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MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE
INSPECTION PANEL INVESTIGATION REPORT

BRAZIL

**TERESINA ENHANCING MUNICIPAL GOVERNANCE AND QUALITY OF
LIFE PROJECT ADDITIONAL FINANCING (LOAN NO. 8586-BR)**

September 30, 2020

**MANAGEMENT REPORT AND RECOMMENDATION
IN RESPONSE TO THE INSPECTION PANEL INVESTIGATION REPORT
OF THE
BRAZIL
TERESINA ENHANCING MUNICIPAL GOVERNANCE AND QUALITY OF
LIFE PROJECT ADDITIONAL FINANCING
(LOAN NO. 8586-BR)**

Pursuant to paragraph 23 of the Resolution Establishing the Inspection Panel (IBRD Resolution 93-10 and IDA Resolution 93-6), attached for consideration by Executive Directors is Management's Report and Recommendation in response to the findings set out in the Investigation Report No. 148927-BR dated July 22, 2020, of the Inspection Panel on the captioned Project (Brazil: Teresina Enhancing Municipal Governance and Quality of Life Project Additional Financing (Loan No. 8586-BR)).

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**BRAZIL
TERESINA ENHANCING MUNICIPAL GOVERNANCE AND QUALITY OF
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ABBREVIATIONS AND ACRONYMS

APP	<i>Áreas de Proteção Permanente</i> – Permanent Protected Areas
ASL	Above sea level
BP	Bank Procedure
COLAB	Smartphone application used by cities in Brazil, including Teresina, to enable citizen participation
CONAMA	<i>Conselho Nacional de Meio Ambiente</i> – National Counsel for Environment
COVID-19	Coronavirus disease
ESIA	Environmental and Social Impact Assessment
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IPN	Inspection Panel
ISR	Implementation Status Report
km	kilometer
m	meter
MAP	Management Action Plan
NBR	<i>Norma Brasileira</i> – Brazilian Norm
NGO	Nongovernmental organization
OAB	<i>Ordem dos Advogados do Brasil</i> – Brazilian Bar Association
OP	Operational Policy
PAP	Project-affected People
PIU	Project Implementation Unit
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SINAPI	<i>Sistema Nacional de Pesquisa de Custos e Índices da Construção Civil</i> – National System for the Research of Costs and Indices of Civil Construction
UPS	<i>Unidade de Projeto Socioambiental</i> – Project Social and Environmental Unit

Currency unit – Brazilian Real (as of September 30, 2020)

1 US\$ = R\$5.68

1 R\$ = US\$0.18

EXECUTIVE SUMMARY

Background

- i. ***One of the biggest problems facing the Municipality of Teresina (total population ca. 865,000) relates to the recurrent floods in the Lagoas do Norte Region, one of the poorest and most environmentally and socially vulnerable areas of the city.*** The Project was designed to respond to the main development challenges of this area, with a focus on addressing the urban, environmental, social and flooding problems that set it apart from the rest of the city. The Project is expected to directly benefit approximately 100,000 inhabitants of the area through its interventions to address these problems.
- ii. ***Tangible results have been achieved under the Project's first phase to date.*** In particular, in Phase 1, 493 families were resettled away from flood risk areas; 568 households have benefited from housing improvements; leisure and green areas have been created for public access (including the *Parque Lagoas do Norte* and *Mocambinho*); and the three main lagoons have been restored (*Piçarreira do Cabrinha*, *Lourival*, and *Mocambinho*). A pumping station was rehabilitated to increase its capacity fourfold in 2018 and has been instrumental in reducing flooding risk for about 100,000 inhabitants.
- iii. ***Phase 2 of the Project continues to emphasize flood protection, with a focus on six additional neighborhoods in the Lagoas do Norte Region.*** Phase 2 builds on and expands the scope and benefits of the first phase. The Phase 2 interventions address the area's overall drainage system, comprised of several flood retention lagoons, the largest of which is *Lagoas dos Oleiros* (53.1 hectares). They include civil works, among them parks that act as buffer areas around the lagoons, which are aimed at significantly reducing flood risk and helping to address the environmental degradation caused by unplanned settlement and poor sanitation practices. Project interventions will also help to strengthen municipal financial management and social, cultural and environmental programs that focus on local communities and vulnerable populations, including women and Afro-Brazilian youth.

Management Report and Recommendation

- iv. ***Management appreciates the insights provided by the Panel in its Investigation Report. Management acknowledges the initial challenges in the supervision of the Project and some weaknesses in resettlement documentation and the Project's grievance redress mechanism (GRM). As noted in Management's Response to the Request at the eligibility phase, these challenges were identified by Management starting in September 2019, and the Borrower addressed them by implementing the action plan that was completed in May 2020 with the Bank's support and supervision.*** Management notes the Panel's findings of compliance regarding identification of Project-affected people, compensation for dismantled structures, management of cultural property, and aspects of supervision.

Management appreciates the Panel's confirmation that the identified issues have been addressed and brought into compliance through implementation of the action plan presented in Management's Response at the eligibility phase. Management will continue to provide hands-on implementation support to further improve the GRM of the Project, as detailed in the action plan proposed below.

- v. ***In Management's view, the instances of non-compliance identified in the Panel's Report did not cause adverse impacts. Indeed, the Panel found no actual direct harm resulting from the Project, as further explained in this report.*** The anticipated "risk of harm" identified in the Panel's Report will be adequately addressed through the actions set out in the Management Action Plan (MAP). All weaknesses found in the Resettlement Action Plans (RAPs), following the submission of the Request for Inspection, were promptly rectified through the revision of the RAPs and the implementation of actions spelled out in the Management Response to the Request. Nonetheless, Management is committed to work with the Borrower to implement the actions identified in the MAP to mitigate any potential adverse impacts, specifically in relation to resettlement assistance for the vulnerable and in relation to livelihood restoration. The latter will be addressed appropriately through different instruments, including the revised RAPs but also through the social work plan, the Post-Resettlement Satisfaction Survey and the RAP Completion Reports, with the support of an enhanced resettlement monitoring tool. Management notes that the compensation package offered to people affected by resettlement is comprehensive and exceeds Bank policy requirements.
- vi. ***Management maintains that the flood protection design selected by the Project is the most appropriate solution for Lagoas do Norte. Management believes that the analysis of alternatives for the flood design supported by the Project establishing a permanent water level took adequate account of the requirements of Bank policy, including OP 4.01 on Environmental Assessment, OP 4.04 on Natural Habitats and OP 4.12 on Involuntary Resettlement.*** Management further notes that the alternative to the Project's flood protection design for Oleiros Lagoon suggested in the Panel's Report was not a viable solution for meeting Project objectives of reducing flood risks and protecting the environment, while minimizing resettlement impacts and improving quality of life of people living in the Project area. It would not allow the Project's objectives to be met and, consequently, would continue to leave people exposed to the risk of flooding. The adoption of "informal flood adaptation" measures would also contradict Bank policy requirements on Natural Habitats. The proposed solution analyzed the limited set of viable alternatives (OP 4.01) that could allow for the Project to achieve its objectives of flood protection and environmental restoration (OP 4.04), while minimizing resettlement (OP 4.12).
- vii. ***Finally, Management disagrees with the interpretations of two Bank policies in the Panel's Report. Regarding OP 4.12, Involuntary Resettlement, the Report asserts that Project-affected people living on public land should be compensated for the land at replacement value, even though they do not have a claim to such land under national law.*** This is inconsistent with the policy, which is clear that

Project-affected people are only entitled to compensation for land if they hold claims that are “recognized under the laws of the country” or which become recognized through a process identified in the RAP. This is not the case for the Project. Such Project-affected persons of course remain eligible for resettlement assistance per Bank policy and in fact the RAP provides for compensation that goes beyond policy requirements. *With regard to OP 4.10, Indigenous Peoples, the Panel’s Report suggests that all four criteria laid out in the policy “need not be strictly met.”* This interpretation is also inconsistent with the policy, which requires that all four criteria be met, albeit in varying degrees. However, the non-presence of one of the four characteristics cannot simply be ignored when applying the Policy, as the Panel’s Report suggests.

- viii. *Management believes that the Bank’s policies and procedures were appropriately applied to support the Bank’s mission statement in the context of the Project.* Management acknowledges the Panel’s findings and believes that the proposed actions described in the Management Action Plan address these findings.

I. INTRODUCTION

1. On September 19, 2019, the Inspection Panel registered a Request for Inspection, IPN Request RQ19/10 (hereafter referred to as “the Request”), concerning the Brazil: Teresina Enhancing Municipal Governance and Quality of Life Project Additional Financing (“the Project”) financed by the International Bank for Reconstruction and Development (IBRD). The Request for Inspection was submitted by 202 families, residents of Teresina’s Mafrense and São Joaquim neighborhoods (hereafter referred to as the “Requesters”).

2. The Executive Directors and the President of IBRD were notified by the Panel of receipt of the Request. Management responded to the claims in the Request on October 22, 2019. In its Report to the Board, the Panel found the Request eligible and recommended that the Executive Directors authorize an investigation. The investigation was authorized by the Executive Directors on December 13, 2019.

3. On July 22, 2020, the Panel issued its report outlining the findings of the investigation. Management appreciates the Panel’s presentation of its findings. This report, responding to the findings of the Panel, is organized in six sections. Section II provides background on the Project. Section III summarizes the findings and observations of the Panel. Section IV contains Management’s response to the Investigation Report and Section V presents Management’s Action Plan in response to the Panel’s findings. Section VI is the conclusion. The Panel’s findings, along with the Management’s responses, are provided in detail in Annex 1.

II. PROJECT BACKGROUND

4. **The Project.** The Brazil: Teresina Enhancing Municipal Governance and Quality of Life Project (the Project) is a two-phase investment financing operation financed by two IBRD loans: an Original Loan (Ln 7523-BR) (“Phase 1 Project”) for US\$31.13 million approved in March 2008, fully disbursed and closed in June 2016; and an Additional Financing Loan (Ln 8586-BR) (“Phase 2 Project”) for US\$88 million approved on February 24, 2016, 21 percent disbursed as of August 16, 2020, and expected to close on December 15, 2021. The Loan Agreement for the Phase 1 Project was entered into between the Municipality of Teresina (the “Borrower”) and the Bank on July 24, 2008, and declared effective on September 3, 2008. The Loan Agreement for the Phase 2 Project was entered into between the Borrower and the Bank on April 27, 2016, and entered into effect on June 1, 2016. Ln 7523-BR and Ln 8586-BR were guaranteed by the Federal Republic of Brazil (the “Guarantor”) pursuant to Guarantee Agreements entered into between the Guarantor and the Bank on July 24, 2008 and April 27, 2016, respectively.

5. **Project Objectives.** The objectives of the Project (locally known as *Programa Lagoas do Norte*) are to (i) modernize and improve the management capacity of the Borrower in the financial, urban, environmental, service-delivery, and economic development fields; and (ii) improve the quality of life of the low-income population of the Lagoas do Norte Region.

6. **Main challenges of the Municipality of Teresina.** One of the biggest problems facing the Municipality of Teresina (total population of about 865,000 in 2019) relates to the recurrent floods in the Lagoas do Norte Region, one of the poorest and most environmentally and socially vulnerable areas of the city. The Project was designed to respond to the main development challenges of this area, with a focus on addressing the urban, environmental, social and flooding problems that set it apart from the rest of the city. The Project is expected to directly benefit approximately 100,000 inhabitants of the area through its interventions to address these problems.

7. **Results from the Project to date.** Tangible results have been achieved under the Project to date. In particular, in Phase 1, 493 families were resettled away from flood risk areas; 568 households have benefited from housing improvements; leisure and green areas have been created for public access (including the *Parque Lagoas do Norte* and *Mocambinho*); and the three main lagoons have been restored (Piçarreira do Cabrinha, Lourival, and Mocambinho). A pumping station was rehabilitated to increase its capacity fourfold in 2018 and has been instrumental in reducing flooding risk for about 100,000 inhabitants. A new residential area built during Phase 1, “Zilda Arns”, has 327 housing units and was selected to represent Brazil during the World Habitat Forum in Rio de Janeiro in 2010; it also received a prize for Municipal Good Practice in Brazil from Caixa in 2015.¹ The architectural renovation of the Boi Theater, Rui Barbosa Market and Orixás Plaza² were recognized by the Panel as strengthening recognition of Afro-Brazilian culture and local traditions. Better access to water supply and sanitation systems for around 23,000 inhabitants, improvements to 8 km of local urban roads, and rehabilitation of the *Parque*

¹ <https://cidadeverde.com/noticias/207974/firmino-recebe-em-brasil-premio-nacional-pelo-lagoas-do-norte>

² Page xvi, paragraph 46 of the Panel’s Report.

Encontro dos Rios (a key site for tourism at the confluence of the Poti and Parnaíba Rivers) are also some of the highlights of accomplishments under the Project.

8. Along with infrastructure improvements, key plans and studies have been developed to support municipal capacity, such as the Urban Drainage Master Plan, Urban Transport and Mobility Master Plan, Water Supply and Sanitation Master Plan, the Anthropological Study, and a Local Economic Development Plan. Other improvements include modernization of the municipal financial management system and internal control systems; improvement of human resources management system; and improvement of the municipal regulatory agency, among other activities. The Project's Social and Environmental Unit has supported more than 130 events to promote community ownership, raise awareness of sustainable use of resources, and provide environmental and hygiene education. In addition, activities for job and income generation have been carried out, as well as a Gender Violence Diagnostic and a Violence Prevention Plan.

9. ***Project Components.*** The Phase 1 Project components were:

- *Component 1: Municipal Management Modernization, City Development and Project Management.* Some of the activities under this Component include: (i) consolidating and improving the efficiency of the Borrower's financial and budget management and planning capacity; (ii) modernizing the water supply and sanitation service delivery to comply with the Water and Sanitation Law; (iii) modernizing the Borrower's education management; (iv) modernizing the Borrower's urban and environmental management; (v) developing and implementing a local economic development strategy for the Borrower; and (vi) carrying out Project management, monitoring and evaluation, to support the Project Implementation Unit (PIU) to undertake the procurement, financial management, environmental, social and other requirements of the Project.
- *Component 2: Integrated Urban-Environmental Improvement in Lagoas do Norte Region.* The Component includes activities to: (i) optimize and expand water supply delivery; (ii) implement wastewater collection and treatment systems; (iii) undertake critical urban macro- and micro-drainage measures; (iv) restore the natural aspects of the region's lagoon and canal network, and the adjacent banks of the Parnaíba and Poti Rivers; (v) undertake urban upgrading, and rehabilitate and construct green spaces, parks, and leisure and community spaces; (vi) improve the local road network, traffic flow, access and safety in the region; and (vii) resettle beneficiary families from areas of risk and from other areas of Project activities, and implement housing improvements for other eligible households.
- *Component 3: Social and Economic Development in Lagoas do Norte Region.* This component is comprised of social and economic development activities in the Lagoas do Norte Region that are complementary to Component 2. Some of the activities under this Component include: (i) strengthening of community associations and other community groups in order to improve access of eligible families to the Project's social programs, day care, and basic health and education services; (ii) environmental and hygiene education and promotion activities; (iii)

promotion of job and income generation programs; (iv) renovation, expansion and construction of community facilities; and (vi) promotion of community mobilization and participation in all aspects of Components 2 and 3 of the Project.

10. In the Phase 2 Project:

- Component 1 focuses on strengthening of the Municipality's environmental management capacity and activities and consolidating and improving the efficiency of the Municipality's financial and budget management and planning capacity.
- Component 2 continues to focus on the same set of activities as under the Original Loan, incorporating the lessons learned during the implementation of the Phase 1 Project, with a focus on six neighborhoods of the Lagoas do Norte Region. In this regard, Component 2 supports comprehensive, integrated activities (drainage, sanitation, urban upgrading, and resettlement) that are being undertaken in Areas 2 and 3 of the Lagoas do Norte Region (the bulk of Phase 2 activities are taking place in Project Area 2, see Map 1).
- Component 3 supports the Borrower to develop socioeconomic activities complementary to Component 2 activities, including activities focused on the most vulnerable populations (e.g., Afro-Brazilian youth and women).

11. **Project Design – Phase 1.** During the design of the Phase 1 Project, in 2005, assessments of the macro-drainage, water supply, sewerage, urban and landscape design, and road network aspects were carried out for Project Areas 1, 2, 3, and 4. Specific studies were carried out in 2005 during the preparation of the Phase 1 Project to define the best approach to mitigate flooding and environmental problems, including, *inter alia*: (i) hydraulic modeling of the lagoon drainage system, with flood simulation scenarios; and (ii) water quality modeling of the lagoons and the adjacent rivers, demonstrating effects of different scenarios regarding wastewater effluent quantity and quality on various possible receiving water bodies.

12. **Project Design – Phase 2.** During the preparation of the Phase 2 Project in 2014, however, a new set of Project design alternatives was analyzed, taking into account the new Brazilian environmental and housing regulatory framework in place and the results of the Phase 1 Project interventions: (i) the study, *“Inundation Control and the Maintenance of the Levels of the Lagoas do Norte Region: Hydrologic and hydraulic simulations of the flooding scenarios”* reevaluated the global macro-drainage system and the Lagoas do Norte Region and simulated scenarios for different storm return periods as well as different levels at which pumping would be needed to mitigate floods; (ii) new alternatives for sanitation solutions were analyzed, resulting in the channeling of sewage from Areas 2, 3, and 4 to the Pirajá Wastewater Treatment Plant; and (iii) scenarios for the urban and landscape design of the lagoons' riparian areas (APP – *Áreas de Proteção Permanente*, permanent protected areas) were assessed.

13. **Safeguards.** The Project was categorized as “A” for environmental and social assessment purposes and the following safeguard policies are applicable: Environmental

Assessment (OP/BP 4.01); Natural Habitats (OP/BP 4.04); Physical Cultural Resources (OP/BP 4.11); Involuntary Resettlement (OP/BP 4.12); and Safety of Dams (OP/BP 4.37).

Project Context

14. ***Features of the Lagoas do Norte Region.*** The Lagoas do Norte Region consists of 13 neighborhoods covering an area of about 1,311 km². Approximately 100,000 people live in the area, and the population density varies between 200 inhabitants per hectare in the Vila São Francisco neighborhood and 18 inhabitants per hectare in Olarias. The Phase 1 Project concentrated activities in five neighborhoods of the Lagoas do Norte Region, namely Matadouro, Parque Alvorada, São Joaquim, Olarias and Nova Brasília. The Phase 2 Project concentrates activities in six neighborhoods, namely Mafrense, Matadouro, Mocambinho, Poti Velho, Olarias, and São Joaquim (see Map 2).

15. ***The Lagoas do Norte Region, located at the confluence of the Poti and Parnaíba Rivers, is highly vulnerable from an environmental point of view*** as a result of the combination of: (i) a high incidence of river/lake sediment deposition; (ii) a large, flat, low-lying, flood-prone area; (iii) permeable sandy soils; and (iv) large and shallow water bodies forming an interlinked series of lagoons. The region used to contain some 34 lagoons formed by the paleochannels³ of the Parnaíba River, with the Mocambinho Lagoon area forming an independent superficial drainage system. Today, however, the majority of these lagoons have been filled in, due to sediment deposition, but also in large part as a result of informal settlements.⁴

16. ***Impacts of the rainy season in the Project area.*** The rainy season normally causes a sharp rise in the level of the Parnaíba and Poti Rivers, particularly during February-April when torrential rains are frequent. The region is partially protected by two dikes – the Boa Esperança dike built in 1974⁵ along the Parnaíba River; and the Mocambinho dike⁶ built along the Poti River after the 1985 flood (the worst flood event on record⁷). As a result of the protection provided by the dikes and rapid population growth, unplanned expansion of informal urban settlements began to take place on the floodplain delineated by the dikes. Despite the dike protection, the region continues to be vulnerable to the rise in the water levels that causes the rivers to overflow and flood the area where the lagoon systems are located.

17. ***Besides impacts from river flow, the region is also vulnerable to inland flood risks.*** The drainage system in the lagoon area consists of canals or channels linking the various lagoons with the São Joaquim Lagoon, which functions as the main receiving body of the system, and then from there to the Oleiros Lagoon, from which the water is pumped

³ A *paleochannel* is a remnant of an inactive river or stream channel that has been filled by sediments.

⁴ If left with no intervention, the lagoons would follow a vicious cycle of urban informal development that backfills the lagoons, and is subject to seasonal recurrent flooding; and untreated sewage from dwellers polluting the lagoon water, causing eutrophication, turning the lagoons first into swamps and eventually into land. Garbage dumping also accelerates this environmental degradation process.

⁵ This is an earth-fill dike, 4.6 km long and 5 m high (maximum). There are no designs or studies available from its construction phase to help monitor or support assessment of its safety. Most of the crest of the dike is paved and integrated into the city traffic network, forming Boa Esperança Avenue, which is two lanes and around 7m wide.

⁶ This is an earth-fill dike, 4.7 km long and 5 m high (maximum).

⁷ As per Dam Safety Reports prepared by the Dam Safety Panel of Experts.

into the Parnaíba River. The same torrential rains that raise the river levels also affect and cause overflow of the lagoons and the channels between the lagoons as they are a preferential route for stormwater flow in the drainage system (see Map 3).

18. ***Unplanned urban development over a number of years has interfered with the Lagoas do Norte Region's natural drainage systems and has significantly reduced the lagoons' ability to absorb perennial floods.*** The original 34 lagoons formed an interlinked superficial drainage system which was able to absorb a significant amount of stormwater. This natural drainage system included the channels linking the lagoons and a pumping station from where the water was pumped into the Parnaíba River. Today, however, the occupation of the majority of these lagoons has led to their substantial degradation, and hence significantly reduced their ability to absorb, contain and channel stormwater. This has negatively impacted the safety and quality of life of the local population due to recurrent flood damage and heavy contamination of the lagoons caused by the uncontrolled discharge of domestic wastewater and garbage.

19. ***A major problem facing the Municipality of Teresina relates to the recurrent floods in the Lagoas do Norte Region, which frequently lead to flood disasters.*** In 1995, heavy rain over a short period raised the water level of the lagoons to 57 meters above sea level (ASL), or 2 meters over the high-water level, causing a major flood that left some 2,000 families homeless. Disastrous floods occurred again in early 2004, rendering another 3,000 families homeless and in need of assistance from the Municipality's welfare services through temporary housing in public shelters. Although the risk of a recurrence of floods of this size was estimated in 2005 at once every 16 years, floods have since occurred in 2009, 2018, and most recently in April 2019, when strong rains and river flooding in the Project area led the Municipality to declare a state of emergency.⁸ More than 500 families were affected by this event and three people lost their lives.⁹ As a result, the PIU requested additional support to expedite Project implementation, based on requests from 140 flood-affected families.

20. ***In order to better protect local residents from recurring floods and improve their quality of life, the Project seeks to rehabilitate and upgrade the flood protection infrastructure.*** This includes improving the drainage system by restoring and preserving the lagoons, mitigating and preventing further encroachment as well as strengthening and upgrading the Boa Esperança and Mocambinho dikes, channels and embankments. The crest of Boa Esperança dike and part of the Mocambinho dike are paved and integrated into the city traffic network. Over the years, encroachments of several kinds have taken place on the crest of the dikes, and it is estimated that there are approximately 174 illegally built houses on the crest and slopes of the Boa Esperança dike. This threatens the integrity of

⁸ A state of emergency is declared by the Municipality by a Municipal Decree, in close consultation with Civil Defense, when an abnormal situation caused by adverse factors results in imminent damage to health and public services for affected populations. During a state of emergency and to respond to the emergency situation, the municipality can carry out, on an exceptional basis, the procurement procedures established by Brazilian Law and is eligible for additional sources of federal and state funds.

