after the resettlement.

271. The Panel also observes that even those who were satisfied with their resettlement said they had not been invited to participate in the design and implementation of the RAPs. None of the PAPs the Panel spoke with had participated in the elaboration of the RAPs. The negotiation meetings, according to the PAPs, were predominantly about choosing a compensation option presented to them in earlier meetings.

272. The Panel notes that, according to Bank Policy on Involuntary Resettlement, OP/BP 4.12, participation in the planning of the RPF and RAPs must take place before their appraisal and approval. In this case, the involvement of the PAPs in the negotiations of their compensation options – after all design decisions have been made, after eligibility for compensation has been determined, after the terms for resettlement assistance are cast in concrete, after the resettlement alternatives are determined, after replacement housing locations and designs have been established, after livelihood restoration programs have been finalized – does not comply with Bank

²¹⁶ Management Response, p. 17, paragraph 53.

policy, which requires the involvement of PAPs in the planning and implementation of their own resettlement.

273. The Panel concludes that the Project failed to provide opportunities for PAP participation in the RAPs' design and implementation. The Panel observes that given the Project's effects on PAPs' lives, their participation in the decision-making process should be ensured at the earliest stages of RAP preparation. Involving the displaced community in the design and implementation of the RAPs helps minimize the risks associated with resettlement.

274. **Physical Cultural Resources.** Management claims that members of Afro-Brazilian religions were informed and consulted on the design process of *Orixás* Square, a thematic urban space whose design is informed by Afro-Brazilian traditions. However, the Panel observed that many of the Requesters in São Joaquim did not feel they were included in these discussions and do not consider that *Orixás* Square represents them. The Requesters also believe their local religions, cultures, and traditions are not being considered in the resettlement options or the related livelihood restoration activities.

275. The ESIA reports that two meetings took place to discuss the construction of *Orixás* Square, one of them with the participation of the Bank, members of the PMU, the Social Unit, the Mobilization Committee,²¹⁷ and leaders of *Umbanda* and *Candomblé terreiros*²¹⁸ in the northern region of Teresina. The first meeting, on February 21, 2014, was to listen to the suggestions of the leaders of the *terreiros* for the construction and design of *Orixás* Square. The second meeting, on March 4, 2014, attended by a significant number of *terreiro* leaders, was to consolidate the demands raised and refer them to the architect responsible for the design of the *Orixás* Square project, which was in its conception phase.²¹⁹

276. During Phase 2, in response to community concerns, the Project conducted an anthropological study to identify and map existing cultural manifestations in the Project area, and to analyze the intervention's potential positive and negative impact. Among the negative impact are the total resettlement of three buildings where Afro-Brazilian religions are practiced and the partial resettlement of another.²²⁰ The CDFS commissioned an alternative study to include traditional communities – such as those claiming to self-identify as *Quilombola*²²¹ communities²²² – whom they felt had not been consulted or identified in the Project's study.

277. The Panel notes that the safeguard documents were not made available, as per Bank policy, at a place accessible by displaced people and local NGOs, in a form, manner, and language understandable to them. **The Panel finds that Project disclosure and consultation processes were neither effective nor meaningful and thus is in non-compliance with Bank Policy on**

²¹⁷ The Mobilization Committee is a citizen engagement committee, established by the Social Unit's staff, to represent and support Project-affected communities, and receive complaints.

²¹⁸ The *Umbanda* and *Candomblé* sanctuaries, called *terreiros*, are large areas behind ordinary houses, covered by a simple roof or a tent, with an altar at the back used for rituals. See chapter 5 for more information.

²¹⁹ ESIA 2014, p. 181.

²²⁰ Project's Anthropological Study, p. 144.

²²¹ *Quilombola* are Afro-Brazilian heritage and communities who self-identify as descendants of escaped slaves during the colonial era.

²²² CDFS Report, p. 52.

Environmental Assessment, OP 4.01, paragraphs 15 and 16, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 22.

278. **The Panel finds that the Bank failed to ensure participation by PAPs in resettlement planning** – that is, discussions about feasible resettlement alternatives, compensation at full replacement value, relocation assistance, the choices of residential housing, housing sites, and transitional support after their displacement. **This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).**

279. **Regarding cultural property, the Panel notes that the Project consulted with cultural leaders as of 2014 and held public consultations with different local entities. This is in compliance with Bank Policy on Physical Cultural Resources, OP 4.11, paragraphs 11 and 12.** The Panel also notes that the Project has assessed physical cultural resources related to the Afro-Brazilian groups present in Lagoas do Norte, and commissioned a stand-alone anthropological study, completed in 2018.

4.3. Grievance Redress Mechanism

4.3.1. Request for Inspection

280. The Requesters were unaware of the existence of the various options available to them as grievance redress mechanisms. They claimed that the Mobilization Committee was not operating in a manner to address their grievances.

4.3.2. Management Response

281. The Response explains that the Project has a grievance redress system with multiple channels for PAPs to submit complaints. According to Management, the main GRM channel is the COLAB phone application, which is the Borrower's official channel for receiving complaints. COLAB was established in 2017 and has received 18,279 complaints to date.²²³ Only nine of these complaints concerned Phase 2, and those related mainly to the maintenance of public infrastructure and traffic incidents; no resettlement-related complaints were received through COLAB. Management stated all Project-related complaints submitted through this application have been addressed.²²⁴

282. The Response reports that, prior to the adoption of COLAB, the Project's Social Unit was a "one-stop-shop" GRM in the Project area for resolving issues and answering citizens' questions.²²⁵ According to Management, this role is still being played by the Social Unit. Their teams operate in each of the Project areas and are responsible for engaging with PAPs on the resettlement process and providing a grievance redress channel for them to raise their concerns.²²⁶ According to Management, the community has additional channels in the form of the municipal

²²³ Management Response, p. 17, paragraph 55.

²²⁴ Management Response, p. 17, paragraph 55.

²²⁵ Management Response, p. 42, paragraph 52 and 53.

²²⁶ Management Response, p. 17, paragraph 53.

hearings office, the Project's Facebook page, and the WhatsApp numbers for the PMU communications specialist and the Social Unit's team members.²²⁷

283. The Response further explains that the Borrower's Ombudsman is an integral part of the GRM. Complaints received by the Social Unit are registered in a complaint registry and referred to the PMU for action. The PMU may subsequently refer complaints to the competent office in the Municipality, depending on the subject matter.²²⁸

284. The Response mentions that the Mobilization Committee – a citizen engagement committee that represents affected communities – also receives complaints. The establishment of this committee was supported by the Social Unit's staff. The committee inspects Project sites once a month. During these visits it hears concerns, gathers complaints from community members, and reports its findings and proposed solutions in writing to the PMU.²²⁹

285. Management states it has assessed the effectiveness of the GRM system and has suggested improvements to ensure that complaints are assessed and reviewed in a timely manner, communication with the complainant is maintained throughout the complaint handling process, and an appeal process is available.²³⁰

286. The Response presents a nine-point Action Plan, which includes measures for strengthening the Project's GRM by the end of 2019. The relevant Action Plan item involves (i) ensuring that COLAB maintains communication with the complainant during the complaint resolution process, (ii) continuing to have the Social Unit liaise directly with the community and ensuring that it logs complaints received into the COLAB system, (iii) training members of the Social Unit and the Mobilization Committee for complaints handling, (iv) disseminating information on the GRM system on how to submit complaints and how complaints are handled, including timelines, and (v) continuing to use the Ombudsman as an appeals avenue.²³¹

4.3.3. Bank Policies

287. Bank Policy on Involuntary Resettlement, OP/BP 4.12, requires that, as part of resettlement planning and implementation, an appropriate and accessible grievance mechanism be established for displaced persons and their communities.²³²

4.3.4. Panel Observations, Analysis, and Findings

288. The Panel notes that the original RAPs described the implementation of a Project-specific Ombudsman composed of technicians with different backgrounds to resolve conflicts.²³³ The process provided in the RAP requires the Ombudsman to refer complaints to the technical departments. It did not provide any details on how to submit a complaint, the timeline for

²²⁷ Management Response, p. 17, paragraph 55.

²²⁸ Management Response, p. 43.

²²⁹ Management Response, p. 17, paragraph 54.

²³⁰ Management Response, p. 43.

²³¹ Management Response, p. 21.

²³² Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (a).

²³³ Original RAP 1, p. 62.

processing complaints, any principles of transparency and predictability, or guarantees of confidentiality or anonymity when needed. It also mentions no requirements for record-keeping or logging of complaints.

289. Following submission of the Request, Management assessed the GRM and provided more details about it. Management considers that the “*widely disseminated and broadly known Ombudsman Office*”²³⁴ and the COLAB phone application constitute the Project’s GRM. Both mechanisms exist independently of the Project and were added “*to avoid unsustainable duplication of channels for grievance redressing.*”²³⁵ Management states that both channels have all information materials produced about the Project.²³⁶

290. During the Panel’s investigation visit, PAPs said their grievances are neither heard nor addressed. While PAPs were generally aware of at least one channel for grievance redress – such as the Mobilization Committee or the Social Unit – they were not familiar with the full GRM system. They did not know what to expect from it or details about it, such as its exact processes and timelines. PAPs felt their concerns were not being resolved in an adequate and timely manner.

291. The Panel notes that GRM systems are generally designed to respond to grievances and resolve disputes concerning issues such as compensation, housing, livelihood restoration measures, and resettlement assistance. They are not used to address more fundamental questions about the Project or, more specifically, resettlement process design.

292. The Panel believes that, in this case, the GRM is not equipped to resolve the Requesters’ central concerns – their refusal to be resettled and their request that the Project pursue alternative designs that would allow them to keep their homes. The Panel notes that GRMs are premised on the assumption that the RAP is the outcome of a meaningful consultative process during which a majority of PAPs accept the terms of the resettlement package and process. The GRM then serves as a channel for PAPs to file claims when agreed RAP actions are not being delivered.

293. The Panel observes that, even after the Bank’s recent assessment of the GRM, shortcomings remain in its effectiveness and adequacy, going beyond its inability to resolve the issue of people opposed to moving, as described below.

294. The Panel notes that according to World Bank guidance on GRMs, such mechanisms should be based on the following key principles:

- Legitimacy: Is its governance structure widely perceived as sufficiently independent from the parties to a grievance?
- Accessibility: Does it provide sufficient assistance to those with barriers such as language, literacy, awareness, cost, or fear of reprisal?
- Predictability: Does it offer a clear procedure with timeframes for each stage and clarity on the types of results it can (and cannot) deliver?

²³⁴ Implementation Status & Results (ISR) 22, December 2019.

²³⁵ ISR 22, December 2019, and ISR 23, February 2020.

²³⁶ ISR 22, December 2019.

- Fairness: Are its procedures widely perceived as fair, especially in terms of access to information and opportunities for meaningful participation in the final decision?
- Rights Compatibility: Are its outcomes consistent with applicable national and international standards? Does it restrict access to other redress mechanisms?
- Transparency: Are its procedures and outcomes transparent enough to meet the public interest concerns at stake?
- Capability: Does it have the necessary technical, human, and financial resources to deal with the issues at stake?²³⁷

295. **COLAB.** As noted above, the COLAB phone application is currently the Project's main GRM channel. According to Management, COLAB assesses a complaint within three days of receipt, forwarding it to the Borrower, who is responsible for addressing and referring any issue raised in the complaint. The respective department then has 23 days – three days for assessment and 20 days for resolution – to take action to resolve the issue. The complainant receives acknowledgment of receipt and communication regarding the issue's resolution. During the resolution, COLAB keeps the complainant updated on progress.²³⁸

296. The Panel notes that there appears to be a clear process in place to handle complaints received by COLAB, but underscores that use of this phone application by the PAPs is quite limited. Since 2017, only nine Project-related complaints were submitted through COLAB, which could indicate that it is not a highly accepted or effective GRM channel for the Project.

297. The Panel recognizes that in large-scale resettlement processes, some complaints are natural and they tend to validate the usefulness of the mechanism. It is noteworthy that none of the nine complaints received to date relate to resettlement. While COLAB is used throughout greater Teresina and has received 18,279 complaints from the Municipality's more than 800,000 residents, it does not appear to be the vehicle of choice for the communities affected by the Project's resettlement in Lagoas do Norte.