⁹ <http://agenciabrasil.ebc.com.br/geral/noticia/2019-04/teresina-chuva-atinge-mais-de-40-casas-e-deixa-pelo-menos-tres-mortos>

the dike and in turn jeopardizes the safety of the local population of the Lagoas do Norte Region – approximately 100,000 people.

21. As required by Brazilian environmental legislation to protect water bodies and avoid further encroachment of the restored lagoons, the Project also supports the rehabilitation of the APP as a buffer zone in the form of “linear parks” (long narrow strips of vegetation), to improve the lagoons’ restoration and further minimize encroachment. The APP are narrow areas of land up to 30 meters wide (average width in the Project area is 10 meters), measured from the lagoon when at maximum level, which ranges between 55-56 meters ASL. Additional urban upgrading activities such as improvement of the sanitation system, of housing units and of urban mobility and integration are also supported by the Project to improve the quality of life of the local population as well as the water quality of the lagoons.

22. ***Civil works that are expected to have resettlement impacts under the Phase 2 Project have been grouped into eight packages.*** These are: (i) Mocambinho Works, in the neighborhood of Mocambinho, linked to the restoration of the Mocambinho Lagoon; (ii) Matadouro Works, in the Matadouro neighborhood, linked to the rehabilitation of the Matadouro drainage channel; (iii) Works No. 1 in the neighborhood of São Joaquim, linked to the restoration of the lagoons of São Joaquim, Mazerine, Oleiros and Piçarreira; (iv) Works No. 2, in the neighborhood of Mafrense, linked to the restoration of Oleiros Lagoon; (v) Works No. 3, in the neighborhood of São Joaquim also linked to the restoration of the Oleiros Lagoon; (vi) Works No. 4, in the neighborhoods of Mafrense and Olarias, also linked to the restoration of the Oleiros Lagoon; (vii) Works No. 5, in the neighborhood of Mafrense, linked to the restoration of the Piçarreira Lagoon; (viii) and Works No. 6, in the neighborhoods of São Joaquim, Poti Velho and Olarias, linked to the strengthening of the Boa Esperança and Mocambinho dikes. (See Map 4 for location of Project sites.)

III. PANEL OBSERVATIONS AND FINDINGS

Issue Area	Panel Observations and Findings
Lagoas do Norte: Inner Urban Area Flood Mitigation	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).
Dike Safety Considerations	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.
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	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 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

Issue Area	Panel Observations and Findings
	<p>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 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</p>

Issue Area	Panel Observations and Findings
	<p>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 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. 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-</p>

Issue Area	Panel Observations and Findings
	compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 13 (a).
Classification of PAP Communities	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.
Impact on Cultural Resources	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.
Relocation of Physical Cultural Resources	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	<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 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>

IV. MANAGEMENT RESPONSE

23. ***Management appreciates the insights provided by the Panel in its Investigation Report. Management acknowledges the initial challenges in the supervision of the Project and some weaknesses in resettlement documentation and the Project's grievance redress mechanism (GRM). As noted in Management's Response to the Request at the eligibility phase, these challenges were identified by Management starting in September 2019, and the Borrower has addressed them by implementing the action plan that was completed in May 2020 with the Bank's support and supervision.*** Management notes the Panel's findings of compliance regarding identification of Project-affected people, compensation for dismantled structures, cultural property, and supervision. Management appreciates the Panel's confirmation that the identified issues have been addressed and brought into compliance through implementation of the action plan presented in Management's Response at the eligibility phase. Management will continue to provide hands-on implementation support to further improve the GRM of the Project, as detailed in the action plan proposed below.

24. ***In Management's view, the instances of non-compliance identified in the Panel's Report did not cause adverse impacts. Indeed, the Panel found no actual direct harm resulting from the Project, as further explained below. The anticipated "risk of harm" identified in the Panel's Report will be adequately addressed through the actions set out in the Management Action Plan (MAP).*** All weaknesses found in the Resettlement Action Plans (RAPs), following the submission of the Request for Inspection, were promptly rectified through the revision of the RAPs and the implementation of actions spelled out in the Management Response to the Request. Further review was conducted in response to the Panel's finding of non-compliance and potential harm regarding the lack of an inflation adjustment to the Monitored Resettlement option cap of R\$77,000. The review concluded that all the Project-affected people that chose this compensation option were not affected by the cap as their assets were below it and all were compensated at full replacement cost, in line with OP 4.12. Nonetheless, Management is committed to work with the Borrower to implement the actions identified in the MAP to mitigate any potential adverse impacts specifically in relation to resettlement assistance for the vulnerable and in relation to livelihood restoration. The latter will be addressed appropriately through different instruments, including the revised RAPs but also through the social work plan, the Post-Resettlement Satisfaction Survey and the RAP Completion Reports, with the support of an enhanced resettlement monitoring tool.

25. ***Management maintains that the flood protection design selected by the Project is the most appropriate solution for Lagoas do Norte. Management believes that the analysis of alternatives for the flood design supported by the Project establishing a permanent water level took adequate account of the requirements of Bank policy, including OP 4.01 on Environmental Assessment, OP 4.04 on Natural Habitats and OP 4.12 on Involuntary Resettlement. Management further notes that the alternative to the Project's flood protection design for Oleiros Lagoon suggested in the Panel's Report was not a viable solution for reducing flood risks and protecting the environment, while minimizing resettlement impacts and improving quality of life of people living in the Project area. It would not allow the Project's objectives to be met and, importantly, would***

continue to leave people exposed to the risk of flooding. The adoption of “informal flood adaptation” measures would also contradict Bank policy requirements on Natural Habitats. The proposed solution analyzed the limited set of viable alternatives (OP 4.01) that could allow for the Project to achieve its objectives of flood protection and environmental restoration (OP 4.04), while minimizing resettlement (OP 4.12).

26. *Some of the Panel’s findings and observations pertain to the interpretation and application of the Bank’s Policy on Involuntary Resettlement (OP 4.12) and the Policy on Indigenous Peoples (OP 4.10). In Management’s view, the Panel’s Report raises general issues on the application both policies, which Management considers important to address in this Report.*

Interpretation of OP 4.12

27. *Management does not agree with the Panel’s assertion that OP 4.12 requires compensation for land at replacement value for Project-affected people living on public land who do not have a claim to such land recognized under the laws of the country.* According to the Panel’s Report, such full compensation at replacement value would be justified because these Project-affected people have enjoyed “*continued possession of such public lands without government action for eviction.*” This interpretation is not consistent with OP 4.12, which contains a significant qualification that was not referenced in the Panel’s Report. Paragraph 15(b) of OP 4.12 clarifies that it applies to Project-affected people who have claims to the land they occupy, “*provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan.*” Brazilian law, including the Federal Constitution and Civil Code, does not recognize claims to public land derived from adverse possession, therefore, Project-affected people occupying public land are not eligible under OP 4.12, paragraph 15(b). Alternatively, paragraph 15(b) could apply only if a Borrower is willing to have the claim “*become recognized through a process identified in the resettlement plan,*” which is not the case under the Project’s Resettlement Policy Framework (RPF) or its RAPs.

28. Management further notes that the Panel’s Report cites the Bank’s Involuntary Resettlement Sourcebook to support this conclusion. The Sourcebook is a World Bank publication that contains guidance for improving resettlement planning and implementation.¹⁰ It is important to emphasize that the Sourcebook does not constitute an operational policy or procedure mandated by the Board as provided for in paragraph 12 of the 1993 Panel Resolution. Moreover, the Panel’s assertion that the Sourcebook supports the Panel’s interpretation of OP 4.12, paragraph 15, is incorrect and stems from a misreading of the cited paragraph of the Sourcebook, where the factors referenced by the Panel are presented as examples of numerous factors that may be relevant to understanding complex tenure situations. Management notes that notwithstanding their ineligibility under paragraph 15(b) of OP 4.12, affected persons living on public land are eligible under OP 4.12 paragraph 15(c) for *assistance* in lieu of land compensation to meet the objectives of

¹⁰ The “Involuntary Resettlement Sourcebook: Planning and Implementation in Development Projects” was published in 2004 and is available at:
<http://documents1.worldbank.org/curated/en/206671468782373680/pdf/301180v110PAPE1ettlement0sourcebook.pdf>

the Policy. In fact, as explained in paragraph 37 below, the affected persons will be offered compensation and assistance beyond what is required under OP 4.12.

Interpretation of OP 4.10

29. ***While not a compliance finding, the Panel's Report introduces an interpretation of OP 4.10 that is not consistent with the policy.*** The Report states 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.” Management notes that OP 4.10, states that “the term ‘Indigenous Peoples’ is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees.” It is important to emphasize that the weak presence or non-presence of one of the four characteristics cannot simply be ignored, as the Panel’s Report suggests. Instead this would be among the factors that the Bank takes into account in its final determination as to whether a particular group qualifies for coverage by the policy or not. In addition, in Management’s view, it is not the appropriate role of the Panel to opine on Bank policy interpretation in general terms, i.e., when it is not required for determining a matter of policy compliance in the context of an investigation.

Responses to Specific Findings by the Panel

A. Resettlement

30. ***In Management's view, the instances of non-compliance related to the design and implementation of the resettlement program identified in the Panel's Report have not resulted in harm to Project-affected people.*** Management notes that the Project provides a compensation package to Project-affected people that fully meets the requirements of OP 4.12. Management acknowledges some weaknesses in the resettlement documentation, disclosure of information and quality of communication, and the Project’s GRM, which were identified following the submission of the Request and addressed through the action plan included in the initial Management Response. The potential risk of harm, which the Panel identified in its Report in relation to livelihood restoration, is adequately addressed through the MAP, which includes measures to closely monitor and, as needed, provide additional assistance to Project-affected people in line with OP 4.12.

A.1. Identification of Project-Affected People, Census, and Socioeconomic Data

31. ***In Management's view, the comprehensive socioeconomic studies that the Borrower carried out early on during Project preparation are in line with OP 4.12.*** These socioeconomic studies are the Baseline Socioeconomic Study and the socioeconomic census (Census), which were carried out in 2012 and 2014, respectively. These studies included information on production systems, labor, household organization and data on livelihoods of the displaced population. This data informed and is included in the RPF and subsequent RAPs. Additional studies and data collection were, and continue to be, undertaken during the implementation of the Project to validate and, where needed, update

the socioeconomic data gathered during the Baseline Socioeconomic Study and the Census (including production levels and formal and informal income sources), thereby keeping socioeconomic data comprehensive and current. The data from these instruments serves as the basis for the Project's resettlement planning.

32. ***The Baseline Socioeconomic Study and Census were conducted with the involvement of Project-affected people.*** The data collected and disaggregated included detailed characteristics of the Project-affected households, including their composition and sources of income; access to public infrastructure and services; and vulnerability to floods, among other aspects. The findings of the studies informed the preparation of the Project's RPF in 2014 and the subsequent RAPs, and helped develop a range of resettlement and livelihood options.

33. ***The Panel's Report indicates that the socioeconomic data is not up to date. Management, however, notes that additional studies were, and continue to be, undertaken.*** These studies include an Anthropological Study completed in 2018, which focused on groups with traditional livelihoods and provided livelihood-related recommendations summarized in the revised RAPs, and supplemental socioeconomic data analysis during the implementation of each RAP through the use of a detailed Household Information Validation Form during resettlement negotiations. The Panel characterizes this process as "neither systematic nor comprehensive." However, Management notes that the Borrower has been systematically using this form since the start of Project resettlement in 2015-2016; the form has been completed by each Project-affected person resettled to date, prior to the negotiation of compensation and assistance to confirm and, where needed, update socioeconomic information. The form was recently revised in 2019 (with the revisions of the RAPs) to include clearer and more detailed livelihood-related questions.

34. ***Shortly before the onset of the COVID-19 pandemic, the Borrower had launched a follow-up Post-Resettlement Satisfaction Survey with Project-affected people who have already been compensated and provided with livelihood assistance in accordance with the RAPs.*** The survey intends to monitor the effectiveness and quality of past resettlement and, where needed, make adjustments to improve RAP implementation. Initial findings of the survey (covering 49 Project-affected people out of 171) show positive results: a preliminary review of the results by the Bank indicates that all 49 have received compensation at full replacement cost and assistance. Data collection was suspended until recently due to the pandemic; the Borrower has now resumed data collection by telephone to complete the survey.

A.2. Adequacy of Compensation

35. ***The revised RAPs now adequately describe the methodology or formula for valuation of economic losses.*** The Borrower has revised the RAPs to, among other things, include a full description of the methodology for valuation of all assets and economic losses incurred by Project-affected people, including loss of income due to impacts on commercial activities undertaken in Project-affected households. This was previously not sufficiently reflected in the RAPs. However, this was an issue of adequate *presentation* of the methodology, and not an issue affecting actual compensation payments. This was

corrected between late 2019 and early 2020. It should be further noted that if any shortfalls with respect to livelihood restoration are identified through the Post-Resettlement Satisfaction Survey or the RAP Completion Reports, necessary adjustments will be made by the Borrower to provide additional assistance to the Project-affected people.

A.3. Compensation and Lack of Title

36. ***The revised RAPs adequately describe the different categories of eligibility under paragraph 15 of OP 4.12, including an analysis of Project-affected people who lack legal title or a recognizable claim to the land they are occupying and who live on public land.***

This is the case for 84 percent of Project-affected people. The revised RAPs clearly distinguish between Project-affected people “*who have no recognizable legal right or claim to the land they are occupying*” (paragraph 15(c) of OP 4.12) and Project-affected people “*who do have legal rights to the land they occupy*” (paragraph 15(a) of OP 4.12) or a recognizable claim to such land (paragraph 15(b) of OP 4.12). They also cite Brazilian law in this regard.

37. ***As noted earlier in paragraphs 27-28, Management does not agree with the Panel’s assertion that OP 4.12 requires compensation for land at replacement value for Project-affected people living on public land.*** The legal status notwithstanding, Management notes that Project-affected people living on public land are eligible under OP 4.12 paragraph 15(c). Moreover, eligible Project-affected people under this category will be offered compensation and assistance beyond what is provided for under OP 4.12, since the RAPs consider compensation for those that lack title or a recognizable claim to the land they are occupying not only for their lost assets, but also for 70 percent of the value of the land occupied as well.

A.4. Monitored Resettlement Cap

38. ***Management agrees with the Panel that there is uncertainty as to whether the R\$77,000 cap established for the Monitored Resettlement would be sufficient to purchase a house in the Project Area.*** Management also notes that none of the Project-affected people have been affected by this cap and that Project-affected people who chose this option received full replacement cost.

39. To date, 50 of the 171 Project-affected families resettled prior to June 2020 have chosen the Monitored Resettlement option, to which the cap applies. The Bank was able to confirm that those 50 Project-affected families had assets below R\$77,000 and, hence, were not affected by the cap as they received full replacement cost. In fact, some of them had assets of low value (about R\$13,000) and still received a house through this option valued around R\$70,000.

40. Since 2018, only ten Project-affected households have had assets valued above the Monitored Resettlement cap (their assets were evaluated between R\$77,000 and R\$87,000). These households, however, opted for cash compensation and the compensation amount they received was adjusted for inflation and reflects full replacement cost. Hence, those ten households were also not affected by the cap.

41. The Bank will undertake a housing market study to establish the availability of houses in the area under the R\$77,000 cap, i.e., the average value of social housing in the region. The findings of the study will inform the Bank's evaluation of the viability of the resettlement options offered to Project-affected people in compliance with OP 4.12, and of the need to update the Monitored Resettlement cap.

42. ***Management notes that the alternative options in the RAPs to compensate Project-affected people who will be physically resettled form a compensation package that fully meets the objectives and even goes beyond the requirements of OP 4.12.*** The various compensation options have been consulted upon with the Project-affected people. The options of Monitored Resettlement or a new house in the nearby resettlement site, Parque Brasil, meet the needs of the most vulnerable and low-income families, and enable them to replace their houses with ones of higher value. The partial results of the (ongoing) follow-up Post-Resettlement Satisfaction Survey indicate that Project-affected people who chose Monitored Resettlement are highly satisfied with this compensation option. For families with higher income, cash compensation and a house in Parque Brasil continue to provide fully adequate compensation options that enable Project-affected people to be relocated near their previous homes.

A.5. Compensation for Dismantled Structures

43. ***As stated in the RAPs, displacement of Project-affected people should generally occur only after compensation is paid. Hence, eligible owners of dismantled structures are compensated in line with Bank policy.***

44. ***The Borrower demolished 16 unfinished and uninhabited illegal structures that were being built on Union (public) land during late August 2019. Upon becoming aware of this in September 2019, Management promptly requested the Borrower to stop any further demolitions until a cut-off date for the RAPs was established.*** Management further requested that the Borrower identify the eligible owners of these dismantled uninhabited structures and compensate them in line with OP 4.12. The Borrower committed to do so and thus far has been able to identify seven individuals who will receive compensation for the structures, per OP 4.12, thus adequately rectifying the situation.

45. In addition, the Project grievance mechanism channels remain available for people to come forward with evidence that they are the eligible owners of one of the remaining nine unfinished and uninhabited illegal structures that were demolished in August 2019, so that they can receive compensation.

A.6. Participation of Project-Affected People in Site Selection

46. ***Project-affected people have been widely consulted throughout the resettlement process, including by providing their feedback early on in the resettlement site selection during Project preparation.*** The Project's RPF put forward three alternative compensation options for resettlement, from which families could choose one: cash compensation, Monitored Resettlement or a new house in a nearby resettlement site. Parque Brasil was one of three resettlement sites explicitly referenced and considered during the draft RPF

consultations. The revised RAPs also set out the resettlement options, including Parque Brasil. Project-affected people have had additional opportunities to express their views, during RAP preparation and throughout Project implementation. During the consultation event held in February 2020, Project-affected people showed great interest in Parque Brasil; the Borrower organized site visits to accommodate the demand and planned to open a space at Parque Brasil to receive visitors (currently delayed due to COVID-19).

47. ***In Management's view, the Project has adopted the necessary measures and procedures to foster and support the participation of Project-affected people in their choice among a range of resettlement options***, including the resettlement site options at Parque Brasil. At the time of preparation of the RPF, three resettlement sites (areas already owned by the Municipality) were under consideration: *Residencial Portal da Alegria VI* (in the Southern zone of the city), *Residencial Edgar Gaioso* (near Parque Brasil) and *Parque Brasil*. Parque Brasil was the closest and the largest one. The Project also considered the construction of small residential complexes in areas to be acquired in Lagoa dos Oleiros and Lagoa da Draga.

A.7. Support for Vulnerable People

48. The Panel finds a risk of harm to some of the Project-affected people because the Project failed to pay particular attention to providing resettlement assistance to the vulnerable.

49. ***Management notes that the Project provides for assistance to vulnerable Project-affected households but recognizes that the Project has not appropriately recorded all the benefits and assistance that have already been provided to these households, as set out in the RAPs. Management will support the Borrower in ensuring that adequate documentation of these efforts is recorded and disseminated going forward.*** The revised RAPs pay particular attention to Project-affected people identified as vulnerable, and Section 3.4 of the revised RAPs specifically sets out targeted measures for them.

50. Vulnerable Project-affected people were initially identified through the Baseline Socioeconomic Survey and the Census and their vulnerable status is confirmed through individual meetings during RAP implementation. Project-affected people with a combination of different types of vulnerabilities are specifically considered and receive extra attention and resources throughout the resettlement process.

51. Particular attention is given to vulnerable Project-affected people in the resettlement process by: (i) supporting them in the selection of their new house as well as providing post-resettlement support for smooth integration in the new neighborhood; (ii) making adequate housing units available to the elderly and people with disabilities; (iii) providing special assistance to women and children affected by domestic violence through support for enrolment in dedicated municipal programs or referral to special assistance; (iv) providing the option of priority resettlement for people in a situation of vulnerability and/or risk of being affected by flooding; and (v) confirming that women are selected as main beneficiaries for the family and the title to the new property is provided, preferably, in the name of the woman, as per housing policy of the Municipality.

52. ***The Project also provides livelihood restoration support to the most vulnerable Project-affected people by supporting them in accessing available social protection programs implemented by the Municipality, where they are granted priority access, and by developing tailored income-generation measures as described in the next sections of this Report.*** The Project takes advantage of the robust social protection policies and programs available in the Municipality of Teresina, which are supported by federal, state and municipal funds. The RAPs also provide for the Municipality to develop a social work plan for families that move to the Parque Brasil resettlement site, which includes actions for vulnerable families aimed at promoting income-generation activities and community organization. The Municipality will expand the social work plan to provide assistance to vulnerable families that choose Monitored Resettlement or cash compensation as well.

53. ***Management considers that the measures described above help mitigate the social and economic impacts on vulnerable people affected by resettlement and support them in their economic and social recovery, in line with OP 4.12.*** However, Management recognizes there is a lack of a systematic tracking and record-keeping by the Project of the assistance specifically provided to vulnerable Project-affected households. Management therefore will provide targeted support to the Borrower to systematically document the delivery of assistance set out in the RAPs to these households.

A.8. Livelihood Restoration

54. ***In Management's view the livelihood measures in place are in line with Bank policy, i.e., they are adequate to support Project-affected households in restoring their livelihoods to pre-resettlement levels.*** The Bank has reviewed the preliminary results of the Post-Resettlement Satisfaction Survey being conducted by the Borrower on the 171 families that were resettled prior to June 30, 2020. The Bank analyzed the data from interviews with 49 resettled families, which include 23 families whose economic activities were also affected, and has verified that 41 families out of the 49 (84 percent) stated that they have been able to restore or improve their incomes. Forty-seven out of 49 (95 percent) expressed satisfaction with the process and the procedures followed during the implementation of the RAPs and considered them good or very good.

55. Management acknowledges, however, that livelihood measures to assist Project-affected people were not sufficiently described and presented in the original version of the RAPs. It is important to clarify that while the measures were not described in the RAPs, they were nevertheless provided to Project-affected people. The recent revisions of the RAPs have now included such measures in detail. Management will support the Borrower in ensuring that the assistance provided to Project-affected people according to Bank policy requirements is properly recorded and disseminated. The Borrower will monitor the Project-affected people in the post-resettlement stage to confirm they have been able to restore their livelihoods and will take appropriate steps to provide needed support if livelihoods have not been fully restored. Management will also continue to support the Borrower in the review of RAP implementation and identification of additional measures that may be necessary in line with OP 4.12.

56. All revised RAPs include full information on the different livelihood restoration measures available, in Section 3: (i) cash compensation for households with both formal and informal economic activities in their houses; (ii) ground floor that can be used for commercial space for Project-affected people who had economic activities in their former house and opt for a new house in the Parque Brasil resettlement site; (iii) technical assistance and capacity-building activities and support to purchase equipment or inputs for businesses; (iv) job requalification training; (v) support from Project social workers to access pertinent municipal social assistance programs for vulnerable people; and (vi) provision of collective/community-based compensation alternatives for social groups who rely on more traditional livelihoods.

57. In addition to the above-referenced measures, the Anthropological Study recommended additional livelihood restoration measures for the benefit of Project-affected households with more traditional livelihoods (artisanal fisheries, pottery and water-recession gardens) present in the Project area, which Project implementation has taken into account. Some of these measures have been implemented already, such as the rehabilitation of the fish market and the center for production and sale of pottery, while other measures are being consulted upon with Project-affected people who have not been resettled yet, such as the water-recession gardeners (*vazanteiros*) who reside in the area of the RAP related to Works No. 4.

58. Management further notes that the preliminary results of the ongoing Post-Resettlement Satisfaction Survey with Project-affected people already resettled suggest that the resettlement process has had positive outcomes with regard to restoration and improvement of livelihoods and income.

A.9. Transitional Assistance

59. ***Management notes that the various socioeconomic studies conducted during Project preparation indicate that the large majority of Project-affected people¹¹ are employed in urban jobs, or receiving pension or social protection benefits and their employment and livelihoods are very unlikely to be affected by being resettled to another house in the vicinity of their original home.*** Those who conducted businesses within their houses received additional compensation or additional space in the resettlement site to continue the same type of business in their new houses, if desired, and will receive support to re-establish their businesses through a social work plan that will consider, among other things, income generation and community organization.