298. The Panel questions how well COLAB safeguards users from reprisals. The application requires creation of a username, an email address, and a picture, which could discourage confidential complaints. The Panel is also concerned about COLAB's accessibility as the primary avenue for grievance redress, since access requires technology and the internet, which some of the poorer and more vulnerable PAPs may not be able to afford. Also, older, with low levels of literacy residents may lack the knowledge and skills to access and operate such an application.

299. **Mobilization Committee.** Interviews with the Mobilization Committee revealed that its members had little understanding of their responsibility to give Project management the questions, complaints, and concerns of the families to be displaced and resettled. The Panel appreciates that

²³⁷ World Bank. 2014. The World Bank's Approach to Grievance Redress in Projects. Washington, D.C. World Bank. <https://openknowledge.worldbank.org/handle/10986/20119> (accessed May 12, 2020); See also: World Bank. 2014. Evaluating a grievance redress mechanism (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/431781468158375570/pdf/903910WP0Evaluating0Box385311B00PUBLIC0.pdf> (accessed May 12, 2020).

²³⁸ Management Response, pp. 42 and 43.

the most recent Implementation Status & Results Report (ISR) mentions the Mobilization Committee received training in complaints handling in February 2020.²³⁹ However, during the Panel's visit in March 2020, committee members told the Panel they had received no training or capacity-building support since a two-day workshop – unrelated to the Project and which some members did not attend – several years ago. It is thus unclear to the Panel how the training mentioned in the ISR was conducted and who attended; most Mobilization Committee members were present in the meeting with the Panel and they were unaware of any recent training.

300. Some members also stressed that they are volunteers and have limited resources to conduct their work. Others told the Panel they believe their role is to convince PAPs to resettle when they refuse to move. As to grievance recordkeeping, the committee explained to the Panel that they refer some complaints to the PMU in writing. However, they admit having no robust, institutionalized system to keep track of all grievances. The Panel concludes that the Mobilization Committee lacks the capacity and resources to function as an adequate GRM for the Project.

301. **Other GRM Channels.** The Panel notes that, according to Management, GRM channels include the Borrower's hearings office, the Project's Facebook page, and the WhatsApp numbers for the PMU communications specialist and the Social Unit's team members. While there may be benefits to having multiple channels for airing grievances, the Panel is concerned about whether there is a clear process and responsibilities among the various actors for following up on grievances, and a well-designed log to keep track of all grievances. The Panel also highlights the importance of the legitimacy, predictability, and transparency of the GRM process.

302. **Ombudsman.** The Panel recognizes that the GRM channel of the Ombudsman serves as an appeals avenue. The Panel acknowledges that Management's Action Plan aims to ensure that it continues functioning as such.

303. The Panel appreciates the intent of Management's Action Plan to organize the complaints logs and train Social Unit and Mobilization Committee members in the handling of complaints. The Panel also notes the importance of the action item relating to the dissemination of information about the GRM system, the process to submit complaints, and clarity on the process going forward, including timelines.

304. However, the Panel believes the current GRM channels ignore the Bank's guidance and are leading to distrust of and dissatisfaction with the Project. The Panel finds that while some of the Requesters' concerns exceed what a GRM can address, there are serious shortcomings in the GRM system. **The Panel finds the lack of information about GRM processes and timelines, the unclear roles and responsibilities of its various actors, the inadequate training and capacity of the Mobilization Committee, and the lack of access to COLAB by a large part of the affected community is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (a).**

²³⁹ ISR 23, February 2020.

Chapter 5 Cultural Aspects

5.1. Introduction

305. This chapter explores the cultural aspects raised in the Request for Inspection, including the identification of the cultural specificities of the Project-affected communities and the Project's impact on physical and intangible cultural resources, as well as efforts under the Project to relocate cultural sites. The Panel analyzes these issues in the context of Bank Policy on Environmental Assessment, OP/BP 4.01, Bank Policy on Indigenous Peoples, OP/BP 4.10, Bank Policy on Physical Cultural Resources, OP/BP 4.11, and Bank Policy on Involuntary Resettlement, OP/BP 4.12.

5.2. Request for Inspection

306. The Request alleges the Project is “*launching an attack*” on the cultural identity of the people who founded Teresina.²⁴⁰ It claims those responsible for the Project seem unwilling to consider cultural aspects of the affected communities or where they have lived and integrated their unique cultural identity for decades.²⁴¹

307. The Request says some families oppose leaving their ancestral lands, primarily because they have strong ties of cultural identity to them. They add that the Project is being implemented in a region which possesses significant landmarks of the cultural identity of its residents. According to the Request, because families have lived in the area since the founding of Teresina, the Project's resettlement must consider their “*persuasive wishes*” to remain where they were born.²⁴²

308. The CDFS report, received by the Panel in April 2020, argues that many PAPs must be considered members of traditional communities with strong ties to their lands. The report contends that some PAPs could also qualify as indigenous peoples under the Bank's policy. As mentioned above, the report includes an anthropological study CDFS commissioned to complement the Project's anthropological study.²⁴³

5.3. Management Response

309. The Response explains that cultural issues were in fact considered during the Project's design and implementation. The Response lists several activities that aim to benefit those who will be resettled, including revitalization of Boi Theater in the Project area, economic inclusion of activities targeting potters, and entrepreneurship activities targeting women and youth. In addition, *Orixás Square* was selected for Project support by representatives of the Borrower and Afro-Brazilian groups.²⁴⁴

²⁴⁰ Request for Inspection, p. 3.

²⁴¹ Letter of support for the Request submitted by the Federal Public Defender's Office in Piauí. Dated 08/14/2019.

²⁴² Letter by the Commission on Human Rights of the Archdiocese of Teresina. Dated 08/05/2019.

²⁴³ CDFS Report, Annex D.2.

²⁴⁴ Management Response, p. 32.

310. According to Management, the 2018 anthropological study identified 480 Afro-Brazilian traditional and religious groups in Teresina, and 210 in the Project area. It further identified the presence of African religions, ceramic crafts, artisanal fishery, the *Bumba Meu Boi* dance, community vegetable gardens, religious woodcrafts, and *vazanteiros*. The study assessed potential impact – positive and negative – of the Project on cultural traditions, including on four households that serve as places of worship for Afro-Brazilian religions.²⁴⁵

311. Management explains that, according to the ESIA and resettlement documents, where houses of worship for Afro-Brazilian religions must be demolished, the Project provides replacement houses. At the time of the Response in October 2019, two such houses had been resettled. These resettled places of worship were consecrated following required rituals, and ritual services have continued in them.²⁴⁶

312. The Response states that the anthropological study recommends actions in compliance with Brazilian legislation on cultural heritage, including (i) a heritage education program, (ii) a cultural reference registration, inventory, and patrimonialization program, (iii) an institution-strengthening program, and (iv) a monitoring program. The PMU is implementing these actions, which will be monitored by the federal agency responsible for protecting cultural heritage (the National Institute for Historical and Artistic Heritage – *Instituto do Patrimônio Histórico e Artístico Nacional* – IPHAN).²⁴⁷ In its Action Plan in the Response, Management commits to following up with the PMU on the implementation of the above recommendations.²⁴⁸

5.4. Bank Policies

313. Bank Policy on Environmental Assessment, OP/BP 4.01, explains that the EA takes into consideration involuntary resettlement, indigenous peoples, physical cultural resources, etc. It requires that natural and social aspects be assessed in an integrated way.²⁴⁹

314. Bank Policy on Indigenous Peoples, OP/BP 4.10, applies to projects affecting “*distinct, vulnerable, social and cultural*” groups that possess in varying degrees: “(a) *self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (d) an indigenous language, often different from the official language of the country or region.*”²⁵⁰

315. Bank Policy on Physical Cultural Resources, OP/BP 4.11, applies to “*movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes*

²⁴⁵ Management Response, p. 37.

²⁴⁶ Management Response, p. 37.

²⁴⁷ Management Response, p. 37.

²⁴⁸ Management Response, p. 21.

²⁴⁹ Bank Policy on Environmental Assessment, OP 4.01, paragraph 3.

²⁵⁰ Bank Policy on Indigenous Peoples, OP 4.10, paragraph 4.

*that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.”*²⁵¹ The policy considers such resources important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people’s cultural identity and practices.²⁵² According to the policy, impact on such resources is assessed as an integral part of the EA process.²⁵³ When a project is likely to have adverse impact on such resources, the Borrower identifies appropriate measures for avoiding or mitigating this impact as part of the EA process.²⁵⁴

316. Bank Policy on Involuntary Resettlement, OP/BP 4.12, recognizes that involuntary resettlement, if unmitigated, often gives rise to severe economic, social, and environmental risks, including the loss or weakening of cultural identity and traditional authority. The policy requires the mitigation of such risks.²⁵⁵ It requires that the existing social and cultural institutions of those resettled are preserved and their preferences with respect to relocating in preexisting communities and groups are honored.²⁵⁶

5.5. Panel Observations, Analysis, and Findings

317. During its investigation visit, the Panel observed that the Project area is home to several different communities with diverse livelihoods, cultural practices, religions, and heritage. The Panel met with members of different groups, including fishermen, potters, healers, *vazanteiros*, practitioners of the *Bumba Meu Boi* ceremony, *terreiro* followers, and spiritual guides. The Panel learned that some of them have resided along the river and lagoons in Teresina for more than 50 years and consider that their history, culture, and livelihoods are closely connected to the area’s water cycle and natural resources.

318. **Classification of PAP Communities.** The Panel spoke to several people who claimed the Project failed to recognize the cultural specificities of the Project-affected communities, many of whom identify as traditional. The CDFS report explains that the different groups around Boa Esperança Avenue – such as fishermen, *vazanteiros*, healers, *ribeirinhas* (riverside people), and *terreiro* followers – are mentioned in the National Development Policy for Traditional Peoples and Communities.²⁵⁷ A 2015 document by IPHAN, which is annexed to the CDFS report, states that the *vazanteiros* and fishermen in this area are considered a traditional community. It describes these groups as “*living off the resources offered by nature, depending on the floods and droughts of the Parnaíba River, which favor the soil for new plantations and represent, to those who know the lands and waters, the time and conditions conducive to carrying out artisanal fisheries. They have a black or indigenous ethnic-racial identity and have been there for more than fifty years surviving and preserving their families. The ways of life of these traditional communities constitute Brazilian cultural heritage, according to Art. 216 of the Federal Constitution.*”²⁵⁸

²⁵¹ Bank Policy on Physical Cultural Resources, OP 4.11, paragraph 1.

²⁵² Bank Policy on Physical Cultural Resources, OP 4.11, paragraph 2.

²⁵³ Bank Policy on Physical Cultural Resources, OP 4.11, paras. 3 and 4.

²⁵⁴ Bank Policy on Physical Cultural Resources, OP 4.11, paragraph 8.

²⁵⁵ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 1.

²⁵⁶ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c).

²⁵⁷ CDFS Report, p. 68.

²⁵⁸ IPHAN, 2015, pp. 7 and 8.

319. The Panel notes that the Project's ESIA recognizes the existence of rich, cultural activity within the community linked to its Afro-Brazilian culture and traditions.²⁵⁹ The ESIA also refers to the use of the river plains for economic activities and practices by *vazanteiros* and community gardeners,²⁶⁰ but does not discuss the different groups of PAPs in detail. During Phase 2, following feedback from stakeholders during the environmental licensing process, the Project commissioned an anthropological study, completed in 2018. This study identified 210 Afro-Brazilian traditional and religious groups in the Project area. It further identified African religions, ceramic crafts, artisanal fishery, the *Bumba Meu Boi*, community vegetable gardens, religious woodcrafts, and *vazanteiros* in areas along the rivers. The Panel notes that both the ESIA and the Project's anthropological study identify the local communities as traditional and recommend that actions be taken to preserve their physical and cultural resources, as discussed in more detail below.

320. The CDFS report explains that protecting the PAPs' territory means protecting a distinct and culturally different way of life, and that Project disregard of the ecological knowledge of traditional communities violates the rights to self-determination of those communities.²⁶¹

321. During its visit, the Panel team learned that some PAPs take pride in their Afro-Brazilian heritage. Some of them self-identify as *Quilombola*, descendants of escaped slaves. They remember legendary leaders such as Zumbi dos Palmares as fierce warriors who defied slavery and fought heroically to win their freedom. The Panel heard about the long history of discrimination against Afro-Brazilian cultural expressions, including the *Umbanda* religion, which some PAPs practice. The Panel notes that neither the ESIA nor the Project's anthropological study identify the presence of *Quilombola* communities in the area.

322. The CDFS report explains that the Boa Esperança community is applying for recognition as a *Quilombola* community with the Palmares Cultural Foundation – the national authority responsible for the recognition process.²⁶² According to the CDFS report, the traditional, cultural practices of this community are evidence that the Afro-Brazilian PAPs are indigenous people, that the resettlement operation has not protected their traditional cultural practices, and that therefore the Bank has violated its Policy on Indigenous Peoples, OP/BP 4.10, by failing to obtain “*broad community support*” for the proposed policies and provisions of the involuntary resettlement operation.²⁶³

323. Regarding the application of Bank Policy on Indigenous Peoples, OP/BP 4.10, the Panel notes that indigenous people are defined as “*distinct, vulnerable, social and cultural*” groups that possess four characteristics in varying degrees, as described below.

324. First, the group self-identifies as a distinct, indigenous, cultural group and is recognized as such by others. During its investigation visit, it became apparent to the Panel that some PAPs self-

²⁵⁹ ESIA 2014, p. 33.

²⁶⁰ ESIA 2014, p. 65.

²⁶¹ CDFS Report, p. 54.

²⁶² CDFS Report, *Contra-Estudo Antropológico*, p. 96.

²⁶³ CDFS Report, p. 68.

identify as *Quilombola* and believe Bank Policy on Indigenous Peoples, OP/BP 4.10, should apply to them. However, the Panel found insufficient evidence that this identity is recognized by others. The Panel understands that the Piauí has 87 *Quilombola* communities currently certified by the Palmares Foundation²⁶⁴ and notes that the Boa Esperança community is in the process of applying for such recognition. But the Panel notes recognition as *Quilombola* would not automatically mean recognition as indigenous. The Panel understands that the federal indigenous foundation (*Fundação Nacional do Índio* – FUNAI) does not yet recognize any groups in Piauí as indigenous.²⁶⁵ Therefore, the Panel believes this criterion is not met in this case.

325. Second, the group has collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories. The Panel notes that, in accordance with the policy, collective attachment means generations of physical presence in – and economic ties to – lands and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.²⁶⁶ The Panel believes this criterion is not met in this case, because the lands where the Afro-Brazilian communities live are not geographically distinct but rather are shared with many other traditional and modern people attached to precisely the same habitats. Nor can the PAPs in this context claim ancestral ties or use and occupation.

326. Third, the group possesses customary cultural, economic, social, or political institutions separate from those of the dominant society and culture. The Panel notes that some Afro-Brazilian communities living in the area belong to religious groups which have their own institutions and leaders specific to their localities, such as the *terreiros* and the *Candomblé* sanctuaries.

327. Regarding activities practiced by the PAPs – such as *vazante* cultivation – the Panel understands river water recession crop cultivation is traditional. However, it is not exclusive to the PAPs’ culture and is practiced in many places by Brazilian nationals of all races, ethnicities, and beliefs. The Panel also notes that artisanal fishing is practiced throughout Brazil and most of subtropical South America utilizing the same basic technologies as those used by PAPs (i.e., similar manufacture of canoes, fishnets, and hooks baited with animal intestines). The activity and its technology are not restricted to indigenous peoples. The Panel recognizes that the traditional practices of the *ribeirinha* communities of *vazante* cultivation can be observed in northeastern Brazil, throughout the Amazon Basin, in southern Brazil, and in many parts of South America’s subtropics marked by distinct dry seasons.

328. As for pottery and ceramics manufacturing, the Panel notes that artisanal production of ceramic pieces is not ancestral but commenced in 1964. According to the Project’s anthropological study, the pioneer of this profession was Raimundo Nonato da Paz who learned ceramic art in Maranhão. When he arrived in Teresina he settled in Poti Velho and discovered demand for pots and jars was greater than in Maranhão, so he invited other ceramic artisans from neighboring states to join him, increasing their numbers until they became known as the potters’ community.²⁶⁷ The

²⁶⁴ Management Response, p. 4.

²⁶⁵ Management Response, p. 15.

²⁶⁶ Bank Policy on Environmental Assessment, OP 4.10, paragraph 4 (b), footnote 7.

²⁶⁷ See Semplan 2018, Anthropological Study – Lagoas do Norte, p. 101.

Panel notes that the PAPs therefore largely lack institutions that are separate from those of the dominant society and thus this criterion is not met.

329. Fourth, the group has an indigenous language that differs from the official language of the country or region. The Panel notes this criterion is not met.

330. The Panel recognizes that for Bank Policy on Indigenous Peoples, OP/BP 4.10, to apply, all four criteria need not be strictly met, but can be fulfilled to varying degrees. For example, in some cases indigenous groups have lost their separate language over time but meet all other criteria and can thus still be covered by the policy. However, the Panel observes that in this case, while some PAPs self-identify as indigenous, there has been no recognition of this identity by others. The Panel also notes that while the PAPs identifying as indigenous have some distinct religious and cultural institutions separate from the dominant society, they lack collective attachment to geographically distinct habitats or an indigenous language. The Panel thus concludes the threshold for the policy to apply in the context of this Project has not been reached.

331. The Panel finds Management is in compliance with Bank Policy on Indigenous Peoples, OP/BP 4.10, for not triggering it, since the affected communities in Lagoas do Norte are not considered indigenous as per Bank Policy on Indigenous Peoples, OP 4.10, paragraph 4.

332. **Impact on Cultural Resources.** During its visit, the Panel learned from local community members about their cultural and religious practices, traditions, and sites. The Panel visited some *ribeirinha* (riverside) communities and spoke to *vazanteiros* and fishermen about their connection to the river and its banks. The Panel also met with members of the potter's community, who are concerned about moving away from the lagoon areas where their families have extracted clay for generations. The Panel attended a *Bumba Meu Boi* ceremony conducted by *ribeirinha* residents of all ages who gathered to sing and dance parts of the traditional and interactive folklore. The practitioners explained they have interpreted this play for generations in a tradition passed down in their families.

333. The Panel observes that the Requesters are concerned with both tangible and intangible cultural heritage. It is important to note that Bank Policy on Physical Cultural Resources, OP/BP 4.11, applies only to physical cultural resources, which are defined as movable or immovable objects, locations, structures, groups of structures, or landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.²⁶⁸ The Bank's Physical Cultural Resources Safeguard Policy Guidebook explains that there are also intangible cultural resources – such as language, poetry, music, dance, and intellectual knowledge. While these aspects of human culture are important, this policy does not cover them.²⁶⁹

334. The CDFS report argues that the Project considers only economic and social losses and ignores the cultural, spiritual, and religious issues of the traditional communities affected by the Project. The report claims no mitigation measures were considered for cultural impact. Similarly, the anthropological study commissioned by the CDFS asserts that the Project only assessed the

²⁶⁸ Bank Policy on Physical Cultural Resources, OP 4.11, para 1.

²⁶⁹ World Bank Physical Cultural Resources Safeguard Policy Guidebook, p. 10.

touristic potential and economic perspectives of activities such as traditional ceramic-making, artisan fishing, and the *vazanteiros*, without considering the territorial, cultural, and symbolic dimensions of these practices.²⁷⁰ The impact of resettlement on the economic dimensions of these activities is addressed in chapter 3.

335. The CDFS report argues that allowing residents of northern Teresina to stay in their original territory guarantees them better living conditions and safeguards an important part of the historical and cultural heritage of Teresina and Piauí. It contends that local people – especially “*masters of knowledge*” – must be considered living heritage, according to Ordinary Law No. 5,816 of December 16, 2008, that establishes the Registry of Living Heritage of the State of Piauí.²⁷¹

336. The Panel notes, as mentioned above, that the Project’s ESIA does recognize Afro-Brazilian culture and traditions in the area, which required the construction of an appropriate public space – *Orixás* Square – for memorializing and celebrating their beliefs. Protection of the cultural traditions of the ceramic crafts, and artisanal production in general, was also anticipated by the ESIA.²⁷²

337. The Panel notes that the Project’s anthropological study identifies existing cultural manifestations in the intervention area of the Project and analyzes its potential positive and negative impact on them. The study provides (i) a brief historical record of the 13 neighborhoods included in the Project, (ii) a description of ceremonies, celebrations, forms of expression, crafts and skills associated with crafting, and (iii) a brief accounting of culturally significant buildings and places. The study underscores the presence of cultural elements, including religions of African origin (40 *Umbanda terreiros* and four *Candomblé terreiros*), *Bumba Meu Boi*, ceramic art, religious woodcrafts, artisanal fishing, community gardens, and the *vazantes*.²⁷³

338. The Panel notes the Project’s anthropological study finds that most PAPs subscribe to Roman Catholic or Evangelical religions. An uncouneted minority belongs to *Umbanda* – a syncretic religion blending African traditions with Catholicism, Spiritism, and Indigenous American beliefs – that the psychic (or medium) Zélio Fernandino de Moraes developed among descendants of slaves in Brazil in the early twentieth century.²⁷⁴ *Umbanda*’s main characteristic is a belief in deities called *Orixás* – syncretized with Catholic saints – who represent divine energy, spirits that guide practitioners, psychics or mediums who bring messages from the spiritual world, reincarnation and spiritual evolution, and the practice of charity and social fraternity. A smaller minority adheres to *Candomblé* sects, another syncretized Afro-Brazilian religion brought to Teresina in 1989 by Father Oscar de Oxalá.²⁷⁵

339. Regarding Project impact on these Afro-Brazilian religions, the Project’s anthropological study found the recognition and use of the new public spaces by Afro-Brazilian groups and NGOs

²⁷⁰ CDFS Report, p. 96.

²⁷¹ CDFS Report, p. 50.

²⁷² ESIA 2014, p. 33.

²⁷³ Semplan 2018, Anthropological Study – Lagoas do Norte.

²⁷⁴ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 60.

²⁷⁵ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 64.

to be a positive effect. Such public spaces supported by the Project include the Parque Lagoas do Norte and *Orixás* Square, created to foster religious freedom and tolerance, and to increase the visibility of African-based religions. The Panel notes that the anthropological study highlights the negative impact of relocating the *terreiros*, which is discussed below.

340. The Panel notes the Project's anthropological study concludes that *Bumba Meu Boi* ceremonies would suffer no adverse effects and would in fact benefit from the creation of rehearsal spaces and celebrations at Boi Theater.²⁷⁶ The religious woodcrafts tradition would also benefit from the potential increase in business encouraged by the construction of an artisan market.²⁷⁷ According to the anthropological study, Project works would improve the working conditions of the artisans of the Poti Velho Ceramic Nucleus – a space that brings together more than 30 ceramic art producers, where each has his or her personal space for production and sales – and increase their business. However, the study also cites artisan insecurity regarding the permanence of the Ceramic Nucleus after completion of the works, and attributes this to lack of information about the Project.²⁷⁸ The Project's anthropological study further notes that artisanal fishing would profit from the creation of a new fish market, which would simultaneously facilitate fish mongering and remove fish vendors from the crowded sidewalks, to the relief of pedestrians.²⁷⁹ Community vegetable gardeners and *vazanteiros* would benefit from reduced risk of floods and landslides that hinder production, although there might be a temporary, adverse environmental impact on some vegetable gardens due to the traffic of dike construction vehicles.²⁸⁰

341. The Panel notes that the revised RAPs summarize the main conclusions and recommendations of the anthropological study.²⁸¹ These RAPs include several measures to address the adverse impact identified in the study.²⁸² Revised RAP 1 states that in order to mitigate these negative impact, a deeper understanding of how the *terreiros* “*dialogue with the ways of life, traditions, local knowledge, and social memories of the region*” should be contemplated by the Project during its implementation.²⁸³ The revised RAPs highlight the importance of keeping the

²⁷⁶ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 140.