60. Management notes that paragraph 6(i)(c) of OP 4.12 only requires the offer of assistance for a transition period in cases “*where [it is] necessary to achieve the objectives of the policy [OP 4.12],*” and that the Project provides for this assistance as needed, including job requalification training and access to social programs for a transition period (Section 3 of the revised RAPs).

¹¹ 97.6 percent of the 171 Project-affected households that have been resettled to date, as confirmed by the Household Validation Information Forms completed and signed by each resettled household during the RAP negotiation process.

61. *Management also notes that the Borrower has paid particular attention to Project-affected people who require specific assistance for a transitional period, including through the provision of cash allowances.* The revised RAPs describe the option of compensation to cover occasional economic losses incurred during the period of re-establishment of the activity (Section 3.1 of the revised RAPs). This is the case of the potters (*oleiros*) and water-recession gardeners (*vazanteiros*) for example. The Borrower has designed and has been conducting specific consultation meetings with the *vazanteiros* and *oleiros* to identify livelihood assistance measures, including compensation during the transition period if needed, to support the restoration of their livelihoods, incomes and standards of living.¹²

62. *Management acknowledges that the Project did not record, on a systematic basis, the transitional assistance that was already provided to Project-affected households, such as the provision of support for training, job requalification or access to social programs. Management will support the Borrower in ensuring that adequate documentation of these efforts is recorded and disseminated.*

B. Information Disclosure, Consultation, and Participation

63. *Management recognizes that the original Project disclosure, consultation and participation practices required strengthening to be effective.* After receipt of the Request for Inspection, Management met with several Project-affected people and other stakeholders (such as the Public Defender's Office) to assess the quality of disclosure, consultation and participation practices and processes under the Project, and supported the Borrower in improving them, in line with applicable Bank policy.

B.1. Disclosure

64. *Management acknowledges that some safeguard documents initially were not available in a place, form and manner accessible to all Project-affected people and other stakeholders.¹³ While Project documentation was previously available only physically at Project headquarters or needed to be specifically requested, Management confirms that all Project safeguard documents have been publicly disclosed in Portuguese and are available for download from the Borrower's Project website.¹⁴* Information is now easily accessible and up-to-date, and in a manner and language understandable to Project-affected people and other stakeholders. Printed copies of the safeguard documents are also available at the PIU and the Project Social and Environmental Unit (UPS, *Unidade de Projeto Socioambiental*) offices and can be reviewed upon request. The RAPs have also been distributed to the Public Defender's office.

¹² During Phase 1 of the Project, a monthly cash allowance was provided for five months to a group of Project-affected *oleiros* while they attended job requalification training.

¹³ It should be noted, however, that in election seasons, Brazilian law suspends institutional publicity of acts, programs, services, etc., performed by public agents, for three months before the elections, except in a situation of serious and urgent need. Due to the COVID-19 pandemic, a constitutional amendment has authorized institutional information to be provided to the population about services that may have been affected by the pandemic. During this three-month period, the Borrower will maintain on the Project's website information on the GRM, i.e., COLAB; telephone number, website and address of the Ombudsman Office; telephone number and address of the UPS.

¹⁴ <https://semplan.teresina.pi.gov.br/lagoas-do-norte/>

65. Prior to public consultations on the safeguard documents, the respective documents are cleared by the Bank for consultation, and the drafts are made available for a minimum consultation period of 15 days to the Project-affected people and other interested parties such as the Public Defender. This approach was adopted for all Project safeguard documents, including the RPF, Environmental and Social Impact Assessment (ESIA) and Anthropological Study and, more recently, the revised RAPs.

66. ***Management also supported the Borrower with improving communication and disclosure of information to facilitate the understanding of the Project and its safeguard measures and documents (including the resettlement process).*** One of the key actions was the development of a communication strategy, which is now in place and being implemented with the support of a specialized firm. Information points installed at the work sites were temporarily closed due to COVID-19 safety concerns, but alternative virtual information mechanisms remain available. A 2019 survey conducted by the Borrower¹⁵ shows that 83.2 percent of the residents of the Northern Region of Teresina are well aware of the Project and its objectives, 88.3 percent agreed that the Project has improved the conditions of the region and 80.2 percent rated the Project excellent or good.

B.2. Effective and Meaningful Consultation Process

67. ***The quality of consultations with Project-affected people and other stakeholders has improved since the Request, and consultations are now carried out in a more systematic, meaningful and effective manner.*** While over 100 meetings and consultation events have been held throughout the Project preparation and implementation stages (public hearings, information disclosure workshops, focus group discussions with Project-affected people, etc.), following the Request, Management agreed with the Borrower, as part of the action plan in the Management Response, to improve the quality of consultations; promote better understanding of the Project, the resettlement process and the safeguard instruments by Project-affected people and other stakeholders; and improve the records of the consultations. In December 2019, the Borrower's social and environmental staff were trained on how to conduct more meaningful consultations. As a result of these efforts to enhance the quality of consultations, at the February 2020 consultation event on the RAPs, 492 people attended and, based on their feedback, two additional compensation alternatives were identified and included in the revised RAPs.

68. The Census and the systematic application of the Household Information Validation Form during the RAP implementation stage have provided additional opportunities to consult Project-affected people during the resettlement process. Both include questions on preferences as well as any special needs.

¹⁵ Pesquisa de Opinião, Teresina (PI), 14/09 a 01/10 de 2019. Amostragem, Opinião e Mercado. Instituto Piauiense de Opinião Pública.

B.3. Consultations during RAP Revision Process

69. Many consultation meetings and events (see Annex 2) were carried out to obtain feedback from Project-affected people and other stakeholders on the resettlement process and further improve the RAPs.

70. Recent improvements in consultations are evidenced by the major consultation event held on February 19, 2020, which included 85 percent of all Project-affected people in the areas of RAPs 2, 3 and 4. The event was widely publicized well in advance, and was open to everyone. It was organized and structured so as to foster participation and interactions between Project-affected people and Project officials, and to answer questions, including with a designated station exclusively to listen to the concerns of Project-affected people. Evaluations showed that 76 percent of attendees rated the event as positive.

71. Due to COVID-19, public consultations were halted, but are planned to resume again shortly using social distancing. The PIU team is preparing a virtual tour of the available units in Parque Brazil to be disseminated on its website, including information on the calendar for units to start being occupied.

B.4. Participation in Resettlement Planning

72. *In Management's view, Project-affected people had ample opportunities to participate in resettlement planning.* The Project held several meetings during the preparation stage, including during the socioeconomic studies carried out in 2012 and 2014 and through public hearings to present the draft ESIA and the RPF. These meetings (details in Annex 2) brought together over 900 people in total, including Project-affected people and other pertinent stakeholders.

73. Management notes that the Project has allowed for public participation and consultation throughout the resettlement process, ranging from broader public consultations and targeted group consultations and finally to individual meetings with Project-affected people to support adequate resettlement planning and implementation.

74. Targeted rounds of consultation ordinarily convened groups of 30 persons per meeting, allowing for a more tailored approach and effective participation. In these meetings, compensation options and justification for resettlement (defined in the RPF and RAPs) were again presented.

75. Project-affected people are invited to individual meetings where they discuss and negotiate the best compensation options for their specific case. They can be accompanied by a person they trust, a private lawyer or the Public Defender to advise them.

76. During the recent revision of the RAPs, focus groups have also been convened (i) to provide specific assistance to: families newly registered after the establishment of the October 14, 2019, cut-off date; and (ii) to discuss compensation alternatives with social groups with collective demands related to the restoration of their livelihoods (such as *vazanteiros*, *oleiros* and other artisans).

C. Grievance Redress Mechanism

77. ***Management acknowledges that the Project GRM requires further improvements.*** Since receipt of the Request, Management has endeavored to provide continuous hands-on implementation support to the Borrower, to further improve the effectiveness of the GRM. Management will continue to provide such support to the Borrower based on implementation experience and available good practice.

78. Following Management's recent support to the Borrower, the enhanced GRM offers several accessible channels to lodge complaints and raise concerns, such as the COLAB app (which remains operational and available during COVID-19), the Borrower social workers, the Municipal Ombudsman office, the Public Defender's office, the PIU staff, and the Mobilization Committee. Complaints/concerns can be made in person, by phone, through regular mail or e-mail and via the COLAB app. Complaints are logged centrally and a report is produced regularly. The procedures and timelines to handle complaints are now publicly available. Complaints can be submitted anonymously in various ways. The complainants can also request that their identity be treated as confidential when they submit a complaint through, for example, the Ombudsman office, the Public Defender's office or the UPS workers. Complainants are updated regularly on the status of their submission and there is an independent appeals process.

79. Management also supported the Borrower in increasing the dissemination of information on how to access the GRM, and on its processes and timelines, through a series of training and consultation events. Information about the GRM has been disseminated through various means in the local language, including at the February 2020 consultation event, on the Project website and social media (Project Facebook and Instagram pages) and in brochures. Additional training on the COLAB app was provided to Project-affected people and the Mobilization Committee at the February 2020 event.

80. ***Management believes that, as a result of these recent efforts, the Borrower has improved the awareness and understanding among Project-affected people of the GRM, also evidenced by an increase in Project-related requests for information and grievances logged and resolved*** (since October 2019, 21 complaints received and resolved to the satisfaction of the complainants and 309 requests for information, mostly relating to compensation timing and opening of Parque Brasil). However, Management recognizes the benefits of further enhancing the effectiveness of the GRM and will carry out an assessment of the GRM to identify potential gaps in its application, to meet the requirements of OP 4.12.

D. Alternatives Analysis Flood Mitigation Level

81. ***Management maintains that the flood protection design selected by the Project is the most appropriate solution for Lagoas do Norte. In Management's view, the Borrower's alternatives analysis took adequate account of the requirements of Bank policy, including OP 4.01, OP 4.04 and OP 4.12. The maximum water level of 55 m ASL in Oleiros Lagoon was determined during preparation of Phase 1 based on a hydraulic modeling study, reflected in the ESIA for Phase 1, which analyzed viable design***

alternatives for the Project. During the preparation of the Phase 2 Project in 2014, a hydrological study was commissioned to reevaluate the global macro-drainage system in the Lagoas do Norte Region, including the operational regime for the pumping system of the Oleiros Lagoon built in Phase 1 of the Project. This study, which is reflected in the Phase 2 ESIA, determined the most appropriate operational regime, including the maximum water level of 55 m during some periods of the year for Oleiros Lagoon. Management notes that OP 4.01 and OP 4.12 require consideration of feasible and viable alternatives, respectively. ***Setting a maximum water level for Oleiros Lagoon at 54 m was not feasible, since it would have substantially decreased Oleiros Lagoon storage capacity, compromised the objectives of significantly reducing flooding risks and restoring degraded natural environment, maintained the risk of further encroachment in the lagoon area, faced legal constraints and entailed higher maintenance costs.***

82. During preparation of Phase 1 of the Project, a “Hydraulic Modeling Study of the Drainage System for the Lagoas Norte Program”¹⁶ assessed, among other things, viable design alternatives to establish a maximum water level for Oleiros Lagoon. The study found that the alternative with a maximum water level of 56 m ASL, while more efficient from a purely engineering standpoint, would result in the need to resettle 2,200 families from around the lagoons of the system (not just Oleiros Lagoon). The water level alternative of 55 m that was selected reduced the need for involuntary resettlement to 1,300 families¹⁷ but increased the costs given the need to increase the capacity of the pumping station. This alternative led to the installment of an additional capacity of 8 m³/s in the pumping station, which added to the existing capacity of 2 m³/s. The 2005 study was reflected in the ESIA prepared for Phase 1 of the Project, which provided the rationale for selecting a maximum water level of 55 m. It is worth mentioning that the ESIA for Phase 1 also considered a “no project” scenario, which would have left the population at risk of flooding and the lagoon system of Lagoas do Norte exposed to continued environmental deterioration.

83. In 2014, a hydrological study¹⁸ prepared for Phase 2 of the Project reevaluated the global macro-drainage system in the Lagoas do Norte Region, including the operational regime for the pumping system of the Oleiros Lagoon built in Phase 1 of the Project. The study evaluated diverse operational and rainfall scenarios, assessing the maximum inundation levels, considering 25-year and 50-year return period rainfall events, and different operational pumping regimes. This study, which is reflected in the ESIA for Phase 2, determined the most appropriate operational regime, including the maximum water level of 55 m during some periods of the year for Oleiros Lagoon.

¹⁶ 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.

¹⁷ The latest report available on the Project’s website (June 30, 2020) estimates that 1,346 properties and 1,562 families would be affected by the Project if all originally planned works and RAPs are implemented. These figures include both partially- and totally affected households as well as the Project-affected people that came into the area between the completion of the Socioeconomic Survey (2014-15) and the October 14, 2019 cut-off date (identified in the socioeconomic survey carried out in 2019).

¹⁸ Inundation Control and the Maintenance of the Levels of the Lagoas do Norte Region: Hydrologic and hydraulic simulations of the flooding scenarios (Tucci & Souza, 2014).

84. *Management notes that OP 4.01 and OP 4.12 require consideration of feasible and viable alternatives, respectively, and there are several reasons that indicated that a maximum water level of 54 m for Oleiros Lagoon was not feasible and, therefore, could not be pursued as an alternative.* A maximum water level at 54 m would have reduced the Oleiros Lagoon area permanently by more than half, leaving communities more vulnerable to flooding and less resilient to extreme events by reducing the volume of water storage area in the lagoon, undermining one of the Project's key objectives. Moreover, it would have maintained a significant risk of further encroachment in flood-prone areas in the lagoon.

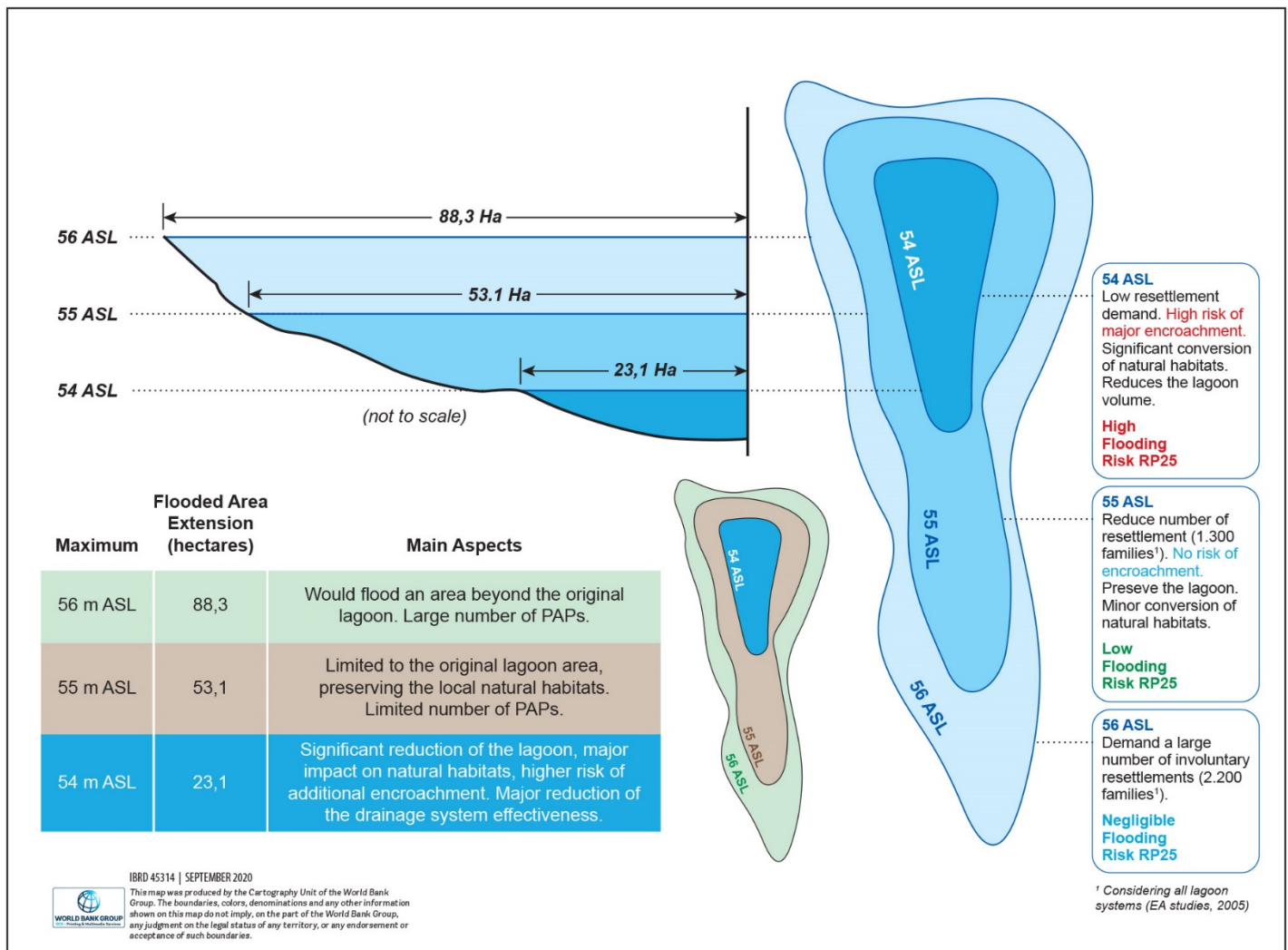


Figure 1: Lagoon Water Level Scenarios

85. *Additionally, a 54-m water level would not achieve environmental protection objectives due to continued occupation of the floodplain wetland habitat.* Protection and restoration of natural habitat was a stated objective of the Project and part of the analysis of alternatives required under OP 4.01. The ESIA for Phase 1 (2007) confirmed that without intervention to increase the peak water level ceiling, the critical natural habitat of

the lagoon would continue to be significantly converted and degraded.¹⁹ Moreover, OP 4.12, footnote 2, requires that OP 4.04 on Natural Habitats, among others, be taken into consideration when identifying resettlement options. Thus, a level of water that peaked below 55 m (e.g., at the 54-m level instead) would have likely resulted in significant conversion of critical natural habitats due to lower water levels and/or dry conditions, continued encroachment, and impacts from use of the area, with a consequent negative impact on flood prevention, as illustrated in Figure 1 above.

86. Borders of lagoon areas are considered APPs, which is a type of permanent protected area under Brazil's Forest Code, and should not be occupied. The Investigation Report (paragraph 76), however, claims that a resolution issued by the National Council for Environment (CONAMA) in 2006 gave flexibility to the occupation of APPs in urban areas. Management understand that while this resolution indeed generally provides for this possibility on an exceptional basis and subject to a set of requirements, ***it does not permit such occupation if it contributes to an increase of flooding risks, which would be the case here***. Consequently, maintaining people living in flood-prone areas would not have been legally feasible either.

87. ***The Panel also indicates that the analysis of alternatives did not consider informal flood adaptation techniques in combination with a level below 55 m.*** As stated in previous paragraphs, Management does not consider the Panel's suggestion to be a *viable* alternative because it would have undermined the Project's objectives and kept people at risk in the floodplain. This alternative would also not mitigate the risk of further encroachment, would reduce resilience and storage capacity for floodwaters, would also impede restoration of floodplain wetland and riparian natural habitat, and would have faced legal constraints and entailed higher maintenance costs.

88. ***In sum, Management maintains that the selection of a maximum water level of 55 m for Oleiros Lagoon is the most appropriate flood protection design.*** This selection considered multiple criteria, including resettlement impacts, flooding risks, environmental protection and long-term costs of pumping and maintenance of the system. Management, however, recognizes the need to inform the community and especially Project-affected people, in a non-technical and understandable manner, about the reasons that led to choosing a maximum water level of 55 m for Oleiros Lagoon.

E. Supervision

E.1. Supervision Frequency and Reporting

89. ***Management appreciates the Panel's finding that the frequency of supervision missions was adequate and increased from mid-2018 onwards. Management acknowledges the Panel's finding that resettlement supervision and reporting at the institutional level required improvements prior to the Request and agrees with the***

¹⁹ Avaliação ambiental do programa de melhoria da qualidade ambiental de Teresina – programa lagoas do norte, ESIA, E1618 vol 2. Pag 73, March 2007.

Panel's assessment that substantial progress in these two areas has been observed over the past several months.

90. As noted by the Panel, during the period February 2016-August 2019, the number of regular missions was one per semester; also, from around mid-2017 to August 2019, in addition to the supervision missions, nine specialized implementation support missions were carried out, six of which to address social impacts, including resettlement issues. This higher than usual level of supervision was to oversee resettlement activities. Given the delays in Project implementation, since March 2020, Bank has started conducting monthly video-conference meetings to monitor progress.

91. Management agrees that since September 2019 greater attention has been given to safeguard issues during implementation and enhanced social expertise has been included in the Bank team. Additional social expertise was mobilized in the review to fill the gaps identified in the original RAPs. Management also notes that the Bank team has established an enhanced supervision and monitoring approach and is providing hands-on implementation support to the Borrower in order to improve Project implementation.

92. In response to the COVID-19 pandemic, the PIU is adapting the delivery of services and reviewing the resumption of civil works in accordance with local and state guidance. The PIU resumed office duties in mid-July 2020, including receiving Project beneficiaries with prior appointment. During the recent virtual mission in June 2020, a review of the overall implementation timetable detailed the challenges of completing the programmed works in Component 2 within the current timeframe. However, the Borrower remains committed to Project implementation and to finding innovative ways to continue despite the challenges posed by the pandemic.

E.2. Monitoring and Evaluation of Resettlement Implementation

93. ***Management acknowledges that the Project took longer than expected to have adequate monitoring support in place. However, Management is of the view that adequate support on resettlement is currently in place for the Borrower to prepare safeguard documents and implement them in accordance with Bank policy requirements.***

94. The Borrower had a good track record in resettlement implementation during the Phase 1 Project. The ex-post evaluation of the resettlement in Phase 1 carried out by the Borrower revealed an overall level of satisfaction of 94 percent of the resettled families. Furthermore, the Municipality of Teresina was selected to participate in a UN-Habitat competition given the exemplary manner in which the Phase 1 Project resettlement was conducted.

95. Notwithstanding the above, the Bank took measures in Phase 2 of the Project to support and facilitate adequate monitoring and evaluation of resettlement implementation, which included, among others: (i) restructuring and strengthening of the PIU and the Borrower social field teams; (ii) monitoring of Project-affected people at risk from flooding; (iv) increased oversight by Management starting in November 2018.

96. Despite these efforts, the PIU social staff and skills needed further strengthening in early 2019. The PIU includes the UPS, which is now staffed with nine social and environmental specialists, two lawyers, three engineers, and one communication specialist supported by an external Communication firm. Since August 2019, the PIU has been receiving additional support from a specialized Supervision firm, which is responsible for the supervision of infrastructure works and monitoring and evaluation of resettlement. In addition, since March 2020, a Management firm is providing support to the PIU in managing, monitoring, assessing, and reporting on the progress of the Project, including, but not limited to, social and environmental aspects, as well as communication, reporting and dissemination.

97. The current core Bank team supervising the Project includes two social specialists, based in Brazil, and it receives on-demand support from three social/legal specialists based at headquarters. The Bank team receives guidance and oversight from three managers also based in Washington.

98. Management is of the view that the current monitoring arrangements are adequate for the Project's size, risks and complexity and, as such, does not agree that an advisory panel of independent, internationally recognized resettlement specialists (Advisory Panel) should have been engaged. Projects that have used an Advisory Panel include far more complex infrastructure (particularly dams) and highly risky or contentious issues triggering almost all safeguard policies and involving large numbers of vulnerable people and indigenous communities.