²⁷⁷ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 110.

²⁷⁸ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 138.

²⁷⁹ Semplan 2018, Anthropological Study – Lagoas do Norte, p. 140.

²⁸⁰ Semplan 2018, Anthropological Study – Lagoas do Norte, pp. 140 and 141.

²⁸¹ For example, see Revised RAP 1, p. 13.

²⁸² These include: (i) Engaging with the communities living in these areas and clarifying the meaning and value of regional cultural, material, and immaterial goods; (ii) establishing strategies for disseminating regional cultural goods and promoting local and regional initiatives to promote and defend such goods; (iii) encouraging the training of local agents for the preservation of regional, material, and immaterial cultural assets; (iv) training teachers in the regional school network to explore and value regional cultural assets, inserting these as complementary activities to complement basic and secondary education; (v) registering and taking inventory of cultural references that will receive support/supervision from IPHAN and in collaboration with local partners; (vi) conducting a census (inventory) of houses of worship and cultural goods of African religions with the support/supervision of IPHAN and with the collaboration of local partners; to monitor the progress of the registration and registration of cultural assets of African religions, providing technical support for the valuation of these assets; (vii) studying and defining, together with the institutions concerned with urban regularization, instruments of urban protection, the areas of concentration of houses of worship and cultural goods of African religions, evaluating the possibility of establishing Special Areas of Social Interest in the territories of the *terreiros*, aimed at land regularization and promotion of housing improvements. See Revised RAP 1, p. 14.

²⁸³ Revised RAP 1, p. 14.

Ceramic Nucleus at its current location, maintaining access to raw materials that meet artisanal quality standards, and specific characteristics compatible with the look of the Nucleus. Finally, regarding artisanal fishing, the study recommends dialogue with the fishermen, middlemen, and clients of São Joaquim Market.²⁸⁴

342. The Panel notes that the Project includes activities to strengthen, rehabilitate, and improve Boi Theater, Rui Barbosa Market, and *Orixás* Square. Boi Theater is an arts center which the Project renovated and expanded, creating more rooms for rehearsals and workshops, accessibility for the disabled, and renovating the attached Fontes Ibiapina Library. Public attendance at Boi Theater is said to be robust. The Project expanded and modernized Rui Barbosa Market – a traditional magnet for local traders – to include more space for pedestrians, a food court with tables and snack bars, and a restaurant. The permanence of Poti Velho Ceramic Nucleus at its current location is guaranteed by Phase 2, within the scope of cultural rights.²⁸⁵ Finally, *Orixás* Square is a public space honoring the *Umbanda* religion and the heritage of Afro-Brazilian ancestors who helped build Teresina. The Square, designed by the Project with residents’ participation, features 13 sculptures of 10 *Orixás* and three celebrated *Umbanda* saints and has space for events, a stage, and parking facilities.

343. The Panel concludes that although the ESIA, created during Project preparation, recognized the rich, community links to Afro-Brazilian culture and local traditions – including the use of river plains for economic activities and practices, and the need to protect the cultural traditions of artisanal production, including ceramics – it did not analyze the cultural and religious practices, traditions, and sites of the different communities in detail.

344. The Panel believes the Project’s anthropological study, which was completed in 2018 and complements the ESIA, has sufficiently assessed and, where needed, mitigated the Project’s impact on physical cultural resources. The Panel notes that the study found that many physical cultural resources will be unaffected by the Project, as discussed above. The Panel also wishes to draw attention to the Project activities intended to strengthen cultural recognition, such as the rehabilitation and improvement of Boi Theater, Rui Barbosa Market, and *Orixás* Square. The Panel appreciates Management’s commitment to follow up with the PMU on implementing the recommendations on cultural heritage identified by the Project’s anthropological study. The Panel also notes that the Borrower has agreed to continue implementing these recommendations.

345. The Panel finds Management is in compliance with Bank Policy on Environmental Assessment, OP/BP 4.01, and Bank Policy on Physical Cultural Resources, OP/BP 4.11, regarding Project identification, assessment, and mitigation of impact on physical cultural resources.

346. Relocation of Physical Cultural Resources. The Requesters are concerned about the relocation of religious sites under the Project. The Panel visited a *terreiro* and met its “Mother-of-Saint” – a medium who acts as a spiritual guide, advising and helping believers. She told the Panel about the rituals and ceremonies performed there and the specifics of the physical religious space. The Panel understands that the *Umbanda terreiro* is usually a large area behind an ordinary house,

²⁸⁴ For example, see Revised RAP 1, p. 14.

²⁸⁵ Semplan, 2018, Anthropological Study – Lagoas do Norte.

beneath a simple roof or in a tent, with an altar at the back for ceremonies. The rituals performed there entail drumming, dancing, and spirit possession led by the Father- or Mother-of-Saint. The *terreiros* are also used to support charitable works to provide childcare, medical clinics, assistance to orphans, and distribution of medicines and food.

347. The Panel understands that the symbology and rituals vary considerably among *terreiros*, and followers have a special connection to the sacred physical space and to the Mother- or Father-of-Saint who initiated them. The location to which a *terreiro* will be moved is therefore important for community members. The Requesters told the Panel they are concerned about relocating *terreiros* since the tents or altars that define these spaces of worship become sacred once they receive the *axé* – a spiritual force from the *Orixás*, who are considered divine entities. Therefore, Fathers- or Mothers-of-Saint who lead the *terreiros*, their followers, and those who regularly attend the ceremonies argue that dislocations of these sacred houses should be avoided. Where this is impossible, relocation requires specific rituals and preparations.

348. The Panel observes that the Project’s anthropological study recognizes that “*each terreiro has its own identity marked by the life story of the [M]other[-] or [F]ather-of-[S]aint who leads it, and they have a divinity that must be developed, throughout the experiences that each one goes through, during the structuring and establishment of its terreiro.*”²⁸⁶ The study also acknowledges that moving an *Umbanda* or a *Candomblé terreiro* ruptures the sacred bonds between the *terreiro* and the people who belong to it. The study highlights the importance of understanding better how *terreiros* “*dialogue with the ways of life, traditions, local knowledge, and social memories of the region*” during the resettlement process. The revised RAPs describe the difficulty of “planting” a *terreiro* in a new location due to the symbolic and sacred conditions Fathers- and Mothers-of-Saint confer to these buildings.²⁸⁷

349. According to the CDFS report, the RAP “*silences and hides the presence of terreiros and does not refer to possible involuntary displacement of religious temples of African origin.*”²⁸⁸ The Panel notes that the original RAPs did not identify any *terreiros* in the northern region. However, the revised RAPs identify 44 *terreiros* – 40 *Umbanda* and four *Candomblé* – in the northern region of Lagoas do Norte.²⁸⁹ They do not specify which or how many of them are affected by the resettlement process. The Project’s anthropological study discusses the Project’s negative impact, which include the total expropriation and physical displacement of three *terreiros*. These three are considered for physical displacement and an additional one is partially affected.²⁹⁰ According to that study, relocation of *terreiros* must be done under the supervision of, and with proper ceremonies performed by, the Mother- or Father-of-Saint.²⁹¹

350. The Panel observes that the Project’s anthropological study describes an example of a successful resettlement of a *terreiro*, which occurred during Phase 1 of the Project. The *terreiro* belonged to Father Flávio de Ogum. The Father-of-Saint selected a new house with a large

²⁸⁶ Semplan, 2018, Anthropological Study – Lagoas do Norte.

²⁸⁷ Revised RAP 1, p. 14.

²⁸⁸ Semplan, 2018, Anthropological Study – Lagoas do Norte, p. 241.

²⁸⁹ Revised RAP 1, p. 13.

²⁹⁰ Revised RAP 1, p. 13.

²⁹¹ Semplan, 2018, Anthropological Study – Lagoas do Norte, pp. 136 and 137.

backyard for the sacred altar in Mafrense and purchased it with the compensation money. According to the study, the appropriate ceremonies were conducted, and the Father-of-Saint is reportedly satisfied.²⁹² As of the drafting of the Management Response, two houses with places of worship for Afro-Brazilian religions have been resettled. The affected people were relocated to houses and received additional compensation to continue their religious activities. Management explains that the new places of worship have been consecrated following all required rituals, and religious services have continued in the new locations.²⁹³

351. The Panel notes that the Project realizes the religious and cultural importance of *terreiros* and recognizes the complexity of relocating them. It appears that the required rituals were performed where relocation has already taken place. This demonstrates the Project's willingness to accommodate the needs of the Mothers- or Fathers-of-Saint during resettlement. Nevertheless, the Panel emphasizes the importance of following the guidance provided by the Project's anthropological study going forward.

352. **The Panel finds Management is in compliance with Bank Policy on Physical Cultural Resources, OP/BP 4.11, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) regarding the Project's relocation of physical cultural resources.**

²⁹² Semplan, 2018, Anthropological Study – Lagoas do Norte.

²⁹³ Management Response, p. 48.

Chapter 6

Project Supervision and Bank Response to the Request

6.1. Introduction

353. In this chapter the Panel reviews the Bank’s supervision of the Project and specific actions it is taking in response to the concerns raised in the Request. The Panel’s review includes the frequency and composition of supervision, including the technical expertise of the supervision teams. In the second part of this chapter, the Panel focuses on the quality of supervision and how challenges were identified and addressed. In both sections, the period covered is divided into two parts: First, from Project approval in February 2016 to receipt of the Request in August 2019 and second, from receipt of the Request to the finalization of this Report. The third part of the chapter considers whether an advisory panel of independent, internationally recognized resettlement specialists should have been appointed to advise the Borrower on the design and implementation of the RAPs.

6.2. Request for Inspection

354. The Request states that the involuntary resettlement carried out by the Project “*violates the document entitled World Bank Operational Manual.*”²⁹⁴ The Requesters consider that policy principles have not been followed. They say they did not meet any Bank staff during the Project’s implementation. During the investigation visit, the Panel heard that many Project-affected people met Bank staff for the first time during a consultation meeting on February 19, 2020.

6.3. Management Response

355. The Response states that “*the Bank routinely supervises the execution of the works and compliance with the ESMP, at least every semester. Supervision missions indicate that execution of the works is in compliance with the ESMP.*”²⁹⁵ It adds that “*the PMU in turn has a team of engineers that is responsible for overseeing contract implementation and management.*”²⁹⁶ Furthermore, it points out that the Mobilization Committee is responsible for monitoring Project implementation.²⁹⁷

6.4. Bank Policies

356. Bank Policy on Investment Project Financing, OP 10.00, requires Management to monitor the Borrower’s compliance with its obligations during Project implementation as set out in the legal agreements. It requires Management to provide implementation support to the Borrower by reviewing information on the progress of implementation and towards achieving Project

²⁹⁴ Request for Inspection, p. 3.

²⁹⁵ Management Response, p. 30, response to claim No. 3.

²⁹⁶ Management Response, p. 30, response to claim No. 3.

²⁹⁷ Management Response, p. 17, paragraph 54.

development objectives and related results, and updating risks and related management measures.²⁹⁸

357. The Bank directive relating to the policy states that in providing implementation support, Management must review the Borrower's monitoring of Project performance and compliance with its contractual undertakings.²⁹⁹ It adds that Management must assess the Project periodically and review the Borrower's monitoring of results, risks, and implementation status, updating Project information and identifying any follow-up actions needed.³⁰⁰

358. According to Bank Policy on Involuntary Resettlement, OP/BP 4.12, the Borrower “*is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instrument.*” The policy requires that Management “*regularly supervises resettlement implementation to determine compliance with the resettlement instrument.*”³⁰¹ The policy further states for highly risky or contentious projects, or those that involve significant and complex resettlement activities, the Borrower should normally engage an advisory panel of independent, internationally recognized resettlement specialists to advise on all aspects of the project relevant to resettlement.³⁰²

6.5. Panel Observations, Analysis, and Findings

359. This Project is composed of eight subprojects, each having a separate design process – the PMU and the Bank refer to the subprojects as “works.” Bank supervision of Project implementation includes overseeing the preparation, design, and implementation of each subproject. The issues raised in the Request relate overwhelmingly to the need for, planning of, and implementation of involuntary resettlement. Bank policy requires that social issues be addressed in an integrated way with the design of the other aspects of each subproject.³⁰³

360. On October 22, 2019, within a month of the registering of the Request, Management submitted a Response including a nine-point Action Plan to address the Requesters' concerns (see chapter 1, paragraph 30). The analysis below focuses on the expertise made available to supervise the Project, how resources were deployed, and how the team addressed resettlement challenges. It also examines implementation of these actions.