99. Management considers that Brazilian processes, staff and institutions are commensurate with the country's upper-middle-income status and are sufficient to allow the Borrower to undertake its implementation responsibilities, with support from local consultants as needed. Management is of the view that, in this case, OP 4.12 did not require the engagement of an Advisory Panel.

V. MANAGEMENT'S ACTION PLAN IN RESPONSE TO THE FINDINGS

100. On August 8, 2020, Bank Management invited the individuals identified in the Request to participate in virtual consultations²⁰ on the proposed MAP, with the time, date and virtual conferencing platform of their choosing. The same invitation was shared with the Panel to relay to those Requesters who are known only to the Panel.

101. In the period August 10-26, 2020, the Bank team followed up on the invitation and agreed with the Requesters on September dates for two consultations, as the two communities of Mafrense and São Joaquim preferred to have separate meetings.

102. Management had agreed and scheduled with the Requesters several additional meetings to allow for a full discussion and sufficient time for the communities to internally discuss the MAP before providing their feedback on the proposed actions. However, both communities provided their feedback during the first meeting and declined to hold any further meetings. The Bank provided participants with an email address for any additional written feedback.

103. ***A total of 13 participants took part in the meeting with the Mafrense community on September 3, 2020.*** These were eight community members and five institutional representatives, who attended at the communities' request (State Public Ministry (MPE-PI), Federal Public Ministry (MPU), Federal Public Defender (DPU), State Public Defender (DPE), Federal University of Piauí).

104. ***A total of 26 participants took part in the meeting with the São Joaquim community on September 6, 2020.*** These were 20 community members and six institutional representatives, who attended at the communities' request (MPE-PI, MPU, DPU, DPE, Federal University of Piauí, and Defense Center Ferreira Sousa, an NGO).

105. The Bank set no limit on the number of participants. The communities limited their groups to 20 participants. The Bank team facilitated the meeting with a moderator, followed by a short opening presentation with background information and the proposals for actions to address Panel findings. All community members then had the opportunity to speak with multiple rounds of questions and answers.

106. ***Community feedback.*** Both communities continued to express views similar to those contained in the original Request for Inspection, such as a demand to halt all Project activities, to review the planning process and alternatives, and to allow residents to stay in place. Some demanded that people living on public land be accorded the right to remain there. The São Joaquim community also appeared unsatisfied with the Panel process overall, and particularly the lack of recognition of São Joaquim as a "traditional community."

107. ***There were a number of specific recommendations from the communities that either can be accommodated through the MAP,*** such as further improvement of the GRM;

²⁰ "Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings," March 20, 2020.

incorporation of support for Afro-Brazilian communities into RAP implementation; improvement of the community communication strategy of the Project, *as well as activities already included in the Project design*, such as consultation on the alternatives for dike restoration and assessment and inventory of cultural practices in the area.

108. *There were also a number of suggestions and requests that are not related to the Panel's findings, as well as some that were unrelated to the Project altogether*, such as asking the Bank to unilaterally suspend the Project, stop resettlement activities, regularize land ownership for cases of adverse possession of public lands, provide Afro-Brazilian (“*Quilombolas*”) the same treatment that Indigenous Peoples enjoy under Bank Policy, and prohibit and suspend sand mining activities in the Parnaíba River.

COVID-19 related implications

109. Management notes that depending on the course of the COVID-19 pandemic in the Project area, delays in Project implementation cannot be ruled out, and these could have an impact on the timelines for implementation of actions presented in the MAP. As public health measures and other issues related to COVID-19 continue to affect supervision and Project implementation, the Borrower and the Bank are relying on more frequent reporting and virtual monitoring, supervision and outreach.

MANAGEMENT ACTION PLAN

Table 1 – Borrower Actions

No.	Finding	Action
1.	<p>Lagoas do Norte: Inner Urban Area Flood Mitigation</p> <p><i>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).</i></p>	<p>(i) The Borrower agreed to implement an information campaign in a language understandable to the residents around the Oleiros Lagoon to inform and increase awareness about: (i) the importance of the Lagoas do Norte's Drainage System to reduce flooding in the entire region; (ii) the need for the Oleiros Lagoon's water level to maintain the 55-m ASL level as per the results of the Hydraulic Modeling Study of the Drainage System to avoid flooding in the riparian areas; and (iii) the operational pumping regime operated by the <i>Superintendencia de Desenvolvimento Urbano Centro Norte</i>.</p> <p><i>Timeline: Processing of the Communication firm's contract amendment by December 15, 2020.</i></p> <p>(ii) The Borrower will start the informational campaign.</p> <p><i>Timeline: By January 2021 and continuing until the end of the Project with bi-annual frequency.</i></p>
2.	<p>Adequacy of Compensation</p> <p><i>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).</i></p>	See Table 2, Item 2, for Bank action.
3.	<p><i>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</i></p>	<p>The Borrower has agreed to provide evidence to the Bank of payment of compensation to the eligible identified owners of the dismantled structures, in line with Bank policy.</p> <p><i>Timeline: By June 30, 2021</i></p>

No.	Finding	Action
	<i>Involuntary Resettlement, OP 4.12, paragraph 10.</i>	
4.	Identification of PAPs, Census, and Socioeconomic Data <i>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).</i>	<p>(i) The Borrower has agreed to implement any follow up measures to (1) the Post-resettlement Satisfaction Survey and (2) the RAP Completion Reports, which are recommended by the Bank, in line with the requirements of the RAPs and OP 4.12.</p> <p>(1) <i>Timeline: Completion of Survey by February 1, 2021; submission of Survey report by March 15, 2021</i></p> <p>(2) <i>Two weeks after the Bank's advice is issued on RAP Completion Reports, the Borrower will agree with the Bank on a timeline for implementation of the Bank's recommendations to comply with OP 4.12.</i></p>
5.	Vulnerabilities and Disruption of Social Networks <i>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.</i>	<p>(i) The Borrower has agreed, for resettlement carried out on or after October 1, 2020, to create a register with information on the assistance provided to the vulnerable Project-affected households and will start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021 and continuing until Project closing.</i></p> <p>(ii) The Borrower has agreed to revise the social work plan prepared for Parque Brasil to cover all vulnerable Project-affected households that opt for the Monitored Resettlement or cash compensation option after October 1, 2020. The revised social work plan will include promoting community organization, income generation activities through job requalification and vocational training, and environmental education targeting vulnerable people resettled under the Project.</p> <p><i>Timeline: By December 15, 2020</i></p> <p>(iii) Item 4 (i) above.</p>
6.	Reestablishing Livelihoods to Avoid Impoverishment <i>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</i>	<p>(i) The Borrower has agreed to create a register with information on all the livelihood restoration assistance provided to Project-affected households after October 1, 2020 and will start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021 and continuing until Project closing</i></p> <p>(ii) Item 4 (i) above.</p>

No.	Finding	Action
	<i>Resettlement, OP 4.12, paragraph 2 (b).</i>	
7.	<p><i>The 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).</i></p>	<p>(i) The Borrower has agreed to create a register of all the transitional assistance that will be provided to Project-affected households after October 1, 2020 and start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021 and continuing until Project closure.</i></p> <p>(ii) Item 4 (i) above.</p>
8.	<p>Grievance Redress Mechanism</p> <p><i>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).</i></p>	<p>(i) The Borrower will adopt the recommendation of the assessment to be carried out by the Bank (see Table 2, Item 8, for Bank action).</p> <p><i>Timeline: By March 31, 2021</i></p> <p>(ii) The Borrower has agreed to provide additional training on complaints handling to the UPS team, the Supervising firm and the works firms.</p> <p><i>Timeline: By April 30, 2021</i></p> <p>(iii) The Borrower has agreed to continue disseminating information on the GRM on the Project's website, and Facebook and Instagram accounts subject to local restrictions by electoral laws. The Borrower also agreed, after pandemic restrictions are lifted, to distribute leaflets to Project-affected families after receiving the Bank's no-objection to the leaflet.</p> <p><i>Timeline: Starting in January 2021 and continuing bi-annually until Project closing</i></p>
9.	<p>Supervision</p> <p><i>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.</i></p> <p><i>Management supervision after submission of the Request is in compliance with Bank Directive on</i></p>	See Table 2, Item 9, for Bank action.

No.	Finding	Action
	<i>Investment Project Financing, paragraph 43.</i>	
10.	<i>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.</i>	See Table 2, Item 10, for Bank actions.

Table 2 - Bank Actions

No.	Finding	Action
1.	<p>Lagoas do Norte: Inner Urban Area Flood Mitigation</p> <p><i>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).</i></p>	<p>The Bank will review and advise on the information campaign through knowledge and good practice sharing.</p> <p><i>Timeline: By January 2021</i></p>
2.	<p>Adequacy of Compensation</p> <p><i>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).</i></p>	<p>The Bank will undertake a housing market study to establish the availability of houses in the area under the R\$77,000 cap, i.e., the average value of social housing in the region. The findings of the study will inform the Bank's evaluation of the viability of the resettlement options offered to Project-affected people in compliance with OP 4.12, and of the need to update the Monitored Resettlement cap.</p> <p><i>Timeline: By January 31, 2021</i></p>
3.	<p><i>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.</i></p>	<p>The Bank will review the evidence of payment of compensation to the eligible identified owners of the dismantled structures, in line with Bank policy.</p> <p><i>Timeline: By July 31, 2021</i></p>
4.	<p>Identification of PAPs, Census, and Socioeconomic Data</p> <p><i>The lack of comprehensive socioeconomic data regarding</i></p>	<p>(i) The Bank will review the findings of the Post-resettlement Satisfaction Survey for families that were resettled prior to June 30, 2020 and recommend to the Borrower additional assistance measures that may be necessary to meet the</p>

No.	Finding	Action
	<p><i>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).</i></p>	<p>objectives of OP 4.12 and assist Project-affected people in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-displacement levels (as provided in the RAPs and in the Parque Brasil revised social work plan).</p> <p><i>Timeline: Following completion of the Post-Resettlement Survey, by no later than March 31, 2021</i></p> <p>(ii) Following completion of each RAP and its Completion Report to be carried out by the Borrower, the Bank will review the report's findings, including data on production levels and income derived from both formal and informal economic activities, and information on the standards of living of the displaced population and advise the Borrower if additional assistance measures to meet OP 4.12 are required.</p> <p><i>Timeline: Four weeks after the report's submission to the Bank, the Bank will provide advice to the Borrower on potential additional assistance measures before giving its no-objection to the completion of such report.</i></p>
5.	<p>Vulnerabilities and Disruption of Social Networks</p> <p><i>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.</i></p>	<p>(i) The Bank will review the Borrower's revised social work plan and provide comments.</p> <p><i>Timeline: By January 31, 2021</i></p> <p>(ii) See Items 4 (i) and (ii) above.</p>
6.	<p>Reestablishing Livelihoods to Avoid Impoverishment</p> <p><i>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).</i></p>	<p>(i) See Items 4 (i) and (ii).</p>
7.	<p><i>The 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</i></p>	<p>(i) The Bank will review the register of all the transitional assistance that will be provided to Project-affected households, as reported in the Borrower's bi-annual Project Progress Reports.</p>

No.	Finding	Action
	Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 6 (c) (i).	<i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 – comments due by March 22, 2021 – and three weeks after submission of subsequent reports until Project closure.</i>
8.	Grievance Redress Mechanism <i>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).</i>	The Bank will carry out an assessment of the GRM to identify potential gaps in its application, including in-person communications on grievances, to meet the requirements of OP 4.12. <i>Timeline: By January 31, 2021</i>
9.	Supervision <i>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.</i> <i>Management supervision after submission of the Request is in compliance with Bank Directive on Investment Project Financing, paragraph 43.</i>	The Bank will continue to apply appropriate supervision arrangements. <i>Timeline: until Project closing</i>
10.	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.	(i) The Bank will monitor the review by the PIU of the external support firms' contracts, to strengthen their delivery of resettlement monitoring, evaluation and reporting. The Bank will discuss with the Borrower any required adjustments to the contracts to address these issues. This will include support from an anthropology consultant to provide expert advice where RAP implementation involves the relocation of Afro-Brazilian cultural services. The Bank will work with the PIU to amend the external support firms' contracts, if deemed necessary.

No.	Finding	Action
		<p><i>Timeline: Amendment to contract signed by November 30, 2020</i></p> <p>(ii) The Bank will monitor the development and deployment by the PIU of a monitoring tool that produces up-to-date reports on the implementation of the RAPs and the ability of the PIU to register and incorporate beneficiary feedback on the resettlement process.</p> <p><i>Timeline: By December 15, 2020</i></p> <p>(iii) The Bank will work with the PIU so that the enhanced resettlement monitoring, evaluation and reporting system continues to work satisfactorily.</p> <p><i>Timeline: Every six months until Project closing</i></p> <p>(iv) The Bank will monitor the posting by the PIU of quarterly resettlement reports in an agreed format on the Project's website.</p> <p><i>Timeline: Quarterly until Project closing starting December 2020</i></p>

VI. CONCLUSION

110. Management believes that the Bank's policies and procedures were appropriately applied to support the Bank's mission statement in the context of the Project. Management acknowledges the Panel's findings and believes that the proposed actions described in the Management Action Plan address these findings.

Annex 1

Findings, Comments and Actions

No.	Issue/Finding	Comments/Action
1.	<p>Lagoas do Norte: Inner Urban Area Flood Mitigation</p> <p><i>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).</i></p>	<p><i>Management maintains that the flood protection design selected by the Project is the most appropriate solution for Lagoas do Norte. In Management's view, the Borrower's alternatives analysis for the flood design supported by the Project establishing a permanent water level took adequate account of the requirements of Bank policy, including OP 4.01, OP 4.04 and OP 4.12. The maximum water level of 55 m ASL in Oleiros Lagoon was determined during preparation of Phase 1 based on a hydraulic modeling study reflected in the ESIA for Phase 1, which analyzed viable design alternatives for the Project. During the preparation of the Phase 2 Project in 2014, a hydrological study was commissioned to reevaluate the global macro-drainage system in the Lagoas do Norte Region, including the operational regime for the pumping system of the Oleiros Lagoon built in Phase 1 of the Project. This study, which is reflected in the Phase 2 ESIA, determined the most appropriate operational regime, including the maximum water level of 55 m during some periods of the year for Oleiros Lagoon.</i></p> <p><i>Management notes that OP 4.01 and OP 4.12 require consideration of <u>feasible and viable</u> alternatives, respectively. Setting a maximum water level for Oleiros Lagoon at 54 m was not feasible, since it would have substantially decreased Oleiros Lagoon storage capacity, compromised the objectives of significantly reducing flooding risks and restoring degraded natural environment, maintained the risk of further encroachment in the lagoon area, faced legal constraints and entailed higher maintenance costs.</i></p> <p>During preparation of Phase 1 of the Project, the Hydraulic Modeling Study of the Drainage System for the Lagoas Norte Program, prepared in September 2005, assessed, among other things, viable design alternatives for a maximum water level at Oleiros Lagoon, aiming to find a balance between the reduction of flood risk and need for involuntary resettlement. The study found that the alternative with a maximum water level of 56 m ASL, while more efficient from a purely engineering standpoint, would result in the need to resettle 2,200 families from around the lagoons of the system (not just Oleiros Lagoon). The water level alternative of 55 m that was selected reduced the need for involuntary resettlement to 1,300¹ families (900 fewer families affected, or almost 60 percent reduction) but increased the costs given the need to increase the capacity of the pumping station. This alternative led to the installment of an <i>additional</i></p>

¹ The latest report available on the Project's website (June 30, 2020) estimates that 1,346 properties and 1,562 families would be affected by the Project if all originally planned works and RAPs are implemented. These figures include both partially and totally affected households as well as the Project-affected people that came into the area between the completion of the Socioeconomic Survey (2014-15) and the October 14, 2019 cut-off date (identified in the socioeconomic survey carried out in 2019).

No.	Issue/Finding	Comments/Action
		<p>capacity of 8 m³/s in the pumping station, which added to the existing capacity of 2 m³/s.</p> <p>The 2005 study was reflected in the ESIA prepared for Phase 1 of the Project, which provided the rationale for selecting a maximum water level of 55 m. It is worth mentioning that the ESIA for Phase 1 also considered a “no project” scenario, which would have left the population at risk of flooding and the lagoon system in Lagoas do Norte exposed to continued environmental degradation.</p> <p>During the preparation of the Phase 2 Project in 2014, a hydrological study entitled “Inundation Control and the Maintenance of the Levels of the Lagoas do Norte Region: Hydrologic and hydraulic simulations of the flooding scenarios,” revaluated the global macro-drainage system and the Lagoas do Norte Region, including the operational regime for the pumping system of the Oleiros Lagoon built in Phase 1 of the Project. The study evaluated diverse operational and rainfall scenarios, assessing the maximum inundation levels, considering 25-year and 50 year return period rainfall events, and different operational pumping regimes. The 2014 study, which is reflected in the ESIA for Phase 2, determined the most appropriate operational regime, including the maximum water level of 55 m during some periods of the year for Oleiros Lagoon.</p> <p><i>Management notes that OP 4.01 and OP 4.12 require consideration of <u>feasible</u> or <u>viable</u> alternatives and there are several reasons that indicated that a maximum water level of 54 m for Oleiros Lagoon was not feasible and, therefore, could not be pursued as an alternative.</i></p> <p>A maximum water level at 54 m would have substantially decreased Oleiros Lagoon storage capacity by reducing the lagoon area permanently by more than half – from 531,036 m² to 231,386 m².² This would have left communities more vulnerable to flooding and less resilient to extreme events by reducing the volume of water storage area in the lagoon, undermining one of the Project’s key objectives. Moreover, it would have maintained a significant risk of further encroachment in flood-prone areas in the lagoon.</p> <p><i>Additionally, a 54-m water level would not achieve environmental protection objectives due to continued occupation of the floodplain wetland habitat.</i> Protection and restoration of natural habitat was a stated objective of the Project and part of the analysis of alternatives required under OP 4.01. The ESIA for Phase 1 (2007) confirmed that without intervention to increase the peak water level ceiling, the critical natural habitat of the lagoon would continue to be significantly converted and degraded.³ Moreover, OP 4.12, footnote 2, requires that</p>

² Project Reports: Relatório Final de Qualidade das Águas (2005) and “Estudo de Controle de inundações e manutenção dos níveis das lagoas norte: simulações hidrológicas e hidráulicas dos cenários de inundações” (2014).

³ Avaliação ambiental do programa de melhoria da qualidade ambiental de Teresina – programa lagoas do norte, ESIA, E1618 vol 2. Pag 73, March 2007.

No.	Issue/Finding	Comments/Action
		<p>OP 4.04 on Natural Habitats, among others, be taken into consideration when identifying resettlement options. Thus, a level of water that peaked below 55 m (e.g., at the 54-m level instead) would have likely resulted in significant conversion of critical natural habitats due to lower water levels and/or dry conditions, continued encroachment, and impacts from use of the area, with a consequent negative impact on flood prevention, as illustrated in Figure 1 in the main text.</p> <p>As the Panel noted, the borders of lagoon areas are considered <i>Areas de Protecao Permanente</i>, or APPs, which is a type of permanent protected area under Brazil's Forest Code, and should not be occupied. The Investigation Report (paragraph 76), however, claims that a resolution issued by CONAMA in 2006 gave flexibility to the occupation of APPs in urban areas. Management understand that while this resolution indeed generally provides for this possibility on an exceptional basis and subject to a set of requirements, it does not permit such occupation if it contributes to an increase of flooding risks, which would be the case here. Consequently, maintaining people living in flood-prone areas would not have been legally feasible either.</p> <p><i>The Panel also indicates that the analysis of alternatives did not consider informal flood adaptation techniques in combination with a level below 55 m.</i> The Panel's Report concludes (Paragraph 80) <i>"that alternative designs – based on permanent levels below 55meters 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)."</i> As stated in previous paragraphs, Management does not consider the Panel's suggestion to be a <i>viable</i> alternative because it would have undermined the Project's objectives and kept people at risk in the floodplain. This alternative also would not mitigate the risk of further encroachment, would reduce resilience and storage capacity for floodwaters, would also impede restoration of floodplain wetland and riparian natural habitat, and would have faced legal constraints and entailed higher maintenance costs. These aspects were all considered by the different studies prepared during Phase 1 (and further detailed in Phase 2 preparation) as part of Project design and decision-making.</p> <p>Management also notes that the characterization of the Project area including the Oleiros Lagoon as a risk-prone area is endorsed by the study on risks and natural disasters prepared in 2012 and confirmed in 2019 for the city of Teresina by the Brazilian geological service, CPRM, which characterized the region of Lagoa dos Oleiros as a flood-prone area. The Panel's proposal to maintain a vulnerable population in a flood-prone area is not consistent with the Brazilian legislation on risk prevention, notably Federal Law 12.340/10 that mandates the Federal Government, the states and the municipalities to</p>

No.	Issue/Finding	Comments/Action
		<p>adopt measures aiming to reduce natural disasters, such as flooding in urban areas.</p> <p><i>In sum, Management maintains that the selection of a maximum water level of 55 m for Oleiros Lagoon is the most appropriate flood protection design. This selection considered multiple criteria, including resettlement impacts, flooding risks, environmental protection and long-term costs of pumping and maintenance of the system. Management, however, recognizes the need to inform the community and especially Project-affected people, in a non-technical and understandable manner, about the reasons that led to choosing a maximum water level of 55 m for Oleiros Lagoon.</i></p> <p>Actions – Borrower:</p> <p>(i) The Borrower agreed to implement an information campaign in a language understandable to the residents around the Oleiros Lagoon to inform and increase awareness about: (i) the importance of the Lagoas do Norte’s Drainage System to reduce flooding in the entire region; (ii) the need for the Oleiros Lagoon’s water level to maintain the 55-m ASL level as per the results of the Hydraulic Modeling Study of the Drainage System to avoid flooding in the riparian areas; and (iii) the operational pumping regime operated by the <i>Superintendencia de Desenvolvimento Urbano Centro Norte</i>.</p> <p><i>Timeline: Processing of the Communication firm’s contract amendment by December 15, 2020</i></p> <p>(ii) The Borrower will start the informational campaign.</p> <p><i>Timeline: By January 2021 and continuing until the end of the Project with bi-annual frequency</i></p> <p>Action – Bank:</p> <p>(i) The Bank will review and advise on the information campaign through knowledge and good practice sharing.</p> <p><i>Timeline: By January 2021</i></p>
2.	<p>Dike Safety Considerations</p> <p><i>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.</i></p>	<p>Management notes the Panel’s observations in regard to the issue of dike safety.</p>

No.	Issue/Finding	Comments/Action
3. (a)	<p>Identification of PAPs, Census, and Socioeconomic Data</p> <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. <i>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.</i> 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><i>Management confirms that all 247 families that came to the Project area between the completion of the census in 2014 and the established cut-off date of October 14, 2019 have been registered and are eligible for compensation under the pertinent RAPs.</i></p> <p>The October 14, 2019 cut-off date enables eligible Project-affected people whose houses or structures were dismantled prior to this date to benefit from the RAP provisions.</p>
3.(b)	<p>Nevertheless, <i>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).</i> The data collected should have included production levels and income</p>	<p><i>In Management's view, the comprehensive socioeconomic studies that the Borrower carried out early on during Project preparation are in line with OP 4.12, paragraph 6(a). These socioeconomic studies are the Baseline Socioeconomic Study and the socioeconomic census (Census), which were carried out in 2012⁴ and 2014, respectively. These studies included information on production systems, labor, household organization and data on livelihoods of the displaced population, as elaborated in the following paragraphs. This data informed and is included in the RPF and subsequent RAPs.⁵ Additional studies and data collection were, and continue to be, undertaken during the implementation of the Project, such as the 2018 Anthropological Study or the</i></p>

⁴ TecnoMétrica, Projeto Lagoas do Norte: Estudo de Linha de Base, 2012.