6.5.1. Frequency of Supervision and Technical Expertise

361. **From Project Approval to Submission of the Request.** During the three-and-a-half years between Project approval and submission of the Request (February 2016 to August 2019), Management supervised the Project 30 times, holding 11 videoconferences with the Borrower and

²⁹⁸ Bank Policy on Investment Project Financing, OP 10.00, paragraph 19.

²⁹⁹ The Bank Directive on Investment Project Financing became effective on October 1, 2018, replacing Bank Procedure on Investment Project Financing, (BP) 10.00. The Directive carried over the relevant requirements of BP 10.00.

³⁰⁰ Bank Directive on Investment Project Financing, paragraph 43.

³⁰¹ Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 24.

³⁰² Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 19, footnote 23.

³⁰³ Bank Policy on Environmental Assessment, OP 4.01, paragraph 3.

making 19 site visits to Teresina. All these missions included the participation of at least one Bank social scientist.³⁰⁴

362. Ten of the 19 site visits were required, regular, bi-annual supervision visits and the Mid-Term Review (MTR), and one was a high-level visit. The reports on the bi-annual visits are included in ISRs, which are publicly disclosed, or in Aide Memoires. The MTR was divided into two site visits, in February and May 2019.³⁰⁵ The remaining nine site visits were technical missions to address specific aspects of the Project. Six of them focused on social impact (including involuntary resettlement). Below is a breakdown of the type of supervision performed before and after submission of the Request.

Missions	Prior to Submission of the Request (February 2016 to August 2019)	After Submission of the Request (August 2019 to the drafting of this Report)	Total
General Supervision	7	8	15
Technical	9	3	12
Videoconference	11	2	13
Mid-Term Review	2	0	2
High-Level	1	0	1
Total	30	13	43

363. The Panel notes that, due to the continuous delays experienced by the Project, in May 2018 Management agreed with the Borrower to schedule monthly – and later bi-weekly – videoconferences.³⁰⁶ Furthermore, the Borrower “*proposed to visit the Bank every other month.*”³⁰⁷ The Panel found no reports on the Borrower’s visits to the Country Office in Brasilia and, hence, could not review the records of such visits.

364. The Panel believes the record shows that increased supervision improved overall Project implementation. In the first six months of 2019, Management supervision included a two-part MTR mission, two technical visits (a social mission and a dam safety mission), a procurement/training mission, a knowledge exchange mission, and several videoconferences “*to monitor progress and provide just-in-time advice.*”³⁰⁸ According to Management, the intense efforts employed and the “*visible progress*” achieved helped alter the Project’s status as a “*problem*” project. The Panel notes that the first time the Project was described as a “*problem*” project was when Management believed the problems were being addressed.³⁰⁹

365. In the three-and-a-half years before submission of the Request, social scientists made up about 18 percent of Bank supervision teams.

³⁰⁴ Bank staff with expertise relating to involuntary resettlement are identified as social scientists or social specialists.

³⁰⁵ Implementation Status Report (ISR) 21, June 2019.

³⁰⁶ ISR 19, May 2018, and ISR 21, June 2019.

³⁰⁷ ISR 19 and Aide Memoire of May 2018.

³⁰⁸ ISR 21, June 2019.

³⁰⁹ ISR 21, June 2019.

Team Composition in Supervision from Project Approval to Submission of the Request

	Occurrences	Participants	Social Scientists	Percentage of Social Scientists
Site Visits	19	87	19	22%
Videoconferences	11	62	8	13%
Total	30	149	27	18%

366. **After Receipt of the Request.** In the first four months following receipt of the Request, Management supervised the Project on 13 occasions. These consisted of eight site visits for general supervision purposes, three technical visits, and two videoconferences.³¹⁰ These missions included the participation of one or more Bank social scientists, who accounted for 38 percent of team composition. The doubling of the resources, in the Panel’s view, is indicative of how previously the Project lacked focus on the social complexities that are described in the earlier chapters.

Team Composition in Supervision after Submission of the Request

	Occurrences	Participants	Social Scientists	Percentage of Social Scientists
Site Visits	11	59	22	37%
Videoconferences	2	4	2	50%
Total	13	63	24	38%

367. The Panel recognizes there is no specific rule on how many staff members of a given discipline should participate in supervision missions. These percentages are examined here to assess the seriousness with which the task team considered the Project’s social aspects. While social expertise seemed insufficient at first, after the submission of the Request, Bank Management doubled its focus on this discipline.

368. The Panel notes that this increased attention is a direct response to the involuntary resettlement concerns raised in the Request. Five missions and two videoconferences focused mainly on “*proactively engaging with the Borrower and key Project stakeholders to gather accurate information about the Project progress [and] inform the Management Response to the Request for Inspection.*”³¹¹

369. During staff interviews, the Panel was informed that an enlarged social team – composed of six social scientists, including a regional safeguard advisor – was created to review the original RAPs. This is also a marked increase in the expertise utilized prior to submission of the Request, when the Project was mainly supervised by one long-term, Bank social science consultant reporting to a senior social scientist staff member.

370. In summary, the Panel considers the frequency of the team’s supervision adequate and recognizes that it increased in mid-2018 to respond to difficulties and delays in overall Project implementation and in the implementation of RAPs. However, the social expertise deployed

³¹⁰ ISR 23, February 2020. The Team indicated that the next supervision mission was planned for March 3-10, 2020, and that it would be complemented by dedicated technical visits on social and engineering aspects. The record for this mission was unavailable at the time of the drafting of this Report.

³¹¹ ISR 22, December 2019.

initially was inadequate. Again, the Panel notes that there are no specific rules as to the number of specialists required to work on any given discipline. The adequacy of the expertise used must be assessed in light of the complexity, risks, and challenges of the Project. In this case, the social expertise deployed prior to submission of the Request was not commensurate with the complexity, risks, and challenges of the Project's social aspects, particularly resettlement.

371. The Panel observes that Management acknowledges that aspects of the RAPs were not in line with Bank policy.³¹² This was only recognized after submission of the Request. Furthermore, Management agreed with the Borrower on an Action Plan, most of which aims at improving compliance with various aspects of the resettlement policy.

372. After submission of the Request, the frequency of supervision activities and the deployment of social expertise increased considerably. This has proven instrumental in improving Project performance.

6.5.2. Quality of Bank Supervision

373. This section reviews the quality of the supervision, including follow-up on implementation of actions committed to by Management after submission of the Request.

374. **From Project Approval to Submission of the Request.** Soon after Project approval (from May 2016 to December 2018), Management recognized that Project implementation faced delays.³¹³ This remained the case for two years. The delays related mainly to the preparedness of engineering designs and bidding documents for subproject activities, the availability of funds for Parque Brasil, and weaknesses in Borrower capacity.

375. Supervision documents generally contained little information about the Project's social impact, even after – in December 2018 – Management identified resettlement as one of the sources of delays.³¹⁴ This referred to the delayed construction of Parque Brasil.

376. This oversight is of particular concern since the task team had reported more than once that the community along Boa Esperança Avenue had mobilized against resettlement, and had involved the State Public Prosecutor, the State Public Defender, and the Human Rights Commission of the Teresina Archdiocese in support of the community.³¹⁵ None of these facts was taken seriously. The task team did not focus on the delays in Project implementation. Management failed to recognize the implications of involvement by State-level – and later Federal-level – judicial entities and the risk of additional delays caused by legal proceedings they might initiate.

377. It is also of particular concern that by mid-2018, two-and-a-half years into implementation, the Project had yet to put in place a system to monitor and evaluate implementation of the

³¹² Management Response, p. vi, paragraph ix.

³¹³ ISR 15, May 2016.

³¹⁴ ISR 20, December 2018.

³¹⁵ ISR 16, December 2016, and ISR 18, December 2017.

resettlement.³¹⁶ This, despite the fact that the original Matadouro RAP implementation was completed and the original RAP 1 implementation had been underway for more than a year. In May 2018, the Project was to prepare TORs for the monitoring and evaluation of resettlement.³¹⁷ This task normally includes closely monitoring execution of the RAPs to evaluate progress, identifying bottlenecks or problems that may be encountered, recommending course corrections as needed, and reporting on the effectiveness of the program in achieving desired results.

378. The ISR dated December 2019 reported that a contract with an engineering firm for monitoring and evaluating resettlement implementation had been tendered, but the Panel could not determine whether the firm had indeed been hired; it found no signed copy of the contract cited in the ISR and no related monitoring or evaluation reports in Project files. More importantly, the Panel could not verify whether an evaluator was hired with expertise to address the variety of complex challenges of resettlement – such as (i) collecting field data on changes in socioeconomic baselines, (ii) rebuilding economic production and distribution systems, (iii) designing employment opportunities, (iv) reestablishing social support networks, (v) implementing capacity building programs for new authority structures, (vi) supporting families through transitions fraught with trauma and uncertainty, etc. The Panel recognizes that such expertise is usually not present in engineering companies, and the availability of appropriate expertise for Project efforts is of concern to the Panel. The Panel notes that the absence of systematic monitoring and evaluation of resettlement activities in this case makes it even more incumbent on Bank supervision to address properly and adequately the challenges faced by the Borrower in the design and implementation of resettlement activities.

379. Hence, the Panel believes implementation of resettlement activities was inadequately monitored by the Borrower and the team. Supervision documents failed to report on several key aspects of resettlement, including (i) the number of affected people – which varied from one ISR to another,³¹⁸ (ii) the disclosure of RAPs, related consultations, and community participation, and (iii) the grievance redress mechanism.³¹⁹

380. On the other hand, the challenges of completing Parque Brasil and the Borrower's weak capacity were well covered in supervision reports. By the time a final decision was taken on the delays of Parque Brasil, funding had been made available through the federal program *Minha Casa, Minha Vida* (My House, My Life) and two other residential complexes had been considered – the 350 housing units of Lagoa da Draga and the 324 housing units of Lagoa dos Oleiros.³²⁰ Both of these resettlement sites were initially deemed good alternatives due to their proximity to where the PAPs live.

³¹⁶ Aide Memoire of May 2018.

³¹⁷ Aide Memoire of May 2018.

³¹⁸ In the seven ISRs issued from Project approval to submission of the Request for Inspection, the team's estimate of affected people ranged from an initial 10,796 affected people to a mere 347, then back up to 7,120 (see ISR 15 to ISR 20, between May 2016 and December 2018).

³¹⁹ ISRs 15 and 16 did not provide information about the Project's GRM. ISRs 17 to 20 stated the Social Unit and the Mobilization Committee were the Project's GRM, adding that unresolved matters are escalated to the Borrower, PMU, and the Mayor's Office. ISR 21 lists the Teresina's Ombudsman as another GRM avenue.

³²⁰ Lagoa da Draga was mentioned in ISRs 17, 18, and 19 (between June 2017 and May 2018), and Lagoa dos Oleiros in ISRs 19 and 20 (between May 2018 and December 2018).

381. In December 2018, the task team noted that the PMU had limited capacity “*to deal with project challenges – including resettlement aspects.*”³²¹ It also noted that the PMU had requested, and the team agreed, that the Project support hiring two social scientists to expedite the RAP implementation and more engineers.³²² By June 2019, Management noted that, due to the follow-up provided by the environmental and social safeguards teams, considerable progress had been made “*to bring the Project back on the right track.*”³²³

382. **After Receipt of the Request.** As cited above, the team conducted 11 field supervision missions between September 2019 and March 2020. These missions focused on “*proactively engaging with the Borrower and key Project stakeholders to gather accurate information*” for Management’s Response.³²⁴ They resulted in the Action Plan which, according to the team, seeks to give the people in the Project area a sense of full ownership of the Project, and to reduce delays in RAP implementation.³²⁵ This was the first time the team mentioned RAP ownership by the PAPs.

383. In December 2019, the task team reported that Actions 1, 3, and 5 of the Action Plan were completed.³²⁶ Action 1 updated the census and disseminated information about the cut-off date. Action 3 suspended the dismantling of any structure in the Project area built before the cut-off date. Action 5 mobilized a local consultant to provide targeted training to the PMU staff on how to conduct meaningful consultations with stakeholders.

384. In June 2020, the team informed the Panel that revising the RAPs – Action 2 – had been completed. On February 20, 2020, the Bank cleared disclosure of the Canal Matadouro RAP and RAP 1 (Mazerine, São Joaquim, Piçarreira, and Oleiros). Furthermore, following consultations with potentially affected families of the other RAPs, draft revisions for RAPs 2 and 3 were submitted on February 21, 2020, for clearance for public consultation.

385. Two other actions were considered “*in progress.*” First, the PMU engaged a firm to improve consultations; the firm was expected to prepare a strategy for the Project – Action 6. Second, regarding the recommendations on cultural heritage identified in the anthropological study – Action 9 – the PMU agreed to launch four studies to (i) formulate a cultural heritage education program, (ii) inventory cultural heritage references, (iii) strengthen the Borrower’s capacity on cultural aspects, and (iv) monitor related activities. The task team noted that the TORs were still being drafted and that “*cultural heritage aspects have been better integrated in the updated RAPs.*”³²⁷

386. The three remaining actions were marked as completed in February and May 2020. For Action 7 – better dissemination of Project information – the Project’s website was substantially

³²¹ ISR 20, December 2018.

³²² ISR 20, December 2018.

³²³ ISR 21, June 2019.

³²⁴ ISR 22, December 2019.

³²⁵ ISR 23, February 2020.

³²⁶ ISR 22, December 2019.

³²⁷ ISR 23, February 2020.

revised and, according to Management, is now being used to receive comments on updated safeguard instruments.³²⁸ For Action 8 – improving the Project’s GRM – the PMU implemented the agreed action and continues to train potentially affected families and other residents on the use of the GRM (on February 19, 2020, some 500 potentially affected families learned how to use COLAB). Further discussion about the GRM may be found in chapter 4 of this Report. In June 2020, Management informed the Panel that the report on the dismantled structures – Action 4 – was submitted to the Bank in May 2020.

Status of Management’s Nine-Point Action Plan

Action	In Progress	Completed in December 2019	Completed in February 2020	Completed in May 2020
Action 1 - updating census and disseminating information about the cut-off date		X		
Action 2 - revising the RAPs				X
Action 3 - suspending the dismantling of structures in the Project area		X		
Action 4 - reporting on dismantled structures				X
Action 5 - mobilizing a local consultant to train the PMU on meaningful consultations		X		
Action 6 - hiring a firm to design a strategy to improve communications	X			
Action 7 - improving dissemination of Project information			X	
Action 8 - strengthening the Project’s GRM			X	
Action 9 - implementing recommendations of the anthropological study	X			

387. Following the Request, the team downgraded Project compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12, to “*Moderately Unsatisfactory*.” The team claimed this was because the resettlement instruments were somewhat out of line with the policy’s requirements. It noted that the resettlement lacked a “*formal declaration and communication of a cut-off date*.” The team suggested revising the RAPs to include (i) information about updating the census, (ii) a detailed description of the GRM system, (iii) an enhanced justification and legal framework for resettlement, (iv) a detailed explanation of asset evaluation, and (v) a better reflection of the consultation feedback. The team stated that a new round of consultations would be held and duly registered.³²⁹

388. Concerning compliance with Bank Policy on Safety of Dams, OP/BP 4.37, the Project maintained its previous rating of “*Moderately Unsatisfactory*.” The team indicated that a consortium had been contracted to study alternatives and develop detailed engineering designs for dike adequacy and safety.³³⁰ The team was not explicit about the cause of the delays in solving the safety issue.

³²⁸ The team included a link to the Project website: <https://semplan.teresina.pi.gov.br/lagoas-do-norte/>.

³²⁹ ISR 22, December 2019.

³³⁰ ISR 22, December 2019.

389. In summary, the Panel notes that reporting on resettlement challenges was inadequate prior to submission of the Request. The supervision documents from that period contained little or no information on many important aspects of the resettlement, including disclosure of RAPs, consultation with the affected communities, and PAPs' participation in the design of the RAPs and decision-making processes that would alter their lives. When resettlement-related information was included – such as the number of PAPs to be displaced – the information was inconsistent. The Panel notes that the absence or inconsistency of such information is particularly concerning since the Project had no systemic monitoring or evaluation of resettlement activities.

390. The Panel is unsure whether these challenges were ignored, or whether they were addressed but went unreported. Either way, the result was growing dissatisfaction in parts of the community that ultimately led to the Request for Inspection. Not much of this dynamic – or attempts to address it – is reflected in supervision documents.

391. The reporting during this initial period focused mainly on implementation delays related to designs or bidding processes. Supervision diligently reported on delays in the construction of Parque Brasil, and the preparation of various engineering designs. Supervision reports also adequately reported, and positively addressed, the Borrower's need for capacity building.

392. After the Request was submitted, the overall quality of supervision improved significantly, including the itemized reporting on the implementation of Management's Action Plan. The supervision reports also more realistically evaluated safeguard compliance, which better reflected the situation on the ground. The Panel believes these improvements are due in large part to the social expertise added to the Project after the Request was submitted.

6.5.3. Engagement of an Advisory Panel for Involuntary Resettlement

393. The Panel believes this resettlement is highly complex, as discussed in chapter 3, with the community divided between those wanting resettlement and those resisting it.

394. The Panel considers the original RAPs, as approved, to be inadequate. The Panel notes that the non-compliance in the design and implementation of the RAPs could have been avoided had the Project engaged an advisory panel of independent, internationally recognized resettlement specialists, a normal procedure according to Bank Policy on Involuntary Resettlement, OP/BP 4.12, in projects that are highly risky, contentious, or that involve complex resettlement activities.

395. The Panel notes that this Project's resettlement is both contentious and involves complex resettlement activities. First, Management acknowledged the complexity of this resettlement in supervision reports.³³¹ In the April 2020 Project Restructuring Paper, Management states that *“unlike other infrastructure projects where resettlement is incidental and ancillary to proposed civil works, resettlement of vulnerable population currently living in flood-prone areas is the core objective of this Phase II Project. In fact, the number of people relocated out of risks is one of the project indicators (sic).”*³³²

³³¹ ISR 20 of December 2018 and ISR 22 of December 2019.

³³² Restructuring Paper, p. 3.

396. Second, Management acknowledged the contentious nature of this resettlement when it flagged resettlement-related protests conducted by a small number of residents of Boa Esperança Avenue.³³³ This opposition gained momentum and ultimately attracted support from the State Public Prosecutor, the State and Federal Public Defenders, and the Human Rights Commission of the Archdiocese of Teresina, in addition to various professional and civil society organizations. Management pointed to their involvement on behalf of the Requesters in its supervision reports.³³⁴

397. Third, relatively early on, Management identified weaknesses in Borrower capacity as an area of concern. In December 2018 Management reported on the need to strengthen the Borrower's capacity "*to deal with project challenges – including resettlement aspects.*"³³⁵ Two additional social specialists were hired to expedite the RAP implementation.³³⁶

398. The Panel observes that, during its meetings, some staff supporting Project implementation have shown awareness of the shortcomings in the resettlement operation and believe the deficiencies can be corrected on a case-by-case basis. In the Panel's view, had an advisory panel of independent internationally recognized resettlement specialists been established at the outset, many of the failures identified in this Report would have been discovered and addressed in a timely manner, thus avoiding consequent harm.

399. The Panel finds that Management supervision prior to submission of the Request was insufficient to identify key issues and challenges related to the resettlement, and therefore did not provide adequate Project implementation support. The Panel finds this is in non-compliance with Bank Policy on Investment Project Financing, OP 10.00, paragraph 19.

400. The Panel also notes that – besides weaknesses in the Borrower's capacity, construction-related challenges, such as securing funds for Parque Brasil, or engineering designs and bidding processes – other underlying causes of problems were initially not adequately identified and assessed. This refers to the causes of the opposition to resettlement by some community members that was subsequently reinforced by judicial, religious, and professional organizations. Furthermore, essential information – such as the number of PAPs or the description of the GRM – was inconsistent.

401. Starting September 2019, Management's supervision reporting and identification and assessment of challenges improved significantly. Difficulties in Project implementation were linked to aspects of the safeguard policies – such as establishing a cut-off date, conducting meaningful consultation, strengthening the GRM, and other factors mentioned in the Action Plan. In doing so, Management discovered areas of the RAPs that were not in line with Bank policy and identified weak ownership by PAPs of the RAPs. Management also agreed with the Borrower to pursue a set of actions to address the concerns raised. **The Panel finds that Management supervision after submission of the Request is in compliance with Bank Directive on Investment Project Financing, paragraph 43.**

³³³ ISR 16, December 2016.

³³⁴ See Aide Memoire of November 2017, ISR 18 of December 2017, and ISR 21 of June 2019.

³³⁵ ISR 20, December 2018.

³³⁶ ISR 20, December 2018.

402. The Panel further notes that, considering the complexity and contentious nature of Phase 2, Management failed to ensure that the Borrower engage an advisory panel of independent, internationally recognized resettlement specialists. The Panel observes that by November 2018, when two RAPs were either implemented or under implementation for more than a year, a resettlement evaluator had yet to be hired to monitor resettlement implementation. **The Panel finds Management is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 24 for failing to ensure adequate monitoring and evaluation of resettlement implementation.**

Chapter 7 Conclusions

403. The residents of Lagoas do Norte are divided between those who support the resettlement and those who oppose it. The development objectives of the Teresina Enhancing Municipal Governance and Quality of Life Project – specifically addressing some key constraints on the population of the Lagoas do Norte region – have been greatly appreciated by area residents, including those who oppose their resettlement. Project benefits include addressing the significant flood risks from the rivers and the lagoons that are habitual during the rainy seasons, enhancing the water quality of the lagoons, improving access to water and sanitation, and creating and increasing access to environmentally clean leisure areas such as parks and recreation spaces. In addition to improving the quality of life for a largely low-income population in an environmentally vulnerable area, the Project is viewed as transformational for the Municipality of Teresina. This is especially so since Phase 1 gained widespread coverage and recognition, both locally and internationally.

404. The importance of this Project for Teresina, the Borrower, and the residents of the Lagoas do Norte area cannot be overstated. The history of settlement in Lagoas Do Norte is based on both the lengthy presence of pioneering settlers – those who through hard work and grit have built homes, neighborhoods and formed social, economic and political networks – and the arrival of more recent, informal settlers. The various activities implementing the Project’s objectives serve to reinforce acceptance of Lagoas Do Norte as a fully established region of Teresina.

405. The main issues with the Phase 2 resettlement pertain to a lack of systematic and comprehensive application of Bank Policy on Involuntary Resettlement, OP/BP 4.12. This policy sets out not only what must be done to prepare and implement a resettlement, but also emphasizes the need to perform the required steps in proper sequence. Of particular importance is the informed consultation with – and meaningful participation of – the Project-affected people in these steps, so their concerns and suggestions can be factored into the development and implementation of the RAPs. PAPs must be able to provide input at the early development phases of the RAPs, when compensation, livelihood, and resettlement options are designed. This did not happen in the Project’s Phase 2 resettlement. These oversights surpass the omission of an initial cut-off date which, following submission of the Request, has now been remedied. Similarly, the failure to assess the socioeconomic environment under Phase 2 – which admittedly has a much larger scale and footprint than Phase 1 – meant Phase 2 commenced with little cognizance of its complexities, until problems evolved into opposition to resettlement. Phase 2 lacked a strategy appropriate to the socioeconomic environment in which it had to operate, which in turn led to design flaws and key omissions, as discussed in this Report, and caused harm and non-compliance with Bank Policy on Involuntary Resettlement, OP/BP 4.12.