No.	Issue/Finding	Comments/Action
	<p>derived from both formal and informal economic activities, and information on the standards-of- living of the displaced population.</p>	<p><i>Household Information Validation Form, which is systematically used during RAP implementation for each Project-affected person to validate and, where needed, update the socioeconomic data gathered during the Baseline Socioeconomic Study and the Census (including production levels and formal and informal income sources), so that socioeconomic data gathered remains comprehensive and current.</i></p> <p>The data from these instruments serves as the basis for the Project’s resettlement planning.</p> <p>The Baseline Socioeconomic Study and Census were conducted with the involvement of Project-affected people. The data collected and disaggregated included, among other aspects, detailed characteristics of the Project-affected households, including their composition and organization, production, labor and sources of income; access to public infrastructure and services; and vulnerability to floods, among other aspects. The findings of the studies informed the preparation of the Project’s RPF in 2014 and the subsequent RAPs, and helped develop a range of resettlement and livelihood options.</p> <p>The Baseline Socioeconomic Study (2012) collected and analyzed socioeconomic data, on a sample basis (413 households surveyed), such as information on: (i) public infrastructure and physical environment of the affected neighborhoods; (ii) the physical attributes of the affected assets – land, built-up structures, number of rooms, type of rooms (bathroom, kitchen), construction standards, access to energy, water and sanitation, vulnerability to floods; (iii) existence of gardens and livestock (e.g., chicken, pigs, etc.); (iv) the composition and profile of affected households in the area surveyed (number of inhabitants, disaggregated by gender, age and school attainments, access to citizen identification documentation and the type of economic activities and sources of income; (v) sources of income are as follows: over 50 percent from formal salaries; 25 percent from pension/retirement benefits; 4.7 percent from commercial activities; 6.6 percent from social assistance programs; and 12.4 percent not specified); (vi) information on vulnerable people; (vii) information related to public security, leisure options, public transportation, health, school and basic services, and (viii) job opportunities available in the neighborhood.</p> <p>The Census (2014) collected key demographic and socioeconomic data on each individual household to be potentially affected by the Project, such as: (i) standard demographic characteristics of Project-affected people, including the number of inhabitants disaggregated by gender and age; educational achievements; gender of the household head, and presence of vulnerable people; (ii) baseline information on livelihoods, including participation in the formal and informal labor market by inhabitants, monthly family income, number of family income providers, sources of income by inhabitant and from economic activities explored in the household; (iii) standard</p>

No.	Issue/Finding	Comments/Action
		<p>characteristics of affected household structures, including how the respective structure is used (residential, economic activities, mixed use) and type of land tenure rights (ownership, adverse possession, rental), built area, construction materials and standards and access to basic services (electricity, water and garbage collection). The Census also gathered information on household preferences with respect to relocation options.</p> <p><i>The Panel's Report indicates that the socioeconomic data is not up to date. Management, however, notes that additional studies were, and continue to be, undertaken. These studies include an Anthropological Study, which was completed in 2018, and supplemental socioeconomic data analysis during the implementation of each RAP, as detailed below.</i></p> <p>The 2018 Anthropological Study gathered updated data on groups with traditional livelihoods present in the Project area. Such groups include potters (“oleiros”), artisanal fishermen, religious woodcraftsmen, and “vazanteiros” (water-recession gardeners in areas along the Poti and Parnaíba Rivers). The Anthropological Study assessed the potential social and economic impacts of the Project on these groups, and recommended measures to help restore their livelihoods (further addressed in Item 6(a) below). The revised RAPs summarize the conclusions and livelihood-related recommendations of the Anthropological Study. Some of these measures have been implemented already, such as the rehabilitation of the fish market and the center for production and sale of pottery, while other measures are being consulted upon with Project-affected people with traditional livelihoods who have not been resettled yet.</p> <p>Additionally, all the RAPs require the completion of a Household Information Validation Form as the first step in resettlement negotiations during RAP implementation. The Panel characterizes this process as “neither systematic nor comprehensive.” However, Management notes that the Borrower has been systematically using this form since the start of Project resettlement in 2015-2016 (Mocambinho and Matadouro RAPs); the form has been completed by each Project-affected person resettled to date, prior to the negotiation of compensation and assistance to confirm and, where needed, update socioeconomic information. The form covers aspects related to: (i) family composition, including the presence of cohabiting families, people with disabilities, children and the elderly; (ii) household structure uses and tenure situation; (iii) improvements made in the household since the census; and (iv) level of receptiveness to the three compensation alternatives offered to physically displaced Project-affected people (i.e., cash compensation, Monitored Resettlement or house in a resettlement site). The form is also used to collect up-to-date information on economic activities that take place in the household and could, therefore, be affected by physical resettlement.</p>

No.	Issue/Finding	Comments/Action
		<p>The Household Information Validation Form was recently revised in 2019 (with the revisions of the RAPs) to include clearer and more detailed livelihood-related questions on: (i) economic activities carried out in the household; (ii) family members' jobs, income and source of income, as well as previous employment in civil construction or interest in working in civil construction; (iii) participation in community-based organizations, social movements and/or production groups; (iv) interest in job requalification or professional training (and in which areas); and (v) access to internet and use of social media.</p> <p>Shortly before the onset of the pandemic, the Borrower had launched a follow-up Post-Resettlement Satisfaction Survey with Project-affected people who have already been compensated and provided with livelihood assistance in accordance with the RAPs (thus far, comprising all Project-affected people covered by the Mocaminho and Matadouro RAPs and those already relocated in the area of RAP 1). This new survey is an interim tool, which will provide an earlier and rapid assessment preceding the RAP Completion Reports (which are required by policy and can only be completed once the resettlement process is finalized), to monitor promptly the effectiveness and quality of past resettlement and, where needed, make adjustments to improve RAP implementation. It aims to assess whether incomes and living standards have improved or, at least, been restored to pre-displacement levels, and seeks the views of Project-affected people on the effectiveness of resettlement measures. The survey will provide data to assess income derived from economic activities, information on the standards of living of the displaced population, and people's level of satisfaction.</p> <p>Initial findings of this Post-Resettlement Satisfaction Survey (the Bank team analyzed data from interviews with 49 out of 171 Project-affected families resettled prior to June 2020) show that 95 percent have a positive evaluation of the resettlement process (47 out of 49), and 84 percent considered the compensation they received sufficient to replace their lost assets at full replacement cost (41 out of 49). Out of the 49 Project-affected families, 23 families suffered economic losses. Out of these 23 Project-affected families, 74 percent (i.e., 17 out of the 23 suffering economic losses) have improved or at least restored their household income. The compensation and assistance provided to these 49 Project-affected families was preliminarily reviewed by the Bank and, on the basis of the evidence received (assets and livelihoods pre- and post-resettlement), it appears that all 49 Project-affected persons already resettled and interviewed have received compensation at full replacement cost and assistance. This preliminary assessment will be validated by the RAP Completion Reports. Particular attention will be paid to cases of Project-affected people who expressed dissatisfaction with the compensation or assistance provided. The RAP Completion Report will evaluate, in particular, if the Project-affected people have received compensation</p>

No.	Issue/Finding	Comments/Action
		<p>in line with the pertinent RAP, including an assessment of production levels and income derived from both formal and informal economic activities, and information on the standards of living of the displaced population.</p> <p>Data collection was suspended until recently due to the pandemic; the Borrower has now resumed data collection by telephone to complete the survey.</p> <p>Actions – Borrower:</p> <p>(i) The Borrower has agreed to implement any follow up measures to (1) the Post-resettlement Satisfaction Survey and (2) the RAP Completion Reports, which are recommended by the Bank, in line with the requirements of the RAPs and OP 4.12.</p> <p><i>Timeline:</i></p> <p>(1) <i>Completion of Survey by February 1, 2021; submission of Survey report by March 15, 2021</i></p> <p>(2) <i>Two weeks after the Bank's advice is issued on the RAP Completion Reports, the Borrower will agree with the Bank on a timeline for implementation of the Bank's recommendations to comply with OP 4.12.</i></p> <p>Actions – Bank:</p> <p>(i) The Bank will review the findings of the Post-resettlement Satisfaction Survey for families that were resettled prior to June 30, 2020 and recommend to the Borrower additional assistance measures that may be necessary to meet the objectives of OP 4.12 and assist Project-affected people in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-displacement levels (as provided in the RAPs and in the Parque Brasil revised social work plan).</p> <p><i>Timeline: Following completion of the Post-Resettlement Survey, by no later than March 31, 2021.</i></p> <p>(ii) Following completion of each RAP and its Completion Report to be carried out by the Borrower, the Bank will review the report's findings, including data on production levels and income derived from both formal and informal economic activities, and information on the standards of living of the displaced population and advise the Borrower if additional assistance measures to meet OP 4.12 are required.</p> <p><i>Timeline: Four weeks after the report's submission to the Bank, the Bank will provide advice to the Borrower on potential additional assistance measures before giving its no-objection to the completion of such report.</i></p>
4. (a)	Adequacy of Compensation	Management acknowledges that the original RAPs did not adequately describe the methodology or formula for valuation of assets and economic losses. For this reason, Management agreed

No.	Issue/Finding	Comments/Action
	<p><i>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.</i> 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.</p> <p>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.</p>	<p><i>with the Borrower that the RAPs would be revised to, among other things, include a full description of the methodology for valuation of all assets and economic losses suffered by Project-affected people, including loss of income due to impact on commercial activities undertaken in Project-affected households.</i> The RAPs were revised between late 2019 and early 2020 as part of the action plan included in the Management Response to the Request for Inspection. It should be further noted that if any shortfalls with respect to livelihood restoration are identified through the Post-Resettlement Satisfaction Survey or the RAP Completion Reports, necessary adjustments will be made by the Borrower to provide additional assistance to the Project-affected people.</p> <p>Concretely, and with regard to valuation of economic losses, the revised RAPs set out three methodological approaches, which are not mutually exclusive:</p> <ul style="list-style-type: none"> (i) The first approach concerns the appraisal of regularized/formal businesses that have a cash flow defined in an accounting instrument (registered with a competent Brazilian authority). In these cases, the general standard for valuation is the comparative cost method (NBR 14653-1 and NBR 14653-2).⁶ (ii) The second approach concerns the appraisal of non-formal businesses. Given the impossibility of evaluating such businesses based on a cash flow or regularly informed billing record, the Project adopted the methodology of applying additional compensation based on the value of the square meter of the property area used for the economic activities, which is increased by 50 percent to mitigate the costs of reallocating existing business activities. (iii) Finally, in the case of valuations of properties with annual and perennial crops or other productive structures (such as fish tanks used in semi-intensive artisanal fishery), the full replacement cost of all inputs (materials, labor, productive age, etc.) needed to reproduce all the assets required by each type of business are considered during the appraisal (as defined by NBR 14653-1 and the Expropriation Normative 80-EG-000F-91-0001-VALEC, which explicitly references the need for compensation at full replacement cost as set out in OP/BP 4.12). <p><i>Management notes that the evidence gathered to date indicates that the methodology for compensation and assistance to restore livelihood has been effective. In this regard, the partial results of the ongoing Post-Resettlement Satisfaction Survey with Project-affected people who were already resettled suggest that the resettlement process has had positive outcomes with regards to compensation and livelihood restoration.</i> The Bank has reviewed the</p>

⁶ <https://www.normas.com.br/visualizar/abnt-nbr-nm/21238/abnt-nbr14653-1-avaliacao-de-bens-parte-1-procedimentos-gerais> and <https://www.normas.com.br/visualizar/abnt-nbr-nm/23558/abnt-nbr14653-2-avaliacao-de-bens-parte-2-imoveis-urbanos>

No.	Issue/Finding	Comments/Action
		<p>preliminary results of the Post-Resettlement Satisfaction Survey being conducted by the Borrower on the 171 families that were resettled prior to June 30, 2020. The Bank analyzed the data from interviews with 49 resettled families, which include 23 families whose economic activities were also affected, and has verified that 41 families out of the 49 (84 percent) stated that they have been able to restore or improve their incomes. Forty-seven out of 49 (95 percent) expressed satisfaction with the process and the procedures followed during the implementation of the RAPs and considered them good or very good.</p>
4.(b)	<p><i>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.</i></p> <p>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.”</p>	<p><i>The revised RAPs adequately describe the different categories of eligibility under paragraph 15 of OP 4.12, including an analysis of Project-affected people who lack legal title or a recognizable claim to the land they are occupying and live on public land.</i> In its response to the Request, Management acknowledged that the resettlement instruments required an enhanced explanation of the legal framework. As such, the RAPs were revised to clearly distinguish between Project-affected people “who have no recognizable legal right or claim to the land they are occupying” (paragraph 15(c) of OP 4.12) and Project-affected people who have legal rights to the land they occupy (paragraph 15(a) of OP 4.12) or a recognizable claim to such land (paragraph 15(b) of OP 4.12).</p> <p>The revised RAPs now include a detailed explanation of the legal situation and rights of persons who inhabit Union (public) land, which is the case for the vast majority of Project-affected people (approximately 84 percent, as per the 2014 Census). The revised RAPs explain that Union land cannot be acquired through adverse possession, as provided in article 183 of the Brazilian Constitution and article 102 of the Brazilian Civil Code. Further, the RAPs clarify that, under Brazilian law, persons inhabiting Union land can only be compensated for the structures and improvements made on such land.</p> <p>The Panel’s Report appears to share Management’s understanding of Brazilian legislation. The Investigation Report states in paragraph 158 that “most inhabitants of Lagoas do Norte lack land titles” and in paragraph 162 that “[i]n Brazil, those without proof of ownership of their land are considered squatters,” adding that it is the Panel’s understanding “[...] that under Brazilian law, squatters are entitled only to compensation for the structures and improvements on land lost, but not for the land itself.”</p> <p><i>Nevertheless, the Panel still asserts that OP 4.12 requires compensation for land at replacement value for Project-affected people who have enjoyed “continued possession of public lands without government action for eviction.”</i> The Panel’s Report reasons that: “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.” As such, the Panel’s view</p>

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		<p>is that “[...] this provision may apply to PAPs whose occupation is uninterrupted, recognized de facto by the Government’s provision of paid public services, and who have faced no Government action for eviction.”</p> <p>Management does not agree with the assertion in the Panel’s Report regarding how OP 4.12 paragraph 15 applies to Project-affected individuals living on public land. It is not consistent with OP 4.12, which contains a significant qualification that was not referenced in the Panel’s Report. Paragraph 15(b) of OP 4.12 applies to those who have claims to the land they occupy, “[...] <u>provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan</u>” (underline added). In other words, the claim to land that makes an affected person eligible under paragraph 15(b) must be of a legal nature, as set out under Brazilian law. As explained above, since Brazilian law does not recognize claims to Union land derived from adverse possession, the Project-affected people inhabiting Union land are not eligible under OP 4.12, paragraph 15(b). In the absence of such claim, paragraph 15(b) cannot apply, unless a Borrower is willing to have the claim “become recognized through a process identified in the resettlement plan,” which is not the case under the Project’s RPF or its RAPs.</p> <p>Additionally, footnote 20 of OP 4.12 states, in full, the following: “<u>Such claims could be derived from adverse possession, from continued possession of public lands without government action for eviction (that is, with the implicit leave of the government), or from customary and traditional law and usage, and so on</u>” (underline added). Read in full and together with paragraph 15(b), footnote 20 is clearly meant to provide examples of claims that may be recognized under a particular national legal framework, as it uses non-prescriptive and non-exhaustive language. In Management’s view, footnote 20 does not presume to suggest that whenever continued possession of public land occurs that is implicitly condoned by the government, such possession acquires legal recognition. Such a conclusion would be contrary to the clear wording of paragraph 15(b).</p> <p>Management further notes that the Panel’s Report cites the Bank’s Involuntary Resettlement Sourcebook (Sourcebook) to support its conclusion. The Sourcebook is a World Bank publication, which contains guidance for improving resettlement planning and implementation. It is important to emphasize that the Sourcebook does not constitute an operational policy or procedure mandated by the Board as provided for in paragraph 12 of the 1993 Panel Resolution. Moreover, the Panel’s assertion that the Sourcebook supports the Panel’s interpretation of OP 4.12, paragraph 15, is incorrect and stems from a misreading of the cited paragraph of the Sourcebook, where the factors referenced by the Panel are presented</p>

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		<p>as examples of numerous factors that may be relevant to understanding complex tenure situations.</p> <p>As noted above, the Sourcebook, while a useful tool to use as guidance in resettlement processes, does not constitute an operational policy or procedure mandated by the Board. In Management's view it is important to maintain a clear understanding of Operational Policy application with regard to this question. The Bank cannot recognize claims for adverse possession of public lands that are not provided for in the Member State's own legal framework. The Sourcebook does not propose that the Bank can do so.</p> <p>Management notes that notwithstanding their ineligibility under paragraph 15(b) of OP 4.12, affected persons living on public land are eligible under OP 4.12 paragraph 15(c) for <i>assistance</i> in lieu of land compensation to meet the objectives of the Policy. Further, the compensation options that are offered through the RAPs will provide Project-affected people eligible under paragraph 15(c) with adequate compensation and assistance, beyond what is provided for under OP4.12, since the RAPs consider compensation for those that lack title to land not only for their assets, but also for 70 percent of the value of the land occupied as well.</p>
4.(c)	<p><i>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).</i></p>	<p><i>Management agrees with the Panel that there is uncertainty as to whether the R\$77,000 cap established for the Monitored Resettlement would be sufficient to purchase a house in the Project Area.</i></p> <p>Between January 2018 and June 2020, the data available on SINAPI (the national standard reference on civil construction costs on new houses)⁷ shows the average construction cost per square meter in the state of Piauí increased 9.2 percent.⁸ Thus, factoring in SINAPI, a typical new construction in the area could cost up to R\$84,084.</p> <p>Management also notes that none of the Project-affected people have been affected by this cap and that Project-affected people who chose this option received full replacement cost.</p> <p>To date, 50 of the 171 Project-affected families resettled prior to June 2020 have chosen the Monitored Resettlement option, to which the cap applies. The assets lost by these 50 Project-affected households were evaluated on average at R\$30,703.85 (ranging from a minimum of R\$3,925.72 up to R\$76,748.19) and, hence, the replacement value</p>

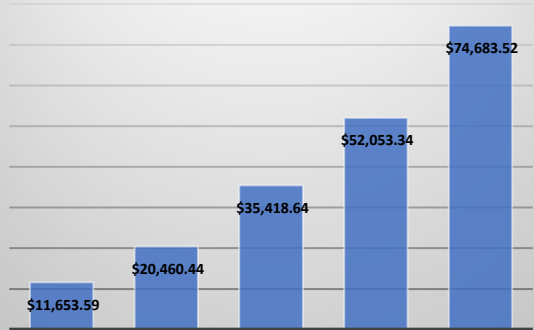
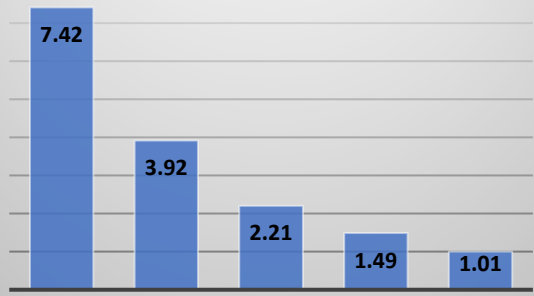
⁷ The National System of Research on Costs and Indices of Civil Construction (*Sistema Nacional de Pesquisa de Custos e Índices da Construção Civil - SINAPI*) is the tool by which the Federal Public Administration (or other administrations that are handling federal funds) defines the values of the inputs and services necessary for engineering works and services. Complete technical reference about the information used to compose this index – which is monthly updated for each state and the Federal District – is available at <http://www.caixa.gov.br/poder-publico/apoio-poder-publico/sinapi/Paginas/default.aspx>

⁸ The average cost per square meter equaled R\$1,017.99 in January 2018 and reached R\$1,112.46 in June 2020. Source of information: (<https://www.ibge.gov.br/estatisticas/economicas/precos-e-custos/9270-sistema-nacional-de-pesquisa-de-custos-e-indices-da-construcao-civil.html?=&t=resultados>) and <https://www.ibge.gov.br/estatisticas/economicas/precos-e-custos/9270-sistema-nacional-de-pesquisa-de-custos-e-indices-da-construcao-civil.html?edicao=16347&t=series-historicas>.

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		<p>for their lost assets was always below the R\$77,000 cap (and sometimes, significantly lower). It should also be noted that the methodology used for establishing the value of the lost assets factors in inflation. Further, these 50 Project-affected households were able to purchase equal or better houses with secure land tenure in the same or nearby neighborhoods for around R\$76,770.00 on average between 2018 and now using the Monitored Resettlement option.⁹ The compensation received by the most vulnerable (as defined in the RAPs) among the Project-affected households was at times significantly higher than the full replacement cost of their lost assets, as can be seen from the tables below. Among the better off (just two out of the 50 cases) the compensation received was one percent above full replacement cost as shown in the graphs below, and they now have security of tenure.¹⁰</p> <div><p>Number of Project-affected people who chose Monitored Resettlement by Quintile of Assets Evaluation</p><table><thead><tr><th>Quintile</th><th>Number of People</th></tr></thead><tbody><tr><td>1ST</td><td>14</td></tr><tr><td>2ND</td><td>11</td></tr><tr><td>3RD</td><td>12</td></tr><tr><td>4TH</td><td>11</td></tr><tr><td>5TH</td><td>2</td></tr></tbody></table></div>	Quintile	Number of People	1ST	14	2ND	11	3RD	12	4TH	11	5TH	2
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⁹ The engineers of the Project carry out an inspection of the house to certify that it meets minimum housing standards before the purchase of the house for the Project-affected household is authorized by the Borrower. As stated in the revised RAPs (Chapter 4), the minimum housing standards include, for example, that it needs to be similar or better than the original house, serviced by the basic public services available in the Municipality and that the new house is not located in an area at risk/prone to floods.

¹⁰ Source of data: PIU database on already resettled Project-affected people.

No.	Issue/Finding	Comments/Action																								
		<div><p>Average Replacement Cost of Lost Assets by Quintile</p><table><thead><tr><th>Quintile</th><th>Average Replacement Cost (R\$)</th></tr></thead><tbody><tr><td>1ST</td><td>\$11,653.59</td></tr><tr><td>2ND</td><td>\$20,460.44</td></tr><tr><td>3RD</td><td>\$35,418.64</td></tr><tr><td>4TH</td><td>\$52,053.34</td></tr><tr><td>5TH</td><td>\$74,683.52</td></tr></tbody></table></div> <div><p>How many times the compensation under the cap was higher than full replacement costs by quintile</p><table><thead><tr><th>Quintile</th><th>Times higher than full replacement costs</th></tr></thead><tbody><tr><td>1ST</td><td>7.42</td></tr><tr><td>2ND</td><td>3.92</td></tr><tr><td>3RD</td><td>2.21</td></tr><tr><td>4TH</td><td>1.49</td></tr><tr><td>5TH</td><td>1.01</td></tr></tbody></table></div> <p>Management considers that, to date, the Monitored Resettlement cap has not affected the ability of the Borrower to compensate beyond full replacement cost for those Project-affected people who chose this option.</p> <p><i>Management further notes that, since 2018, only ten Project-affected households have had assets valued above the Monitored Resettlement cap (their assets were evaluated between R\$77,000 and R\$87,000); these households opted for cash compensation and the compensation amount they received was adjusted for inflation (using SINAPI), and reflects full replacement cost. Hence they also were not affected by the cap.</i></p> <p><i>Management emphasizes that the RAPs include several alternative options to compensate those Project-affected people who will be physically resettled (loss of house) because of the Project, and that these options provide a compensation package that fully meets the</i></p>	Quintile	Average Replacement Cost (R\$)	1ST	\$11,653.59	2ND	\$20,460.44	3RD	\$35,418.64	4TH	\$52,053.34	5TH	\$74,683.52	Quintile	Times higher than full replacement costs	1ST	7.42	2ND	3.92	3RD	2.21	4TH	1.49	5TH	1.01
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No.	Issue/Finding	Comments/Action
		<p>objectives and even goes beyond requirements of OP 4.12. The various compensation options have been consulted upon with the Project-affected people. The options of Monitored Resettlement or a new house in a nearby resettlement site, Parque Brasil, meet the needs of the most vulnerable and low-income families (as defined in the RAP) whose assets (including housing) were of low value (see tables with data above), as they enable them to replace those houses with ones of higher value. For families with higher income, cash compensation and a house in Parque Brasil continue to provide fully adequate compensation options that enable Project-affected people to be relocated near to their previous homes.</p> <p>It should be noted that the partial results of the follow-up Post-Resettlement Satisfaction Survey also indicate that Project-affected people who chose Monitored Resettlement are highly satisfied with this compensation option. To date, 13 of the 49 questionnaires completed were from Project-affected people who had opted for Monitored Resettlement (7 from the Mafrense neighborhood and 6 from the São Joaquim neighborhood). Of these, 38 percent were able to buy houses in their original neighborhood, and all were able to buy houses within two kilometers of their pre-resettlement location. All these Project-affected people evaluated their compensation using the Monitored Resettlement option positively or very positively.¹¹</p> <p>Action – Bank:</p> <p>The Bank will undertake a housing market study to establish the availability of houses in the area under the R\$77,000 cap, i.e., the average value of social housing in the region. The findings of the study will inform the Bank’s evaluation of the viability of the resettlement options offered to Project-affected people in compliance with OP 4.12, and of the need to update the Monitored Resettlement cap.</p> <p><i>Timeline: By January 31, 2021</i></p>
4.(d)	<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</p>	<p>Management confirms that, as stated in the RAPs, displacement should generally occur only after compensation is paid. Hence, eligible owners of dismantled structures are compensated in line with Bank policy.</p> <p>The Borrower demolished 16 unfinished and uninhabited illegal structures that were being built on Union land during late August 2019. However, as mentioned in the Panel’s Report, upon becoming aware of this in September 2019, Management promptly requested the Borrower to stop any further demolitions until a cut-off date for the RAPs was established. Management further requested that the Borrower identify the eligible owners of these dismantled uninhabited</p>

¹¹ According to the ongoing follow-up socioeconomic survey and satisfaction research, Project-affected people who received cash compensation also favored and were able to buy new houses in their original neighborhoods (47 percent) and only 22 percent relocated beyond a 3-km distance from the original neighborhood.

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	<p><i>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.</i></p>	<p>structures and compensate them in line with OP 4.12. The Borrower committed to do so and thus far has been able to identify seven individuals and will compensate them per OP 4.12, thereby adequately rectifying the situation. In addition, the Project grievance mechanism channels remain available for people to come forward with evidence that they are the eligible owners of one of the remaining nine unfinished and uninhabited illegal structures that were demolished in August 2019, so that they can receive compensation.</p> <p>Action – Borrower:</p> <p>The Borrower has agreed to provide evidence to the Bank of payment of compensation to the eligible identified owners of the dismantled structures, in line with Bank policy.</p> <p><i>Timeline: By June 30, 2021</i></p> <p>Action – Bank:</p> <p>The Bank will review the evidence of payment of compensation to the eligible identified owners of the dismantled structures, in line with Bank policy.</p> <p><i>Timeline: By July 31, 2021</i></p>
4.(e)	<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, <i>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).</i></p>	<p><i>Management believes that Project-affected people have been widely consulted throughout the resettlement process, including during Project preparation, and had an opportunity to provide their feedback early on in the selection of Parque Brasil as the Project's resettlement site from among two other resettlement sites.</i> The Project's RPF, which was broadly consulted upon in 2014, already put forward three compensation options from which Project-affected people who would be physically resettled could choose one: cash compensation, Monitored Resettlement or a new house in a nearby resettlement site. With respect to resettlement sites, the RPF considered three alternatives (areas already owned by the Municipality), including the nearby resettlement site, Parque Brasil. The other two areas were: Residencial Portal da Alegria VI (in the Southern zone of the city) and Residencial Edgar Gaioso (near Parque Brasil). Parque Brasil was the closest and the largest one. The Project also considered the construction of small residential complexes in areas to be acquired in Lagoa dos Oleiros and Lagoa da Draga.</p> <p>Thus, the Parque Brasil site option, with information on its nearby location and amenities offered, was initially consulted upon, along with the other resettlement options that were being considered at the time, during the RPF consultations in 2014.</p> <p>The revised RAPs also set out the resettlement options, including Parque Brasil. Project-affected people have had additional opportunities to express their views on the resettlement process and the compensation options available to them, during RAP preparation and throughout Project implementation. While the Parque Brasil location is already fixed, the other two options, Monitored</p>

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		<p>Resettlement and cash compensation, allow Project-affected households to purchase a new house in other locations.</p> <p>At the consultation event held in February 2020, Project-affected people showed great interest in Parque Brasil. After the event, several requested information from the Borrower about it, and the Borrower organized site visits to accommodate the demand and planned to open a space at the site to receive visitors, but this had to be postponed due to the COVID-19 outbreak. Finally, as indicated above, Project-affected people are consulted once again during the resettlement negotiation process, at which time social workers assist Project-affected people in deciding on the option that best responds to their needs. Consultations on site selection include discussions on how the productive potential, location, and other factors compare to their original house location.</p> <p><i>Management believes that the variety and combination of compensation for assets and livelihood restoration options offered to Project-affected people are in line with OP 4.12. These options continue to be updated to reflect feedback and preferences from Project-affected people, where possible.</i> The revised RAPs recently added – upon feedback from the continuous process of consultation with Project-affected people – the additional resettlement modality of cross-resettlement (where Project-affected people find houses whose owners or occupants are willing – on a voluntary basis – to move to the Parque Brasil residential site) and preventive resettlement (where Project-affected people at a significantly higher risk of having their houses flooded request to be resettled on a priority basis).</p> <p><i>As such, in Management’s view, the Project has adopted the necessary measures and procedures to foster and support the participation of Project-affected people in their selection among a range of resettlement options in line with OP 4.12, paragraph 6 (b) (ii).</i></p>
5.	<p>Vulnerabilities and Disruption of Social Networks</p> <p><i>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.</i></p>	<p><i>Management notes that the Project provides for assistance to vulnerable Project-affected households but recognizes that the Project has not appropriately recorded all the benefits and assistance already provided to these households, as set out in the RAPs. As such, Management will support the Borrower in ensuring that adequate documentation of these efforts is recorded and disseminated going forward.</i></p> <p><i>The revised RAPs pay particular attention to Project-affected people identified as vulnerable in the RPF and the RAPs, such as the elderly, disabled people, women-headed households, female and child victims of domestic violence and lower-income households. Section 3.4 of the revised RAPs specifically sets out targeted measures for vulnerable Project-affected people, such as, for example, preferential access to ground-floor housing units for the</i></p>

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		<p><i>disabled and elderly, and issuance of legal titles to the new houses in the name of women.</i></p> <p>Vulnerable Project-affected people such as the elderly, disabled people, women-headed households, female and child victims of domestic violence and lower-income households were initially identified through the Baseline Socioeconomic Survey and the Census. Their vulnerable status is confirmed through individual meetings during implementation of the RAPs, which includes the Household Information Validation Form that is filled by all Project-affected households and updates and supplements the information gathered during the earlier socioeconomic studies (see Item 3(b) above). Intersectionality, that is, the interconnected nature of different types of vulnerabilities in individual persons and families, is also taken into consideration by the Borrower, so that its social workers are able to dedicate extra resources and attention to these vulnerable Project-affected people throughout the resettlement process, as indicated in Section 3.4. of the revised RAPs.¹²</p> <p>Particular attention is given to vulnerable Project-affected people in the resettlement process by:</p> <ul style="list-style-type: none"> • Supporting them in the selection of their new house as well as providing post-resettlement support for smooth integration in the new neighborhood – for example, by helping with the enrollment of children in child-care centers, pre-schools and schools. • Making adequate housing units available to the elderly and people with disabilities. For example, in the Parque Brasil residential complex, the houses and apartments on the ground floor are reserved for them and built according to standards of universal access. • Providing special assistance to women and children in situations of violence through support for enrolment in dedicated municipal programs, such as “<i>Projeto Amor de Tia.</i>” This special support may consist of support in legal proceedings, or referral to other specialized services available for women and children facing domestic violence.¹³ • Providing the option of priority resettlement, which consists of resettling first those people in a situation of vulnerability and/or risk of being affected by flooding. The selection of resettlement options is made based on consideration of other factors of vulnerability, e.g., disability, age, maintenance of family and

¹² In one case handled by the Borrower’s social workers, the affected person did not have personal identification documentation (ID card) and was a drug user with mental health disorders. The Project supported this person in obtaining personal identification documents. In addition, the Borrower has sought to find a responsible family member to care for him and negotiated with the neighbors to move as a community so that the affected person maintains neighborhood and support ties.

¹³ For example, in one case the UPS team helped the competent judicial authorities to identify a legal guardian for a teenage girl who became an orphan, so that she could retain the compensation for the house in which she lived with her father prior to his death.

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		<p>neighborhood ties, type of livelihood activities of the families. It is important to note that this provision was included in response to the demands and feedback of families, especially those in the area of RAP 4, as part of the consultation process.</p> <ul style="list-style-type: none"> Confirming that women are selected as main beneficiaries for the family and the title to the new property is provided, preferably, in the name of the woman, as per housing policy of the Municipality. <p>The Project also provides livelihood restoration support to the most vulnerable Project-affected people by supporting them in accessing available social protection programs. As set forth in section 3.1.2. of the RAPs, the Project takes advantage of the robust social protection policies and programs available in the Municipality of Teresina, which are supported by federal, state and municipal budgets in Brazil.¹⁴ Through the Project social workers, vulnerable Project-affected people are able to obtain information on the available programs and associated benefits. The Borrower contacts the selected programs on behalf of the Project-affected people, which grants them priority access, and supports the preparation of necessary documentation. Lastly, the Borrower follows up to ensure that vulnerable Project-affected people are enrolled and receive the program's benefits. As such, Project-affected persons are not expected to compete for access to existing social programs with the other inhabitants of Lagoas do Norte.</p> <p>The RAPs further provide for the Municipality to develop a social work plan for families that move to the Parque Brasil resettlement site, and this plan includes actions for vulnerable families in the areas of (i) community organization; (ii) environmental and health education and (iii) productive inclusion (promoting professional training and encouraging formal education).¹⁵ The Municipality will expand the social work plan to provide assistance to vulnerable families that choose Monitored Resettlement or cash compensation.</p> <p>Management considers that the measures described above help mitigate the social and economic impacts on vulnerable people affected by resettlement and support them in their economic and social recovery, in line with OP 4.12. However, Management recognizes there is a lack of a systematic tracking and record-keeping by the Project of the assistance specifically provided to vulnerable Project-affected households. As such Management will provide</p>

¹⁴ Teresina is highlighted in the ranking of socio-assistance indexes of the Federal Government. The ranking measures the physical structures, human resources, service coverage and benefits offered to the population. Teresina ranks 8th among Brazilian capitals and 4th among capitals in the northeast, above the national average. It won first place nationally in monitoring the conditionality indicators of the Bolsa Família Program, which are school attendance and health.

¹⁵ http://www.in.gov.br/materia/-/asset_publisher/Kujrw0TZC2Mb/content/id/34198305/do1-2018-07-26-portaria-n-464-de-25-de-julho-de-2018-34198278. These activities were also carried out in the first phase of the Project as mitigation measures for the Project-affected people who were resettled to the Zilda Arns housing site.

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		<p>support to the Borrower to systematically document the delivery of assistance set out in the RAPs to vulnerable households.</p> <p>Actions – Borrower:</p> <p>(i) The Borrower has agreed, for resettlement carried out on or after October 1, 2020, to create a register with information on the assistance provided to the vulnerable affected households and will start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021, and continuing until Project closing</i></p> <p>(ii) The Borrower has agreed to revise the social work plan prepared for Parque Brasil to cover vulnerable Project-affected households that opt for the Monitored Resettlement or cash compensation option after October 1, 2020. The revised social work plan will include promoting community organization, income-generation activities through job requalification and vocational training, and environmental education targeting vulnerable people resettled under the Project.</p> <p><i>Timeline: By December 15, 2020</i></p> <p>(iii) See Borrower action in Item 3(b) above.</p> <p>Actions – Bank:</p> <p>(i) The Bank will review the Borrower’s revised social work plan and provide comments.</p> <p><i>Timeline: By January 31, 2021</i></p> <p>(ii) See Bank actions in Item 3(b) above.</p>
5.(b)	<p><i>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.</i></p> <p>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>	<p><i>Management notes the Panel’s finding of compliance.</i> Management notes that the resettlement program has been specifically developed to take into account social networks, family and neighborhood ties. Compensation options are designed and offered as a result of a participatory process in which families expressed their views and preferences and stressed, among other things, the need to maintain networks that offer reciprocal social support.</p> <p>Monitored Resettlement or cash compensation allows Project-affected people to stay within the same neighborhood, if they so desire, thereby preserving their preexisting social and cultural institutions, communities and groups. Similarly, Parque Brasil is also closely (less than 4km) located to the Project area and families that choose this alternative have the option to express a preference to be located in houses and apartment buildings near to one another to keep their social ties and networks intact. Further, the Project has been supporting activities to strengthen community associations and civil</p>

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		society organizations and improve the access of lower-income families to social programs.
6. (a)	<p>Reestablishing Livelihoods to Avoid Impoverishment</p> <p><i>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).</i></p>	<p><i>In Management’s view, the livelihood measures in place (see details below) are in line with Bank policy, i.e., they are adequate to support Project-affected households in restoring their livelihoods to pre-resettlement levels. However, Management acknowledges that livelihood measures to assist all categories of Project-affected persons in improving or, at least, restoring their livelihoods, were not sufficiently described and presented in the original version of the RAPs. It is important to clarify that while the measures were not described in the RAPs, they were nevertheless provided to Project-affected people. With the recent revisions made to the RAPs following the Request for Inspection, this has now been corrected and such measures are detailed in section 3.1.2. and other parts of the RAPs, as described below. Management will support the Borrower in ensuring that adequate documentation and tracking of these efforts is disseminated moving forward.</i></p> <p>All revised RAPs include full information on the different livelihood restoration measures available, in Section 3 on “Entitlements” (<i>Política de Atendimento</i>). Concretely, sub-section 3.1 of the RAPs on the Entitlement Matrix (“<i>Formas de Compensação</i>”) includes the following:</p> <ul style="list-style-type: none"> • Household with both formal and informal economic activities in their houses receive cash compensation; • Affected people who had economic activities in their former house and opt for a new house in the Parque Brasil resettlement site are offered a ground floor house with an additional area of 33 m² to build a commercial space; • Technical assistance and capacity-building activities on, for example, improving production levels or commercialization, and support to purchase equipment or inputs for businesses; • Support for reinsertion in the labor market through job requalification training; • Support from Project social workers in identifying and guaranteeing access by Project-affected people, on a priority basis, to pertinent municipal social assistance programs. As vulnerable Project-affected people referred to these programs by a social worker, they would be prioritized over other applicants; and • Provision of collective/community-based compensation alternatives for social groups who rely on more traditional livelihoods. <p>The Borrower will monitor these Project-affected people in the post-resettlement stage to confirm they have been able to restore their</p>

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		<p>livelihoods and will take appropriate steps to provided needed support if livelihoods have not been fully restored.</p> <p>As noted in Item 3(b) above, the Household Information Validation Form was updated during the recent RAP revisions and now includes more explicit and clearer questions on Project-affected peoples' interest in the available livelihood restoration measures listed above. For example, the form enquires about Project-affected peoples' interest in job rehabilitation or professional training (and in which areas), so that the classes offered by the Wall Ferraz Foundation – as part of the Project's Component 3 – are better targeted to their interests and qualifications. The social work plan (set out in Section 4 of the RAPs) that will be implemented when Project-affected people move to the Parque Brasil residential complex is under preparation, and will also include a job and income-generation component, designed according to the interests and qualifications of the members of the Project-affected and relocated families.</p> <p>In addition to the above-referenced measures set out in the RAPs, the Anthropological Study recommended the following additional livelihood restoration measures for the benefit of Project-affected households with more traditional livelihoods present in the Project area. The Anthropological Study is referenced in Section 1.5. of the RAPs, along with a summary of its recommended measures. Some of these have been implemented already, such as the rehabilitation of the local Fish Market, which benefitted artisanal fishermen; and rehabilitation of the “<i>Polo Ceramico</i>” (a space for the <i>oleiros</i> to produce and sell their pottery). Other measures are being consulted upon with Project-affected people who have not been resettled yet, such as the water-recession gardeners (<i>vazanteiros</i>) who reside in the area of the RAP related to Works No. 4.</p> <p><i>Management notes that the evidence gathered to date indicates that livelihood measures have been effective. In this regard, the partial results of the ongoing Post-Resettlement Satisfaction Survey with Project-affected people who were already resettled suggest that the resettlement process has had positive outcomes with regards to restoration and improvement of livelihoods and income. See Item 4 (a) for more details.</i></p> <p><i>Actions – Borrower:</i></p> <p>(i) The Borrower has agreed to create a register with information on all the livelihood restoration assistance provided to affected households after October 1, 2020 and will start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021, and continuing until Project closing</i></p>

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		<p>(ii) See Borrower action in Item 3(b) above.</p> <p>Actions – Bank:</p> <p>(i) See Bank actions in Item 3(b) above.</p>
6.(b)	<p><i>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).</i></p> <p>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>	<p><i>Management acknowledges that the Project did not record, on a systematic basis, the transitional assistance already provided to Project-affected households, such as the provision of support for training, job requalification or access to social programs. As such, Management will support the Borrower in ensuring that adequate documentation of these efforts is disseminated moving forward.</i></p> <p>Management notes that paragraph 6(i)(c) of OP 4.12 only requires the offer of assistance for a transition period in cases “where [it is] necessary to achieve the objectives of the policy [OP 4.12],” and this has been done under the Project.</p> <p><i>As already explained in the previous Item 6(a), resettlement assistance was provided to those Project-affected people who required such assistance to restore or enhance their livelihoods, in line with OP 4.12, paragraph 6(c). The revised RAPs (section 3) now list the livelihood restoration measures (including job requalification training and access to social programs for a transition period) under the Project.</i></p> <p>Furthermore, Management notes that the various socioeconomic studies conducted during Project preparation indicate that the large majority of Project-affected people are employed in urban jobs (97.6 percent of the 171 Project-affected households that have been resettled to date, <i>as confirmed by the Household Validation Information Forms completed and signed by each resettled household during the RAP negotiation process</i>), or are receiving pension or social protection benefits and their employment and livelihoods are unlikely to be affected by being resettled in another house in the vicinity of their original homes. Those Project-affected people who conducted businesses within their houses received additional compensation or additional space in the resettlement site to be able to continue the same type of business in their new houses, if they so desired.</p> <p><i>Management further notes the Borrower has paid particular attention to Project-affected people with more traditional livelihoods that are yet to be resettled under the Project, as it is recognized that these groups will require specific attention and assistance for a transitional period</i> (Section 3.2 and Section 4.2 of the RAPs). This is the case of the <i>oleiros</i> and <i>vazanteiros</i>. As a result of this recognition, the Borrower has designed and has been conducting specific consultation meetings with these groups to identify livelihood assistance measures (including possible compensation during the transition period) to support the restoration of their livelihoods, incomes and standards of living. This consultation process is taking</p>

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		<p>place in the context of finalizing the preparation of RAP 4, which covers the following neighborhoods on the southwest border of Lagoa dos Oleiros (Vila Apolônia e Olaria). So far, some transitional measures under consideration and discussion include the provision of technical assistance, seeds, tools and land preparation services for the <i>vazanteiros</i>.</p> <p>Importantly, early results of the follow-up Post-Resettlement Satisfaction Survey confirmed that 84 percent of those surveyed (41 out of 49 households so far) perceive that they have been able to restore or improve their incomes, as noted above in Item 3(b). The compensation and assistance provided to these 49 Project-affected people was preliminarily reviewed by the Bank and, on the basis of the evidence received (assets and livelihoods pre- and post-resettlement), it appears that all 49 Project-affected already resettled and interviewed have received compensation at full replacement cost and assistance. This preliminary assessment will be validated by the RAP Completion Reports. Particular attention will be paid to cases of Project-affected people that expressed dissatisfaction with the compensation or assistance provided.</p> <p>Actions – Borrower:</p> <p>(i) The Borrower has agreed to create a register of all the transitional assistance provided to Project-affected households after October 1, 2020 and start including such data in the semi-annual Project reports (Progress Reports) submitted to the Bank.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 and due on March 1, 2021 and continuing until Project closure</i></p> <p>(ii) See Borrower action in Item 3(b) above.</p> <p>Actions – Bank:</p> <p>(i) The Bank will review the register of all the transitional assistance that will be provided to Project-affected households, as reported in the Borrower’s bi-annual Project Progress Reports.</p> <p><i>Timeline: Starting with the Report submitted to the Bank covering the second semester of 2020 – comments due by March 22, 2021 – and three weeks after submission of subsequent reports until Project closure.</i></p>
7.	<p>Exclusion from Project Benefits</p> <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</p>	<p>Management notes the Panel’s finding that the Bank is in compliance with OP 4.12 paragraph 2 (b).</p>

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	<p>sanitation, and leisure parks are all in the general public interest. <i>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).</i></p>	
8. (a)	<p>Information Disclosure, Consultation, and Participation</p> <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. <i>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.</i></p>	<p><i>Management acknowledges that some safeguard documents initially were not available in a place, form and manner accessible to all Project-affected people and other stakeholders. Management also recognizes that the original Project consultation and participation practices needed strengthening to be effective. After receipt of the Request for Inspection, Management met with several Project-affected people and other stakeholders (such as the Public Defender's Office) to assess the quality of disclosure, consultation and participation practices and processes under the Project, and made every effort to support the Borrower in improving them, in line with applicable Bank policy. As a result, Management believes that Project-related information is now easily accessible and up-to-date, available in different formats, and in a manner and language understandable to Project-affected people and NGOs. Similarly, consultations with Project-affected people and other stakeholders have now improved, and are carried out in a systematic, meaningful and effective manner.</i></p> <p>Initially, only some safeguard documents were disclosed by the Borrower. <i>While Project documentation was previously available only physically at Project headquarters or needed to be specifically requested,</i> Management confirms that all Project safeguard documents have been publicly disclosed in Portuguese and are available for download from the Borrower's Project website at https://semplan.teresina.pi.gov.br/lagoas-do-norte/. Printed copies of the safeguard documents are also available at the PIU and UPS offices and can be reviewed upon request. The RAPs have also been distributed to the Public Defender's office, which is a key stakeholder that has a mandate to provide legal assistance to vulnerable citizens.</p> <p>Prior to public consultations on the safeguard documents, the respective documents are cleared by the Bank for consultation, and the drafts are made available for a minimum consultation period of 15 days to the Project-affected people and other interested parties such as the Public Defender. This approach was adopted for all safeguard</p>