406. The resettlement created fear, frustration, alienation from the Project, and ultimately anger, resulting in some of the PAPs seeking support from external parties who have attempted to mediate. Management sees this as predominantly a communications problem. The Panel observes there are reasons for this anger and frustration and Management has failed to address some of the root causes of these sentiments and reactions. The breakdown in trust between the parties is deep-seated and cannot be fixed solely through better communication.

407. The Project, through its lack of engagement and involvement of PAPs, has created the space not just for the involvement of external parties, but also for some of the issues relating to the resettlement such as the rationale for resettlement to become politicized. While there might be an element of politicization of these issues, this does not detract from the fact that the approach to this resettlement veered away from many of the requirements as well as the spirit of OP/BP 4.12.

408. The first principle of that policy – to avoid and/or minimize resettlement – has not been followed fully with regard to the inner urban areas of Mafrense and São Joaquim. While the hydrological and hydraulic studies are technically sound, the social impact was not fully considered when the permanent water level for Oleiros Lagoon was determined. Such analysis may have reduced further the need for resettlement.

409. Management's Response has recognized some of the weaknesses and inadequacies of the resettlement planning and the original RAPs. As part of that Response, Management produced an Action Plan with nine commitments, which include revising the RAPs, building capacity, and strengthening communication and consultation. The Bank has also increased its own capacity by assigning additional social scientists to work on the Project. The Bank's efforts are commendable and they create an opportunity to remedy some current inadequacies, especially regarding resettlement of Boa Esperança Avenue. The Panel does note that such belated efforts are unlikely to resolve some of the structural weaknesses producing harm with regard to the approach and implementation of this resettlement.

Annex 1: Table of Findings

Issue Area	Panel Observations and Findings
Lagoas do Norte: Inner Urban Area Flood Mitigation	<p>The Panel finds that while the analysis and design of Permanent Protection Areas for Lagoas do Norte sought to minimize resettlement, no such effort was made when determining a permanent water level of 55 meters above sea level at Oleiros Lagoon. As a result, the Panel finds the analysis of alternatives for establishing the permanent water level is inadequate and in non-compliance with Bank Policy on Environmental Assessment, OP 4.01, paragraphs 2 and 8 (a), and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (a).</p>
Dike Safety Considerations	<p>Since the analysis of alternatives for the strengthening of Boa Esperança Dike is ongoing, it is premature to conclude whether the principle of avoidance or minimization of resettlement has been complied with. Therefore, the Panel makes no compliance finding at this stage.</p>
Identification of PAPs, Census, and Socioeconomic Data	<p>The Panel notes, as stated in Bank policy, that the cut-off date for establishing eligibility is the date the census begins. The cut-off date could also be the date the project area is delineated, prior to the census. As acknowledged in its Response, Management failed to ensure establishment of a cut-off date before determining the eligibility of Project-affected People (PAPs), as required by Bank Policy on Involuntary Resettlement, OP 4.12. However, since Management established a cut-off date after Panel receipt of the Request for Inspection, it is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 14. The Panel observes that the new cut-off date should enable PAPs whose houses were dismantled prior to this date to benefit from the RAP provisions.</p> <p>Nevertheless, the Panel finds the lack of comprehensive socioeconomic data regarding production systems, labor, and household organization, and data on livelihoods, is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 6 (a). The data collected should have included production levels and income derived from both formal and informal economic activities, and information on the standards-of-living of the displaced population.</p>
Adequacy of Compensation	<p>The Panel finds that the Resettlement Action Plans (RAPs) include neither a comprehensive methodology nor formulae to evaluate the full extent of losses suffered by PAPs to be displaced, which is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, Annex A, paragraph 10. The formula in the RAPs is limited to land and houses and does not value income stream and livelihood losses from produce generated in the homestead. Additionally, the formula does not differentiate between the various</p>

	<p>types of businesses on which the households rely for their livelihoods. The Panel notes that in the case of mixed-use or commercial property, the unit value of the construction standard of this property is increased by 50 percent over the area with commercial use.</p> <p>The Panel finds that neither the Resettlement Policy Framework nor the RAPs analyze situations where PAPs lack legal title but have long enjoyed continuous occupancy of lands without eviction (i.e., with the implicit leave of the Government). This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 15.</p> <p>The Panel finds that, due to recent housing price inflation, the R\$77,000 cap established for the monitored resettlement, while it may have been adequate initially, has not reflected full replacement cost since 2018. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (a) (iii).</p> <p>The Panel further finds that the Project was in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, for displacing people and dismantling houses prior to payment of compensation or readiness of the resettlement site. However, with Management's assurances in its Response that displacement will occur after compensation, and that eligible owners of dismantled structures will be compensated in line with Bank policy, the Panel finds that the Project is now in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 10.</p> <p>The Panel considers the use of a preexisting program to fund the construction of a resettlement site a cost-effective and practical initiative. Nevertheless, the Panel finds that modalities should have been included to ensure Bank policy provisions would be applied, including PAP participation in site selection and their consultation on how the new site's productive potential, location, and other factors compare to those of the old site. The Panel finds the failure to do this is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (b) (ii).</p>
Vulnerabilities and Disruption of Social Networks	<p>The Panel finds there is a risk of harm to some of the PAPs because the Project failed to pay particular attention to providing resettlement assistance to the vulnerable. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 8.</p> <p>The Panel finds the Project is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) for having</p>

	<p>recognized the need to relocate PAPs in a way that preserves their preexisting social and cultural institutions, communities, and groups. However, the Panel observes the Project failed to pay sufficient attention during relocation to the asymmetrical support relationships linking the most vulnerable to higher strata families.</p>
Reestablishing Livelihoods to Avoid Impoverishment	<p>The Panel finds Management did not ensure the establishment of programs to assist PAPs in their efforts to improve – or at least restore – their livelihoods and standards of living, and therefore is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).</p> <p>The Panel also finds that displaced people were not offered assistance for a transition period after displacement, based on the time needed to restore their livelihoods or standards of living. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (c) (i). The Panel notes that such assistance is required in addition to compensation measures, and can take the form of credit facilities, training, or job opportunities.</p>
Exclusion from Project Benefits	<p>The Panel finds that the benefits of this Project are of a communal and public nature, and therefore accessible by those displaced by the Project. Flood protection, better sanitation, and leisure parks are all in the general public interest. Since the Bank requires that resettlement activities provide sufficient investment resources to enable those displaced by the project to share in project benefits, the Panel finds Management is in compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).</p>
Information Disclosure, Consultation, and Participation	<p>The Panel notes that the safeguard documents were not made available, as per Bank policy, at a place accessible by displaced persons and local non-governmental organizations (NGOs), in a form, manner, and language understandable to them. The Panel finds that Project disclosure and consultation processes were neither effective nor meaningful and thus is in non-compliance with Bank Policy on Environmental Assessment, OP 4.01, paragraphs 15 and 16, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 22.</p> <p>The Panel finds that the Bank failed to ensure participation by PAPs in resettlement planning – that is, discussions about feasible resettlement alternatives, compensation at full replacement value, relocation assistance, the choices of residential housing, housing sites, and transitional support after their displacement. This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).</p> <p>Regarding cultural property, the Panel notes that the Project consulted with cultural leaders as of 2014 and held public</p>

	<p>consultations with different local entities. This is in compliance with Bank Policy on Physical Cultural Resources, OP 4.11, paragraphs 11 and 12. The Panel also notes that the Project has assessed physical cultural resources related to the Afro-Brazilian groups present in Lagoas do Norte, and commissioned a stand-alone anthropological study, completed in 2018.</p>
Grievance Redress Mechanism	<p>The Panel finds that while some of the Requesters' concerns exceed what a grievance redress mechanism (GRM) can address, there are serious shortcomings in the Project's GRM system. The Panel finds the lack of information about GRM processes and timelines, the unclear roles and responsibilities of its various actors, the inadequate training and capacity of the Mobilization Committee, and the lack of access to COLAB by a large part of the affected community is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (a).</p>
Classification of PAP Communities	<p>The Panel finds Management is in compliance with Bank Policy on Indigenous Peoples, OP/BP 4.10, for not triggering it, since the affected communities in Lagoas do Norte are not considered indigenous as per Bank Policy on Indigenous Peoples, OP 4.10, paragraph 4.</p>
Impact on Cultural Resources	<p>The Panel finds Management is in compliance with Bank Policy on Environmental Assessment, OP/BP 4.01, and Bank Policy on Physical Cultural Resources, OP/BP 4.11, regarding Project identification, assessment, and mitigation of impact on physical cultural resources.</p>
Relocation of Physical Cultural Resources	<p>The Panel finds Management is in compliance with Bank Policy on Physical Cultural Resources, OP/BP 4.11, and Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (c) regarding the Project's relocation of physical cultural resources.</p>
Supervision	<p>The Panel finds that Management supervision prior to submission of the Request was insufficient to identify key issues and challenges related to the resettlement, and therefore did not provide adequate Project implementation support. The Panel finds this is in non-compliance with Bank Policy on Investment Project Financing, OP 10.00, paragraph 19.</p> <p>After September 2019, Management's supervision reporting and identification and assessment of challenges improved significantly. Difficulties in Project implementation were linked to aspects of the safeguard policies – such as establishing a cut-off date, conducting meaningful consultation, strengthening the GRM, and other factors mentioned in the Action Plan. In doing so, Management discovered areas of the RAPs that were not in line with Bank policy and identified weak ownership by PAPs of the RAPs. Management also agreed with the Borrower to pursue a set of actions to address the concerns raised. The Panel finds that Management supervision after submission</p>

	<p>of the Request is in compliance with Bank Directive on Investment Project Financing, paragraph 43.</p> <p>The Panel further notes that, considering the complexity and contentious nature of Phase 2, Management failed to ensure that the Borrower engage an advisory panel of independent, internationally recognized resettlement specialists. The Panel observes that by November 2018, when two RAPs were either implemented or under implementation for more than a year, a resettlement evaluator had yet to be hired to monitor resettlement implementation. The Panel finds Management is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 24 for failing to ensure adequate monitoring and evaluation of resettlement implementation.</p>
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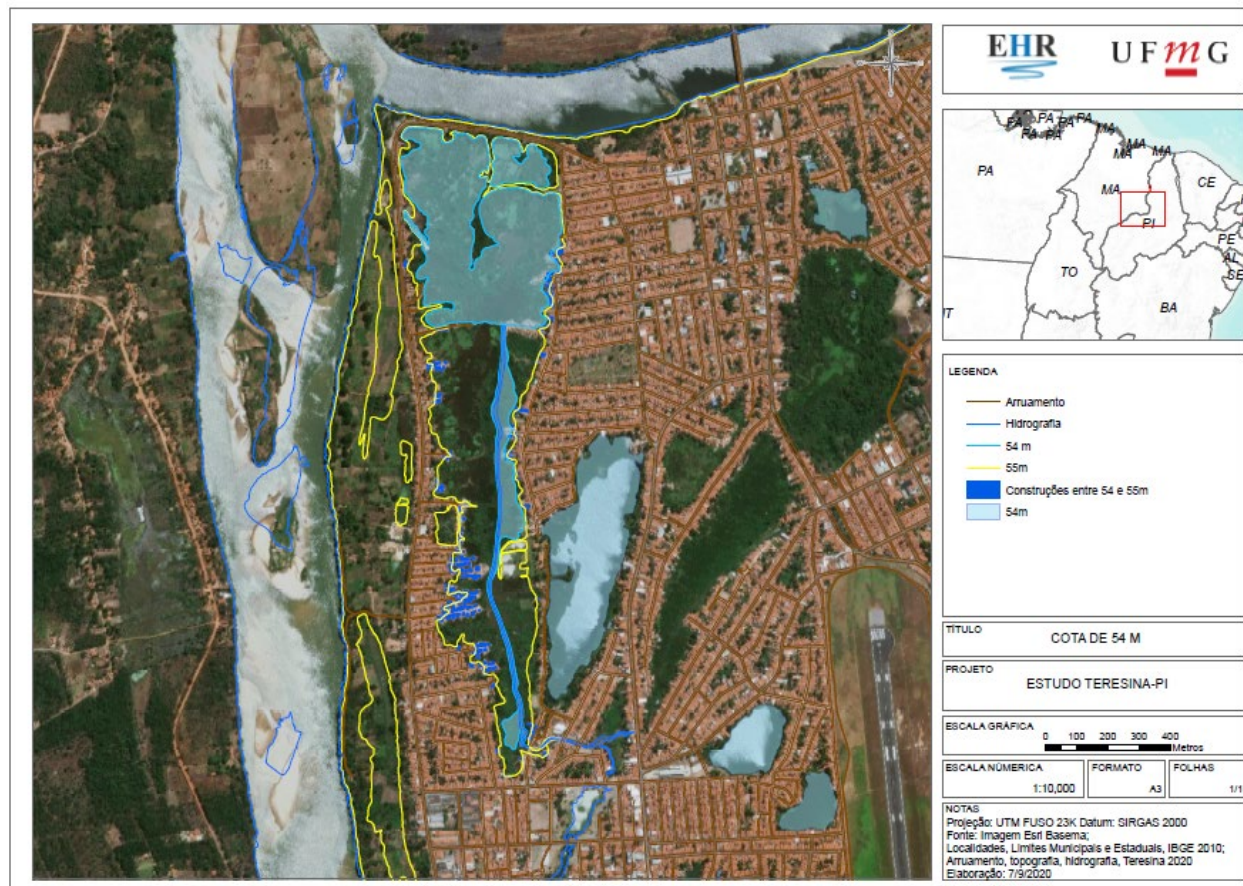
Annex 2: Oleiros Lagoon Water Levels and Implications for Involuntary Resettlement