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		<p>documents the Project, including the RPF, ESIA and Anthropological Study and, more recently, the revised RAPs.</p> <p><i>Up-to-date information in a form, manner and language understandable to Project-affected people is available.</i> Management also supported the Borrower with improving communication and disclosure of information to facilitate the understanding of the Project and of its safeguard measures and documents (including the resettlement process). One of the key actions undertaken was the development of a clear communication strategy, which is now in place and being implemented with the support of a specialized firm. Up-to-date and easily understandable information (explained in a non-technical manner) about the Project has been provided through various means and in different formats, such as a revised brochure and the use of social media. These materials are distributed and disseminated widely by the Borrower in the Project area, in addition to being available on the Project website. Information points installed at the work sites were temporarily closed due to COVID-19 safety concerns, but alternative virtual information mechanisms, such as dedicated phone numbers, remain available.</p> <p>Further, the Project website is frequently updated and announces key Project actions. It not only contains the different RAPs and other safeguard instruments, but a summary table of RAP implementation status (updated every three months). The Project has dedicated social media accounts with up-to-date Project information. Given Teresina's high rate of access to and use of the internet, including in the Lagoas do Norte area, the use of the Project website to convey on a regular basis updated information about the Project appears to be an efficient and meaningful means to disclose Project information (including safeguard instruments).</p> <p>A 2019 survey conducted by the Borrower shows, in fact, that 83.2 percent of the residents of the Northern Region of Teresina are well aware of the Project and its objectives, 88.3 percent agreed that the Project has improved the conditions of the region and 80.2 percent rated the Project excellent or good</p> <p><i>Effective and meaningful consultation process</i></p> <p>To promote better understanding of the Project, the resettlement process and the safeguard instruments by the Project-affected people and other stakeholders, over 100 meetings and consultation events have been held throughout the Project preparation and implementation stages. These events include: public hearings, information disclosure workshops, focus group discussions with Project-affected people, etc.</p> <p>The Census and the systematic application of the Household Information Validation Form (at the beginning of the process of negotiation) during the RAP implementation stage have provided additional opportunities to consult the Project-affected people during</p>

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		<p>the Project-related resettlement process. Both include questions on preferences as well as any special needs.</p> <p>As acknowledged in the Investigation Report, the Panel reviewed the consultation records of 105 meetings, consultations, and public hearings held from February 2014 through October 2019. The Project's website has available detailed records of 37 of these meetings, eight of which were held exclusively with the residents of Mafrense (from April 2015 through March 2019) and São Joaquim (from February 2014 through October 2019).</p> <p>The public consultation events for the draft safeguard documents prepared during Project preparation, i.e., the RPF and ESIA, were held on November 4, 2014, and included more than 170 participants, including community members, Project-affected households and leaders. As announced in the official invitation, comments on these safeguard documents could also be made via email. The official invitation was sent to 141 key stakeholders, including community associations, rural producers and vegetable gardeners' groups, women's organizations, youth groups, groups of elderly, sportive and religious organizations, LGBT groups and the Union of Community Leaders of the Northern Region, among others. Annex 2 includes a table with a short description/classification of meetings held.</p> <p><i>Meaningful consultations during the recent process of revision of the RAPs</i></p> <p><i>Management finds that there is evidence of recent improvements in public consultations, based on the feedback received, including in relation to the resettlement process.</i> Several consultation meetings and events (see Annex 2) were carried out to get feedback from Project-affected people and other stakeholders on the resettlement process and further improve the RAPs.</p> <p>Consultation practices have improved recently, as evidenced by a major consultation event held on February 19, 2020, which was attended by 492 people, and included 85 percent of all Project-affected people in the areas of RAPs 2, 3 and 4. The event was widely publicized well in advance, including through the media, and was open to everyone. The event was organized and structured so as to foster participation and interactions between Project-affected people and Project officials, and to answer questions, including with a designated station exclusively to listen to the concerns of Project-affected people. Evaluations showed that 76 percent of attendees found the event positive.</p> <p>Due to COVID-19 and social distancing requirements, face-to-face activities – including consultations with Project-affected people – were temporarily suspended but are planned to resume again shortly using social distancing. The PIU team is preparing a virtual tour of the available units in Parque Brazil to be disseminated on its website,</p>

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		including information on the calendar for units to start being occupied.
8.(b)	<p><i>The Panel finds that the Bank failed to ensure participation by PAPs in resettlement planning</i> – 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. <i>This is in non-compliance with Bank Policy on Involuntary Resettlement, OP 4.12, paragraph 2 (b).</i></p>	<p><i>In Management’s view, Project-affected people had ample opportunities to participate in resettlement planning.</i> As explained in detail above, the Project held several meetings during the preparation stage, including during the socioeconomic studies carried out in 2012 and 2014 and through public hearings to present the draft ESIA and the RPF. These meetings (details in Annex 2) brought together over 900 people in total, including Project-affected people and other pertinent stakeholders.</p> <p>Management notes that the Project has allowed for public participation and consultation throughout the resettlement process, ranging from broader public consultations to individual meetings with Project-affected people to support adequate resettlement planning and implementation. In general, the broader processes were followed during the preparation of the Project, including during the consultations on the RPF, and sought general participation of Project-affected people and stakeholders to inform them and seek feedback on key issues – such as the scope of interventions, the entitlement matrix and the compensation alternatives (including the choice of resettlement site).</p> <p>As these aspects were defined and agreed in the RPF, the Project gradually began more specific consultations and negotiations with Project-affected people from each area of intervention to prepare and implement specific RAPs. This process initially started with a general meeting open to all residents of the area, which was later replaced by more effective, targeted meetings /focus groups held with (i) fully-affected people, (ii) partially-affected people, and (iii) people whose houses received a seal during the Census but would no longer be affected by Project activities because of changes in Project design. These targeted rounds of consultation ordinarily convened groups of 30 persons per meeting, allowing for a more tailored approach and effective participation. In these meetings, compensation options and justification for resettlement (defined in the RPF and RAPs) were again presented.</p> <p>Following this stage, Project-affected people are invited to individual meetings where they discuss and negotiate the best compensation options for their specific case. At these meetings, they can be accompanied by a person they trust, a private lawyer or the Public Defender. In the implementation of RAP Matadouro, for example, an approach was piloted that relied on the Brazilian Bar Association (OAB) to provide legal assistance to Project-affected people and mediation in the negotiations with the Municipality. The Public Defender’s office has also provided legal assistance, per its mandate, to Project-affected people throughout Project resettlement planning and implementation.</p>

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		<p>During the recent revision of the RAPs, focus groups have also been convened (i) to provide specific assistance to families newly registered after the establishment of the October 14, 2019, cut-off date; and (ii) to discuss compensation alternatives with social groups with collective demands related to the restoration of their livelihoods (such as <i>vazanteiros</i>, <i>oleiros</i> and other artisans).</p> <p>In addition to these more individualized meetings and as mentioned in Box 8(a), the Project recently undertook extensive and broad public consultations on the revised RAPs. This consultation process resulted in the inclusion in the revised RAPs of the preventive resettlement option and the cross-resettlement option. The revised RAPs include a section that describes the participatory process of consultation that was adopted for the preparation of the original RAPs, including a summary of the consultation meetings, the attendance lists and photographic register of the meetings.</p> <p>The consultations and information dissemination of the Project have proven to be effective, as evidenced by the 2019 survey conducted by the Borrower noted in Item 8(a) above.</p>
8.(c)	<p><i>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.</i> 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>	<p><i>Management notes the Panel's finding of compliance regarding consultations held on physical cultural resources.</i> Management wishes to underscore that it will continue implementation of the recommendations regarding cultural heritage aspects identified by the Anthropological Study. This action was noted in the Management Response to the Request as part of Management's Action Plan (Action 9).</p>
9.	<p>Grievance Redress Mechanism</p> <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. <i>The Panel finds the lack of</i></p>	<p><i>Management acknowledges that the Project grievance redress mechanism (GRM) requires further improvements. Since receipt of the Request, Management has endeavored to provide continuous hands-on implementation support to the Borrower, to further improve the effectiveness of the GRM. Management will continue to provide such support to the Borrower based on implementation experience and available good practice.</i></p> <p>Following Management's recent support to the Borrower, the enhanced GRM:</p>

No.	Issue/Finding	Comments/Action
	<p><i>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).</i></p>	<ul style="list-style-type: none"> (i) Offers several accessible channels to lodge complaints and raise concerns, such as the COLAB app¹⁶ (which remains operational and available during COVID-19), the Borrower social workers, the Municipal Ombudsman office, the Public Defender's office, the PIU staff, and the Mobilization Committee; complaints/concerns can be made in person, by phone, through regular mail or e-mail and via the COLAB app; (ii) Ensures all complaints are logged in the central database (COLAB now acts as the central repository for logging all complaints and a complaints Monitoring Report is now produced every 15 days and sent to the PIU and UPS staff); (iii) Provides for complaints to be filed anonymously, or for the complainants to request confidentiality if they wish, through, for example, the Ombudsman office, the Public Defender's office or the UPS workers; (iv) Handles complaints in accordance with set procedures and established timelines which are publicly disseminated through the revised RAPs; (v) Provides updates to complainants during the processing of their complaints in the Project's webpage¹⁷ and directly through notifications; and (vi) Offers independent appeal processes through the Municipal Ombudsman, and the Public Defender's Office, which is now an additional independent avenue for complainants who are not satisfied with the proposed resolution to their complaint. <p><i>Management also supported the Borrower in increasing the dissemination of information on how to access the GRM, and on its processes and timelines, through a series of recent training and consultation events.</i> Information about the GRM has been disseminated through various means in the local language, including at the recent consultation event for the revised RAPs held in February 2020, brochures available on the Project website, and social media (Project Facebook and Instagram pages). Dissemination and training events were held on how to use the COLAB app for the members of the Mobilization Committee in November 2018 and the population of</p>

¹⁶ COLAB has received important international awards, such as the Best Mobile Solution for Governments in Brazil at the World Summit Awards and the best urban app by the New Cities Foundation in 2013, In 2015 it was selected as the startup with greatest social impact by the Inter-American Development Bank and in 2018 it was selected by the US State Department as one of the 16 best companies in the world to implement the UN Sustainable Development Goals.

¹⁷ It should be noted, however, that during the public elections period Brazilian law establishes that institutional publicity of acts, programs, services etc. performed by public agents is suspended for three months before elections, except in a public situation of serious and urgent need. Due to the COVID-19 situation, a constitutional amendment has authorized institutional information to the population about services that may have been affected by the pandemic. During this three-month period, the Borrower will keep in the Project's website information on the GRM, i.e., COLAB; telephone number, website and address of the Ombudsman Office; telephone number and address of the UPS. <https://semplan.teresina.pi.gov.br/lagoas-do-norte/>

No.	Issue/Finding	Comments/Action
		<p>the Lagoas do Norte Region as a whole.¹⁸ Training on how to use the COLAB app was provided again to Project-affected people and the Mobilization Committee. Ten members from the Mobilization Committee took part in the training on COLAB provided on February 19, 2020.</p> <p>Management also notes that COLAB brochures were prepared to enhance dissemination of information and awareness of the GRM, providing clarity on the roles and responsibilities of its various actors. The electronic version of the brochure is available on the Project website. Printed materials are also available at the UPS and the PIU.</p> <p><i>Management believes that, as a result of these recent efforts, the Borrower has improved the awareness and understanding among Project-affected people of the GRM, also evidenced by an increase in Project-related requests for information and grievances logged and resolved.</i> Since October 2019, when the Project cut-off date was announced, 21 complaints have been registered. All were received by the Borrower social workers, who registered the complaints in COLAB, monitored them and confirmed they were resolved to the satisfaction of the complainants. The Borrower social workers have also assisted 309 people requesting information on the Project. The majority of requests for information related to compensation timing and when Parque Brasil would be ready. These requests have been satisfactorily handled, followed up on, and closed. The complaints and request for information that were logged between October 2019 and June 2020 represent an increase in use of 133 percent. <i>Despite the recent improvements, Management acknowledges that further work can be done to further enhance the effectiveness of the GRM and will continue to support the Borrower in this regard.</i></p> <p><i>In addition, Management also made every effort to support the Borrower in better defining the roles and responsibilities of Project staff in handling complaints, including through the inclusion of a detailed, revised section on the GRM in the RAPs.</i> The revised RAPs include a step-by-step description of the six-stage complaint process, with mandatory timelines for how and when the complaint is addressed once it is logged in central repository, i.e., COLAB. This information is provided to Project-affected people by Borrower social workers as well. In this regard, a number of trainings were provided to Borrower social workers. The training of social workers will continue. The Borrower social staff plays a key role in the grievance redress process. Their support to Project-affected people who wish to file a complaint provides wide access to the GRM even for vulnerable people with no internet access or less ability to use COLAB. The Borrower social workers were recently trained specifically to help</p>

¹⁸ For instance: (<https://semplan.teresina.pi.gov.br/2018/11/08/comite-de-acompanhamento-do-lagoas-do-norte-sera-multiplicador-do-colab>); <https://semplan.teresina.pi.gov.br/2018/05/26/equipe-da-semplan-explica-funcionamento-do-colab-no-teresina-em-acao/> and <https://semplan.teresina.pi.gov.br/2018/11/28/alunos-de-escola-municipal-da-zona-norte-visitam-orgaos-da-prefeitura/>.

No.	Issue/Finding	Comments/Action
		<p>Project-affected people file complaints about the Project. The social workers log complaints they receive in COLAB on behalf of the complainant or support the complainant in filing in COLAB. Prior to the pandemic, UPS staff had regular contact with Project-affected people, particularly the most vulnerable, to assist them through the resettlement process. They have established relationships of trust with Project-affected people. Nevertheless, and despite the additional training provided, Management recognizes that it is important to continue to provide implementation support to the Borrower in this area.</p> <p>Management would like to note that COLAB is only one of many avenues available to Project-affected people to lodge their Project-related grievances and, hence, those Project-affected households without access to electronic means of submitting their complaints, can use more traditional channels identified above, such as the Borrower social workers, the Municipal Ombudsman or the Public Defender. Also, it should be noted that regardless of where the complaint is filed, the complaint is registered in COLAB for monitoring and follow up.</p> <p>Actions – Borrower:</p> <p>(i) The Borrower will adopt the recommendations of the assessment to be carried out by the Bank (see below). <i>Timeline: By March 31, 2021</i></p> <p>(ii) The Borrower has agreed to provide additional training on complaints handling to the UPS team, the Supervision firm and the Works firms. <i>Timeline: By April 30, 2021</i></p> <p>(iii) The Borrower has agreed to continue disseminating information on the GRM on the Project’s website, and Facebook and Instagram accounts, subject to local restrictions by electoral laws. The Borrower also agreed, after pandemic restrictions are lifted, to distribute leaflets to Project-affected families after receiving the Bank's no-objection to the leaflet. <i>Timeline: Starting in January 2021 and continuing bi-annually until Project closing</i></p> <p>Action – Bank:</p> <p>The Bank will carry out an assessment of the GRM to identify potential gaps in its application, including in-person communications on grievances, to meet the requirements of OP 4.12. <i>Timeline: By January 31, 2021</i></p>

No.	Issue/Finding	Comments/Action
10.	<p>Classification of PAP Communities</p> <p><i>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.</i></p>	<p>Management agrees with the Panel that there are no groups that can be considered Indigenous Peoples in the Project area, in accordance with the criteria set out in OP 4.10, paragraph 4.</p> <p>While not a compliance finding, the Panel's Report introduces an interpretation of OP 4.10 that is not consistent with the policy. The Report states 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 <u>but meet all other criteria and can thus still be covered by the policy.</u>" (underlined added).</p> <p>OP 4.10, paragraph 4, states that "For purposes of this policy, the term 'Indigenous Peoples' is used in a generic sense to refer to a distinct, vulnerable, social and cultural group <u>possessing the following characteristics in varying degrees.</u>" (underlined added) It is important to emphasize that the weak presence or non-presence of one of the four characteristics cannot simply be ignored, as the Panel's Report suggests. Instead this would be among the factors that the Bank takes into account in its final determination as to whether a particular group qualifies for coverage by the policy or not. In addition, in Management's view, it is not the appropriate role of the Panel to opine on Bank policy interpretation in general terms, i.e., when it is not required for determining a matter of policy compliance in the context of an investigation.</p>
11.	<p>Impact on Cultural Resources</p> <p><i>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.</i></p>	<p>Management notes the Panel's findings of compliance with OP 4.01 and OP 4.11. As noted in Item 8(c) above, the Action Plan in the Management Response to the Request for Inspection included an action related to the implementation of the recommendations of the Anthropological Study (Action 9).</p>
12.	<p>Relocation of Physical Cultural Resources</p> <p><i>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</i></p>	<p>Management notes the Panel's findings of compliance with OP 4.11 and OP 4.12, paragraph 13 (c). The recommendations of the Anthropological Study will continue to be followed and incorporated in the RAPs in cases where places of worship need to be relocated.</p>

No.	Issue/Finding	Comments/Action
	<i>the Project's relocation of physical cultural resources.</i>	
13. a)	Supervision <i>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.</i>	<i>Management appreciates the Panel's finding that the frequency of supervision missions was adequate and increased from mid-2018 onwards. Management acknowledges the Panel's finding that resettlement supervision and reporting at the institutional level required improvements prior to the Request and agrees with the Panel's assessment that substantial progress in these two areas has been observed over the past several months.</i>
13.(b)	<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. <i>The Panel finds that Management supervision after submission of the Request is in compliance with Bank Directive on Investment Project Financing, paragraph 43.</i></p>	<p><i>Management agrees that since September 2019 greater attention has been given to safeguard issues during implementation and enhanced social expertise has been included in the Bank team. Additional social expertise was mobilized in the review to fill the gaps identified in the original RAPs. Management also notes that the Bank team has established an enhanced supervision and monitoring approach and is providing hands-on implementation support to the Borrower in order to improve Project implementation.</i></p> <p>In response to the COVID-19 pandemic, the PIU is adapting the delivery of services and reviewing the resumption of civil works in accordance with local and state guidance. The PIU resumed office duties in mid-July 2020, including receiving Project beneficiaries with prior appointment. During the recent mission in June 2020, a review of the overall implementation timetable confirmed the impossibility of completing the programmed works in Component 2 within the current timeframe. However, the Borrower remains committed to Project implementation and to finding innovative ways to continue despite the challenges posed by the pandemic.</p> <p>Action – Bank:</p> <p>The Bank will continue to apply appropriate supervision arrangements.</p> <p><i>Timeline: Until Project closing</i></p>

No.	Issue/Finding	Comments/Action
13.(c)	<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. <i>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.</i></p>	<p><i>Management acknowledges that the Project took longer than expected to have monitoring support in place. However, Management is of the view that adequate support on resettlement issues is currently in place for the Borrower to prepare safeguard documents and implement them in accordance with Bank policy. Additional tools also will be added to enhance resettlement monitoring.</i></p> <p>The Borrower had a good track record in the implementation of the resettlement of Phase 1 of the Project, including extensive efforts to reach out and involve the Project-affected population in the overall planning and execution of resettlement. The ex-post evaluation of the resettlement in Phase 1 revealed an overall level of satisfaction with the resettlement process among the 493 resettled families (94 percent). Furthermore, the Municipality of Teresina was selected to participate in a UN-Habitat competition given the exemplary manner in which the Phase 1 Project resettlement was conducted.</p> <p>Management also notes that the Phase 2 Project incorporated lessons learned from Phase 1 in its design. During preparation, the Bank team determined that given the larger number of families affected, it was possible for the PIU to encounter resistance from some of the local population to its resettlement efforts. This risk was identified very early on, and as a mitigation measure, the Bank requested the PIU to begin an extensive communication campaign in the Lagoas do Norte Region.</p> <p>Project documents attest to the measures taken by the Bank to support and facilitate adequate monitoring and evaluation of resettlement implementation, including: (i) restructuring and strengthening of the PIU and the Borrower social field teams; (ii) inclusion of both a Supervision firm and a Management firm to support social resettlement; (iii) monitoring of risk, including social risks and downgrading the Project rating accordingly (in December 2017, 2018 and 2019,¹⁹ which led to development and implementation of specific Action Plans); (iv) increased oversight by Management (including managers participating in supervision missions) starting November 2018.²⁰</p>

¹⁹ Implementation Status Report (ISR) December 2017, December 2018, December 2019.

²⁰ The Mid-Term Review devoted special attention to expediting the hiring of Supervision and Management firms to support Project implementation (including resettlement-related monitoring tasks), enhancing disclosure of safeguard and other Project documents, and communicating on and monitoring RAP implementation. Supervision missions conducted during implementation of RAP 1 were followed up by Management Letters sent to the Borrower highlighting the need for active response to various Project challenges, including resettlement aspects. Management noted that the team called attention to the need to strengthen the social team support and monitoring arrangements within the PIU since the February 2018 supervision mission. From mid-2018, the ISRs downgraded Project ratings, recognizing the fact of slow progress on resettlement. Some ratings were upgraded by mid-2019 following implementation of specific agreed actions. Aide Memoires attached to ISRs were comprehensive and provided granularity on social/resettlement-related aspects of the Project, capturing key issues associated with resettlement, such as: consultation with Project-affected people, prompt compensation payments, public consultation about

No.	Issue/Finding	Comments/Action
		<p>Despite these efforts in capacity building to provide the Borrower with the enhanced monitoring and implementation capacity for resettlement, the PIU social staff and skills needed to be further strengthened by early 2019. The PIU includes the UPS, which is now staffed with nine social specialists, two lawyers, three engineers, and one communication specialist supported by an external Communication firm. Since August 2019, the PIU has been receiving additional support from a specialized <u>Supervision firm</u> (including expertise in social aspects, archaeology and anthropology), responsible for the supervision of infrastructure works and monitoring and evaluation of resettlement. Additionally, since March 2020, a <u>Management firm</u> is providing support to the PIU in managing, monitoring, assessing, and reporting on the progress of the Project, including, but not limited to, social and environmental aspects, as well as communication, reporting and dissemination.</p> <p>The current core Bank team supervising the Project includes two social specialists, based in Brazil; and it receives on demand support from three social/legal specialists based at headquarters. The Bank team receives guidance and oversight from three managers also based in Washington.</p> <p>Management considers that the additional support for resettlement implementation and monitoring at the PIU level has been deployed according to information from appropriate risk monitoring, together with continued closer supervision by the Bank team.</p> <p>Management is also of the view that the current Borrower and Bank monitoring arrangements are adequate for the Project's size, risks and complexity and, as such, does not agree that an advisory panel of independent, internationally-recognized resettlement specialists (Advisory Panel) should have been engaged. Similarly-sized projects in urban environments in Brazil to improve living conditions of the population had relied on the Borrower's capacity, sometimes with support from local consultants, to resettle up to 1,750 households. Projects that have used an Advisory Panel include far more complex infrastructure (particularly dams) and highly risky or contentious issues triggering almost all safeguard policies and involving resettlement of or other social impacts on large numbers of vulnerable people and indigenous communities.</p> <p>Management considers that Brazilian processes, staff and institutions are commensurate with the country's upper-middle income status and sufficient to allow the Borrower to undertake its implementation responsibilities, with support from local consultants as needed. Management is of the view that, in this case, OP 4.12 did not require the engagement of an Advisory Panel.</p>

Parque Brasil, RAP and social staff monitoring, a market study to assess the viability of the Monitored Resettlement as an alternative option for the RAP, and resettlement capacity-building events, among others.

No.	Issue/Finding	Comments/Action
		<p>Management agrees that not all the intended tools and mechanisms for monitoring resettlement²¹ implementation by the PIU were fully in place to address and resolve resettlement issues and challenges prior to the submission of the Request.</p> <p>Therefore, Management believes that resettlement implementation could be further improved by using the tools soon to be available, including a unified database that registers vulnerability status, livelihood restoration and transitional support actions for resettlement monitoring. In addition, Management believes that it would be important to further clarify in the Management firm's contract more detailed explanation of resettlement monitoring activities to be carried out and include additional social specialists to support the Project, based on demand.</p> <p>Actions – Bank:</p> <p>(i) The Bank will monitor the review by the PIU of the external support firms' contracts, to strengthen their delivery of resettlement monitoring, evaluation and reporting. The Bank will discuss with the Borrower any required adjustments to the contracts to address these issues. This will include support from an anthropology consultant to provide expert advice where RAP implementation involves the relocation of Afro-Brazilian cultural services. The Bank will work with the PIU to amend the external support firms' contracts, if deemed necessary.</p> <p><i>Timeline: Amendment to contract signed by November 30, 2020</i></p> <p>(ii) The Bank will monitor the development and deployment by the PIU of a monitoring tool that produces up-to-date reports on the implementation of the RAPs and the ability of the PIU to register and incorporate beneficiary feedback on the resettlement process.</p> <p><i>Timeline: By December 15, 2020</i></p> <p>(iii) The Bank will work with the PIU so that the enhanced resettlement monitoring, evaluation and reporting system continues to work satisfactorily.</p> <p><i>Timeline: Every six months until Project closing</i></p> <p>(iv) The Bank will monitor the posting by the PIU of quarterly resettlement reports in an agreed format on the Project's website.</p> <p><i>Timeline: Quarterly until Project closing starting December 2020</i></p>

²¹ Additional tools may include a unified database that registers vulnerability status, livelihood restoration and transitional support actions. The tool can also be combined with a register of actual compensation payments, as well as a register for participation in Component 1 and Component 3, which concern the development of socioeconomic programs aimed at the larger Northern Teresina Region.