By Professor Nilo Nascimento

This Annex provides a map prepared by the Panel's expert, which serves as additional background information to the analysis provided in chapter 2 of this report, as it relates to the Oleiros lagoon water levels and their implications for resettlement.

As discussed in chapter 2, the Project's analysis of alternatives considered water levels of 53.5, 54 and 55 meters for the Oleiros lagoon and determined that 55 meters is the most convenient operating scenario, as it is in line with the Project objectives of avoiding flooding, maintaining the water level for the entire year, creating a recreational environment and avoiding encroachment of the flood-prone areas surrounding the lagoon. The Panel in its analysis noted that it could not find evidence on how the Project analyzed different alternatives and permanent water levels in relation to different resettlement scenarios.

The below map shows the borders of the Oleiros lagoon at 54 meters (light blue) versus 55 meters (yellow) and highlights the structures located between 54 and 55 meters (dark blue). This map illustrates that the number of structures that would be located within the lagoon's storage area and thus require resettlement is significantly larger at 55 meters than at 54 meters.



Annex 3: Overall Scope of Resettlement as of April 2020

RAPs Made Available to the Panel

RAP Canal Matadouro (completed)

Partially Affected 20	Fully Affected 13	Total Properties 33	Cohabitants 2	Renters 2	Families 37
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RAP 1 Mazarine, São Joaquim, Piçarreira, Oleiros, Mocambinho (now underway)

Partially Affected 71	Fully Affected 119	Total Properties 190	Cohabitants 36	Renters 11	Families 227
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RAP 2 Mafrense (revised)

Partially Affected 85	Fully Affected 41	New 44	Total Properties 170	Cohabitants 28	Renters 7	Families 205
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RAP 3 São Joaquim, Lagoa Oleiros (revised)

Partially Affected 21	Fully Affected 218	New 148	Total Properties 387	Cohabitants 47	Renters 2	Families 436
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RAP 4 Mafrense, Oleiros, Polo Norte (revised)

Partially Affected -	Fully Affected 111	New 41	Total Properties 152	Cohabitants 40	Renters 2	Families 194
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RAPs Unavailable for Review

(data provided by the PMU on 3/18/2020)

RAP 5 Mafrense, Piçarreira (pending Bank approval)

Total Properties 98	Families 115
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RAP 6 São Joaquim, Boa Esperança, Poti Velho, Olarias (pending dike design)

Total Properties 315	Families 347
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Annex 4: Inspection Panel Member and Expert Consultant Biographies

Imrana Jalal, Chair: Ms. Jalal was appointed to the Inspection Panel on January 1, 2018. A Fiji national, she brings to the Panel more than 30 years of experience across diverse geopolitical and multicultural environments in the private and public sectors.

As a Principal Social Development Specialist (Gender and Development) for the Asian Development Bank from 2010-2017, Ms. Jalal gained intimate knowledge of multilateral development bank operations in various sectors and demonstrated her ability to engage and build rapport and trust with stakeholders around diverse and complex issues. She was Chief Technical Adviser at the Pacific Regional Rights Resource Team Office from 1995-2010.

A lawyer by profession, Ms. Jalal was a Commissioner on the initial Fiji Human Rights Commission, the first of its kind in the Pacific Island countries, from 1999-2001. She is the author of “Law for Pacific Women: A Legal Rights Handbook,” architect of the Fiji Family Law Act 2003, and a founding member of the Fiji Women’s Rights Movement. She was elected a Commissioner on the Geneva-based International Commission of Jurists (ICJ) in 2006 and served on the Commission’s Executive Board from 2011-2017. The ICJ was established to protect the independence of judges and lawyers.

Ms. Jalal earned a Master of Arts with a focus on Gender and Development from the University of Sydney, and an LLB and LLM (Hons.) in International Law from the University of Auckland. Her term on the World Bank Inspection Panel runs through December 31, 2022. In April 2018, she was elected to become chair of the Panel, effective December 16, 2018.

Ramanie Kunanayagam, Panel Member: Ms. Kunanayagam, a Sri Lankan-born Australian citizen, was appointed to the Inspection Panel on December 16, 2018. She brings to the Panel more than 25 years of experience across diverse geopolitical and multicultural environments. Ms. Kunanayagam’s leadership experience spans the private, public, and non-profit sectors.

Ms. Kunanayagam spent more than 10 years doing fieldwork in a remote part of East Kalimantan, Indonesia. She has held leadership positions in sustainability in both the private sector (working for two FTSE 10 companies) and the non-profit sector. Most recently she was the Global Head for Social Performance and Human Rights for BG Group. She is a member of the boards of two international, non-profit, development organizations – RESOLVE and the Institute for Human Rights and Business. In addition, Ms. Kunanayagam is a Fellow at the University of Queensland, Australia, and an Executive Session member at Columbia University’s Centre for Sustainable Investment.

With her ability to distill information and cross-cutting sector experience, she brings valuable insights and a contemporary perspective to the Inspection Panel, along with good judgment and the ability to balance complex issues and consider the competing demands of diverse stakeholders while remaining independent and objective.

Ms. Kunanayagam has strong operational experience working across the entire project cycle. Her experience with multinational and international organizations and valuable experience living and

working in more than 30 countries make evident her people skills and ability to broker trust relationships. Her appointment as a secondee to the World Bank early in her career gives her insights into and knowledge of the organization's operations that complement the expertise she has developed working alongside civil society, multilaterals, bi-laterals, and communities affected by World Bank projects.

She earned a Masters in Anthropology from Monash University, Australia. Her Inspection Panel appointment runs through December 15, 2023.

Mark Goldsmith, Panel Member: Mr. Goldsmith, a United Kingdom citizen, was appointed to the Inspection Panel on November 17, 2019. He brings to the Panel more than 25 years of experience managing complex projects and teams across the financial services, development, strategy consulting, and energy sectors. His leadership extends to both the public and private sectors where he has demonstrated the ability to manage multi-stakeholders, understand complex issues, and lead the implementation of industry-wide and sector-leading solutions.

Through his work in both emerging and developed economies, Mr. Goldsmith has dealt with a wide portfolio of complex and sensitive matters, including environmental, social, sustainability, safety, risk management, and governance issues – experience that provides great value to the Panel.

Before creating his own sustainability consultancy – “FiveOak” – in 2015, Mr. Goldsmith was Director, Responsible Investment for Actis for more than 10 years. During that time, he was a leader in environmental and social governance (ESG) thinking in emerging markets. In this capacity he developed and promoted world class standards in business integrity, health and safety, social, environmental, and climate change areas across all investment areas and companies, and implemented robust corporate governance standards and transparent practices. From 2014-2019, Mr. Goldsmith was a non-executive director of ENEO, the power company of Cameroon, and chaired the board's subcommittee on ESG for four of those years.

Mr. Goldsmith has led several assignments, including developing environmental and social training for the CDC Group – the UK's developmental finance institute – on the International Finance Corporation's Performance Standards and providing ESG expert advice to an East Africa private equity fund and its portfolio companies.

He has a bachelor's degree in manufacturing engineering from the University of Nottingham and a master's degree in environmental pollution control, with distinction, from the University of Leeds. His appointment on the Panel runs through November 16, 2024.

William L. Partridge, Expert Consultant: Mr. Partridge is a United States citizen who has M.A. and Ph.D. degrees in anthropology from the University of Florida. He recently retired from Vanderbilt University where he was Professor of Anthropology and Professor of Human and Organizational Development. Before that he worked at the World Bank for 15 years, first as a consultant, then as Senior Anthropologist for the Asia and Pacific Region, and then successively as Principal Anthropologist, Environmental Assessment Manager, Chief of the Environment Division, and finally as Lead Anthropologist for the Latin America and Caribbean Region. Prior to that he was Chairman of the Department of Anthropology at Georgia State University, taught at

the University of Southern California and the State University of New York, and conducted field research on population displacement and resettlement in Costa Rica, Colombia, Guatemala, and Mexico.

Mr. Partridge is co-author with D. Halmo of *Resettling Displaced Communities: Defining the International Standard for Involuntary Resettlement* (in press), Landham Maryland: Lexington Books, Rowan and Littlefield Publishing Group, Inc. He is co-author with A. Dani, T. Dichter, K. Kuehnast, A. Kudat, B. Bulent Ozbilgin, and M. Mejia of *Social Analysis Sourcebook* (2002), Washington, D.C.: World Bank. He edited the book *Reasentamiento en Colombia* (2000), Washington, D.C., and Bogotá: United Nations High Commissioner for Refugees, World Bank, Corporación Antioquia Presente, and Office of the President of the Republic of Colombia. He has also authored numerous technical articles in scientific journals.

Mr. Partridge has served as an involuntary resettlement consultant to the World Bank, the Inter-American Development Bank, the International Finance Corporation, the Asian Development Bank, the United Nations High Commissioner for Refugees, and the World Bank Inspection Panel. In addition, he has consulted on the resettlement operations of development finance agencies of Austria, Colombia, Germany, Norway, Spain, Switzerland, and Turkey.

Nilo Nascimento, Expert Consultant: Mr. Nascimento is a Brazilian citizen and a civil engineer who graduated from the Federal University of Minas Gerais (UFMG), Brazil, in 1982. He holds a master's degree in applied hydrology from the École Polytechnique Fédérale de Lausanne (EPFL), Switzerland (1985), and a doctorate in environmental sciences from the École Nationale des Ponts et Chaussées (ENPC), France (1995).

He is a full professor in UFMG's Department of Hydraulic and Water Resources Engineering. He has 25 years of research experience on urban drainage, with a focus on flood studies, on sustainable urban drainage systems (SUDS), and more recently on blue and green infrastructure. He has led research on those topics funded domestically, by the European Union, and by bilateral cooperation frameworks (France, the UK, and Argentina). He served as UFMG's Deputy Director of International Relations between 2012 and 2014, and as Head of the UFMG Graduate Program on Sanitation, Environment, and Water Resources from 2015 to 2018.

Dr. Nascimento has been a member of the IWA/IAHR Joint Committee on Urban Drainage (2006-2012) and is a member of the editorial board of the Urban Water Journal. He is co-author of 14 books and 42 peer-reviewed journal articles. As a consulting engineer, he has worked on more than 20 projects, most of them focusing on flood studies, urban drainage, urban development, and regional planning.