Annex 2: Participation of Project-Affected People and Other Key Stakeholders

Table A2.1 – Key Actions regarding Participation

<i>Project cycle</i>	<i>Steps</i>	<i>Key Actions</i>	<i>Observations</i>
Project identification & Preparation (2012-2015)	1. Baseline Socio-Economic Studies for Phase 2 of the Project (2012-2014/15)	<ul style="list-style-type: none"> Final assessment of the involuntary resettlement process under the Phase 1 Project, to draw lessons learned. 2012 Baseline Socioeconomic Study, with collection of socioeconomic data. 2014/15 Preliminary census of potential Project-affected people. 	<p>The Project assessed the results of the implementation of the resettlement under the Phase 1 Project to draw lessons for the design of the compensation and assistance packages and resettlement procedures to be applied in the Phase 2 Project.</p> <p>The Project carried out a specific preliminary census for the Phase 2 Project in 2014/2015.</p> <p>All potential Project-affected people were notified and informed well in advance that a socioeconomic census for the Phase 2 Project was to be carried out. Each potential Project-affected person – on a house-by-house basis – was sent a written communication that explained the objective of the census and scheduled the day and time of the census visit.</p>
	2. Consultation with Project-affected people and key stakeholders during Project preparation (2014/15)	<ul style="list-style-type: none"> Public consultations and meetings were held in 2014-2015 to present and discuss: <ul style="list-style-type: none"> the objectives of the Phase 2 Project; the findings of the draft ESIA; the draft RPF, including the eligibility criteria, compensation and assistance entitlements, as well as three potential resettlement sites (including Parque Brasil). Feedback from consultations with Project-affected people and key stakeholders were reflected in the final RPF. 	<p>Consultation meetings were held, with more than 900 stakeholders and Project-affected people, including Project-affected people, representatives of community-based organizations, NGOs, universities, Brazilian Bar Association, and the Public Defender.</p> <p>Dedicated public consultations on the draft ESIA and draft RPF were held on November 4, 2014. The draft ESIA and draft RPF were made publicly available in advance of public consultations.</p> <p>Additional consultation meetings were held in 2015 to:</p> <ul style="list-style-type: none"> Better clarify and publicize the RPF;¹ Address specific concerns of potential Project-affected people such as those residing on Boa Esperança Avenue. Explain the Project and address questions raised on its involuntary resettlement aspects² at the neighborhood level (neighborhood consultation meetings). Consult specifically, through focus group discussions, with potential Project-affected people who rely on traditional livelihoods.³ <p>Outcomes – the feedback of the public consultations held during the Phase 2 Project preparation stage informed resettlement planning and was taken into account, as follows:</p> <ul style="list-style-type: none"> Monitored Resettlement, which was suggested by potential Project-affected people, was introduced

¹ <https://semplan.teresina.pi.gov.br/2015/03/17/prefeitura-de-teresina-amplia-dialogo-sobre-programa-lagoas-do-norte/>

² <https://semplan.teresina.pi.gov.br/2015/08/27/pmt-apresenta-segunda-fase-do-lagoas-do-norte-a-liderancas-do-mafrense/>

³ <https://semplan.teresina.pi.gov.br/2015/03/26/prefeitura-de-teresina-apresenta-fase-2-do-lagoas-do-norte-a-ceramistas/>

<i>Project cycle</i>	<i>Steps</i>	<i>Key Actions</i>	<i>Observations</i>
			<p>as a compensation alternative in the RPF and RAPs.</p> <ul style="list-style-type: none"> The methodology for asset evaluation was adjusted, as in the Phase 1 Project there was no provision for compensation for land for people without land title or recognizable claims to the land they were occupying, as it was not required under OP 4.12 or Brazilian Law. The Phase 2 Project now compensates these Project-affected people at 70 percent of the land value to support better resettlement outcomes, and this has benefitted the most vulnerable families, which now have better assets with security of tenure.
	Disclosure of Information during Project preparation (2014/2015)	<ul style="list-style-type: none"> ESIA and RPF were made publicly available. Materials explaining the Project and involuntary resettlement aspects were prepared in a form, manner and non-technical language understandable to Project-affected people and distributed door-to-door in the Project area of intervention. 	<p>The ESIA and RPF were disclosed on the Borrower's website.</p> <p>Printed versions of the ESIA and RPF are available in the PIU and UPS offices.</p> <p>A brochure about the Project and its resettlement aspects was prepared in a format and language easy to understand by Project-affected people (Ask questions).⁴</p> <p>This brochure was distributed door-to-door to all potential Project-affected people in early 2015 and made available in several information disclosure and consultation events after such date.</p> <p>A virtual version of the brochure is available on the Project website.</p>
Project Implementation (2016-present)	Participation of Project-affected people and other stakeholders in the preparation and implementation of RAPs	<ul style="list-style-type: none"> Several consultation meetings on each specific draft RAP were held with targeted Project-affected people. The socioeconomic profile and data on each Project-affected person is updated at negotiations stage through the use of the Household Information Validation Form. Individual negotiation meetings with Project-affected people. Meeting with the presence of mediators if requested by Project-affected people. 	<p>Consultation meetings with Project-affected people during the preparation of the RAPs.</p> <p>Focus group consultation meetings held with certain Project-affected people with traditional livelihoods, such as the <i>vazanteiros</i> and <i>oleiros</i>.</p> <p>Major public consultation event held to better explain resettlement in February 2020.</p> <p>Virtual consultation held on the revisions of RAPs (2020).</p> <p>Outcomes – the feedback of the public consultations held during the Phase 2 Project implementation stage was taken into account, as follows:</p> <ul style="list-style-type: none"> Additional entitlements assured to co-inhabitant families (i.e., those families that are living with another family that owns the house/asset impacted by resettlement); Inclusion of community-based compensation alternatives to Project-affected people with more traditional livelihoods, such as <i>vazanteiros</i>; Inclusion of cross-resettlement as an additional compensation alternative;

⁴ <https://semplan.teresina.pi.gov.br/lagoas-do-norte/> - “Tire suas dúvidas”

<i>Project cycle</i>	<i>Steps</i>	<i>Key Actions</i>	<i>Observations</i>
			<ul style="list-style-type: none"> • Inclusion of preventative resettlement as an option for families living in high risk areas.
	Participation of Project-affected people and other stakeholders in the planning and monitoring of Project activities (including resettlement processes)	<ul style="list-style-type: none"> • Publication of resettlement implementation data on Project website. 	<p>Project website: Reports on the progress of RAP implementation are disclosed and updated quarterly.</p> <p>Communication plan ensures that progress and monitoring reports are widely publicized on social media (e.g., Facebook, Twitter, etc.).</p> <p>The Lagoas do Norte Forum (Forum) was created in 2011 and recognized by Municipal Decree. The Forum is composed of 13 representatives: 3 from the Municipal government and 10 selected among the members of the <i>Comitê de Mobilização Permanente das Comunidades Envolvidas no Programa Lagoas do Norte</i> (Mobilization Committee). The Forum meets with the PIU on a bi-monthly basis.</p> <p>The Mobilization Committee – an already existing and independent group of local leaderships active in the Project area – was invited to do its own independent monitoring of the resettlement process.</p>
	Participation of Project-affected people in evaluation of resettlement	<ul style="list-style-type: none"> • Families already resettled are supported by the Project social workers through follow up visits as soon as they get resettled. These Project-affected people will also participate in the Post-Resettlement Satisfaction Survey. • Ongoing interim Post-Resettlement Satisfaction Survey. 	<p>171 households with totally-affected properties have been resettled and 108 households with partially-affected properties have been compensated, covering 343 families in total.</p> <p>50 of the 171 Project-affected households received their first evaluation visit, including all those (23) who had some productive activity associated with their properties.</p> <p>A RAP Completion Report for RAP do Mocaminho was prepared. The one Project-affected person covered by this RAP expressed satisfaction with the resettlement process and the data collected confirmed that compensation was at full replacement cost and the Project-affected person had improved livelihood and standard of living.</p>

Table A2.2 – Dedicated Consultation Meetings on Each RAP

Area/ RAP	Meeting Date	Topic/ Subject	Participants
RAP Matadouro – consultation meetings	5/14/2016	General meeting with Project-affected people to present the Project	37
	9/5/2016	Meeting with representatives of Project-affected people - Committee Lagoas do Norte for presentation of interventions in the area	15
	12/14/2016	Meeting with Project-affected people to be physically displaced	13
	12/15/2016	Meeting with Project-affected people to be partially impacted	25
		Sectoral Meetings- Subtotal	90
RAP 1 - consultation meetings	7/17/2018	Meeting with Project-affected people to be physically displaced	11
	7/18/2018	Meeting with Project-affected people with partially-affected properties	19
	7/19/2018	Meeting with Project-affected people with partially-affected properties	21
	7/20/2018	Meeting with Project-affected people to be physically displaced	22
	8/1/2019	Meeting with Project-affected people with partially-affected properties	15
	1/9/2019	Meeting with Project-affected people to be physically displaced	25
	1/15/2019	Meeting with Project-affected people to be physically displaced	13
	1/16/2019	Meeting with Project-affected people to be physically displaced	16
		Sectoral Meetings- Subtotal	142
	31/10/2019	Review of the RAP 1- focus on livelihoods. Negotiations for project modifications to RAP 1, Section 5	8
	14/11/ 2019	Review of the RAP 1- focus on livelihoods. Negotiations for project modifications to RAP 1, Section 5	6
	23/01/2020	Review of the RAP 1- focus group with new registered families	5
RAP 2 - consultation meetings	15/02/2019	Meeting with Project-affected people to be physically displaced	13
	18/02/2019	Meeting with Project-affected people with partially-affected properties	21
	19/02/2019	Meeting with Project-affected people to be physically displaced	19
	12/3/2019	Meeting with representatives of Project-affected people and Committee Lagoas do Norte to discuss RAP 2	12
	22/08/2019	Meeting with Project-affected people to be physically displaced	12
		Sectoral Meetings-Subtotal	77
RAP ¼ - consultation meetings	26/06/2019	Meeting with families with properties that will not be affected	28
	27/06/2019	Meeting with Project-affected people with partially-affected properties	13
	28/06/2019	Meeting with Project-affected people to be physically displaced	48
	8/8/2019	Meeting with families with properties that will not be affected	10
		Sectoral Meetings-Subtotal	99
	9/10/2019	Meeting with residents of Vila Apolonia	10
	8/10/2019	Meeting with <i>vazanteiros</i> , artisans, <i>oleiros</i> from the São Joaquim and Olarias neighborhoods	12
		21 Sectoral meetings - Total	408
5 Focus group meetings -			41

Table A2.3 - List of Consultations on the Findings of the Dam Safety Panel

Date	Topic/ Subject	Participants	Link:
2/17/2016	Presentation and debate about results of the dike safety panel	DPE, Defesa Civil do Piauí, PGM(PMT), SDU-CN, Arsete, CREA, Chesf, CEF, 2 BEC, CPRM.	https://semplan.teresina.pi.gov.br/2016/02/17/tecnicos-analisam-condicoes-de-seguranca-de-diques-de-teresina/
12/11/2017	Project holds meeting to present the 3rd dike safety study	PIU, MPE-PI, Ministério Público Federal, Defensoria Pública do Estado do Piauí e Defensoria Pública da União.	https://semplan.teresina.pi.gov.br/2017/12/11/estudo-aponta-necessidade-de-reforco-do-dique-do-rio-parnaiba/
05/17/2018	Project informs that the dike safety panel report was received by the Federal Public Ministry (MPF)	PIU, MPF	https://semplan.teresina.pi.gov.br/2018/05/17/resultado-do-painel-de-seguranca-sobre-o-dique-e-acolhido-tecnicamente-pelo-mpf/
09/16/2019	Project holds meeting with families to discuss the beginning of the study on the situation of the dike.	PIU, families living in the dike area.	https://semplan.teresina.pi.gov.br/2019/09/16/moradores-dos-bairros-olarias-e-vila-apolonia-participam-de-reuniao-sobre-estudo-do-dique/
10/16/2019	Project holds meeting with families living in the dike area to discuss the Project and studies.	PIU, families living in the dike area.	https://semplan.teresina.pi.gov.br/2019/10/16/pln-realiza-segunda-reuniao-com-familias-para-explicar-projeto-que-sera-realizado-nos-diques-do-parnaiba-e-poti/

Table A2.4 - Meetings and Consultation Events on the Overall Project
(abbreviations at bottom of table)

Date	Topic/ Subject	Participants	Link:
11/4/2014	Project conducts public consultation in face-to-face meeting on environmental and social assessment and safeguard instruments	PIU, local leadership, and community members	https://semplan.teresina.pi.gov.br/2014/11/05/prefeitura-e-comunidade-discutem-acoes-do-programa-lagoas-do-norte/
2/2/2015	Project holds second phase discussion meeting with Lagoas do Norte Forum	PIU/ SDU/Centro Norte, SEPLAN and 10 representatives of community associations in the area of interventions	https://semplan.teresina.pi.gov.br/2015/02/02/forum-discute-intervencoes-do-programa-lagoas-do-norte/
2/23/2015	Project holds a meeting at the State Public Prosecutor's Office to clarify the objectives of the census on Boa Esperança Ave. and São Joaquim	PIU, MPE, OAB/PI (CDH), residents of Boa Esperança Ave.	https://semplan.teresina.pi.gov.br/2015/02/23/audiencia-amplia-debate-publico-sobre-programa-lagoas-do-norte/
2/27/2015	Project holds public hearing to discuss the second phase with residents of Boa Esperança Ave. and São Joaquim	PIU, Câmara de Teresina, MPE, Comunidade da Av. Boa Esperança and São Joaquim residents	https://semplan.teresina.pi.gov.br/2015/02/27/lagoas-do-norte-e-discutido-em-audiencia-publica/
3/6/2015	Project holds public hearing on the second phase in the Matadouro area	PIU, Matadouro community	
3/17/2015	Project holds public hearing at the State Prosecutor's Office with residents of Boa Esperança Ave., São Joaquim and other areas of intervention	PIU, MPE, DPE, PGM(PMT), Câmara de Teresina, Av. Boa Esperança and São Joaquim residents	https://semplan.teresina.pi.gov.br/2015/03/17/prefeitura-de-teresina-amplia-dialogo-sobre-programa-lagoas-do-norte/
3/23/2015	Project holds new public hearing with Public Prosecutors and residents of Boa Esperança Ave., São Joaquim and other areas of intervention	PIU, MPE, PLN, DPE, SPU, CPRM, Câmara de Teresina, PGM(PMT). Av. Boa Esperança and São Joaquim residents	https://semplan.teresina.pi.gov.br/2015/03/23/reuniao-aborda-aspectos-tecnicos-do-programa-lagoas-do-norte/
3/26/2015	Project holds public meeting on the second phase with <i>oleiros</i>	PIU, <i>oleiros</i>	https://semplan.teresina.pi.gov.br/2015/03/26/prefeitura-de-teresina-apresenta-fase-2-do-lagoas-do-norte-a-ceramistas/
4/10/2015	Project holds meeting with the Lagoas do Norte Committee to discuss second phase	PIU, WBG staff, Committee	https://semplan.teresina.pi.gov.br/2015/04/10/prefeitura-privilegia-dialogo-com-comunidades-do-lagoas-do-norte/
5/6/2015	Project presents and discusses second phase at university with students and professors of economics	PIU, students	https://semplan.teresina.pi.gov.br/2015/05/06/prefeitura-apresenta-lagoas-do-norte-a-estudantes-de-economia-da-ufpi/
5/29/2015	Project presents and discusses second phase at university UFPI	PIU, students	https://semplan.teresina.pi.gov.br/2015/05/29/lagoas-do-norte-e-tema-de-evento-de-economia-na-ufpi/
6/30/2015	Project participated in the inauguration of the members of the Lagoas do Norte Management Committee elected by a vote of the representatives of the neighborhoods	PIU, Committee	https://semplan.teresina.pi.gov.br/2015/06/30/prefeito-participa-de-posse-do-comite-gestor-do-lagoas-do-norte/
7/5/2015	Project holds public meetings with communities to debate second phase	PIU, Nova Brasília e Alto Alegre residents	https://semplan.teresina.pi.gov.br/2015/07/05/firmino-filho-dialoga-com-a-comunidade-da-zona-norte/

Date	Topic/ Subject	Participants	Link:
8/27/2015	Project holds public meeting to discuss second phase with residents of Mafrense area	PIU and Mafrense residents	https://semplan.teresina.pi.gov.br/2015/08/27/pmt-apresenta-segunda-fase-do-lagoas-do-norte-a-liderancas-do-mafrense/
9/29/2015	Project presents and discuss second phase for architecture students	PIU, students	https://semplan.teresina.pi.gov.br/2015/09/29/programa-lagoas-do-norte-e-tema-de-aula-em-faculdade-particular/
10/18/2015	Project presents and discuss second phase at university UFPI	PIU, students	https://semplan.teresina.pi.gov.br/2015/10/17/lagoas-do-norte-e-tema-de-debate-na-ufpi/
11/4/2015	Project participates in meeting with residents of Mafrense area	PIU, Mafrense residents	https://semplan.teresina.pi.gov.br/2015/11/04/tecnicos-da-pmt-participam-de-reuniao-com-moradores-do-mafrense/
11/4/2015	Project holds public meeting with religious leaders to discuss Orixás Plaza	PIU, religious leaders	https://semplan.teresina.pi.gov.br/2015/11/04/projeto-da-praca-dos-orixas-e-apresentado-a-pais-maes-e-filhos-de-santo/
11/18/2015	Project debates second phase at the university with civil engineering students	PIU, students	https://semplan.teresina.pi.gov.br/2015/11/18/lagoas-do-norte-e-tema-de-palestras-na-5-semana-de-engenharia-da-fsa/
11/23/2015	Religious leaders hold a ceremony at the place where the Orixás Plaza will be built	PIU, religious leaders and residents	https://semplan.teresina.pi.gov.br/2015/11/23/fe-respeito-e-harmonia-marcam-o-sabado-21-na-praca-dos-orixas-2/
2/19/2016	Meeting with religious leaders to present the Orixás Plaza	PIU, religious leaders	https://semplan.teresina.pi.gov.br/2016/02/19/projeto-da-praca-dos-orixas-e-apresentada-durante-evento/
2/20/2016	Public meeting with Project-affected people requested by the MP - Nova Brasilia area	PIU, MPE, DPE, and Nova Brasilia residents	https://semplan.teresina.pi.gov.br/2016/02/20/comunidade-e-prefeitura-dialogam-sobre-programa-lagoas-do-norte/
2/26/2016	Municipality hears demands from residents of the North Zone	PIU, PMT, North Zone residents	https://semplan.teresina.pi.gov.br/2016/02/26/prefeitura-ouve-reivindicacoes-da-zona-norte-da-cidade/
3/11/2016	Project dialogues with representatives of communities in the Archdiocese and mayor	PIU, MPE, DPE, Archdiocese Council, Prefeito de Teresina, IFPI, Boa Esperança Ave. and São Joaquim residents	https://semplan.teresina.pi.gov.br/2016/03/11/prefeito-e-comunidade-dialogam-sobre-programa-lagoas-do-norte/
4/6/2016	Project promotes meeting to discuss the second phase of the Project at the Tourism Council	PIU, Tourism Council	https://semplan.teresina.pi.gov.br/2016/04/06/segunda-fase-do-lagoas-do-norte-e-apresentada-ao-conselho-municipal-de-turismo/
4/21/2016	Religious leaders approve the design of the Orixás Plaza	PIU, religious leaders	https://semplan.teresina.pi.gov.br/2016/04/21/pais-maes-e-filhos-de-santo-aprovam-projeto-final-da-praca-dos-orixas/
5/14/2016	Project holds public meeting to debate second phase of the Project with residents in Matadouro	PIU, Matadouro residents	https://semplan.teresina.pi.gov.br/2016/05/14/pmt-apresenta-intervencoes-do-lagoas-do-norte-no-bairro-matadouro/
5/20/2016	Project is presented to architecture students	PIU, students	https://semplan.teresina.pi.gov.br/2016/05/20/programa-

Date	Topic/ Subject	Participants	Link:
			lagoas-do-norte-e-apresentado-a-estudantes-de-arquitetura/
5/23/2016	Project holds the 12th public hearing to debate the second phase of the Lagoas do Norte Project	PIU, Câmara de Teresina, UFPI, FSA, ICF, residents	https://semplan.teresina.pi.gov.br/2016/05/23/prefeitura-destaca-dialogo-com-as-comunidades-em-audiencia-publica/
6/2/2016	The second phase of the Lagoas do Norte Project is presented at a regional engineering meeting	PIU, CREA, CONFEA	https://semplan.teresina.pi.gov.br/2016/06/02/lagoas-do-norte-e-tema-da-palestra-de-abertura-do-x-forum-do-sistema-confeacrea-tera-palestra/
6/1/2016	The second phase of the Lagoas do Norte Project is discussed with the Community Forum	PIU, Forum	https://semplan.teresina.pi.gov.br/2016/06/01/forum-dialoga-sobre-segunda-etapa-do-programa-lagoas-do-norte/
6/3/2016	The second phase of the Lagoas do Norte Project is presented to the northeast engineering council	PIU, CREA, CONFEA	https://semplan.teresina.pi.gov.br/2016/06/03/lagoas-do-norte-e-apresentado-aos-presidentes-do-crea-nordeste/
6/10/2016	The second phase of the Project is discussed with families, entities and Human Rights Commission in the Archdiocese	Archdiocese (CDH). MPE, PLN, MPF, Câmara de Teresina, residents from Boa Esperança Ave., Nova Brasília, Mafrense, Olarias	https://semplan.teresina.pi.gov.br/2016/06/10/reuniao-amplia-dialogo-com-comunidades-beneficiadas-pelo-lagoas-do-norte/
7/29/2016	Project holds meeting with the Committee Lagoas do Norte to discuss interventions in Mocambinho	PIU, Committee	https://semplan.teresina.pi.gov.br/2016/07/29/pmt-apresenta-projeto-de-requalificacao-da-lagoa-do-mocambinho/
10/17/2016	Second phase of the Project is launched at a public event with the community	PMT, PIU, residents	https://semplan.teresina.pi.gov.br/2016/10/18/segunda-etapa-do-lagoas-do-norte-e-lancada-para-comunidade/
12/19/2016	Project partners with OAB to conduct mediations with Project-affected families	PIU, OAB	https://semplan.teresina.pi.gov.br/2016/12/19/prefeitura-e-oab-fazem-parceira-para-mediacao/
3/6/2017	Project promotes meeting with traders at the "Encontro dos Rios"	PIU, traders	https://semplan.teresina.pi.gov.br/2017/03/06/prefeitura-e-permissionarios-dialogam-sobre-reforma-do-encontro-dos-rios/
5/3/2017	Project is presented to university students	PIU, students from ICF	https://semplan.teresina.pi.gov.br/2017/05/03/universitarios-conhecem-programa-lagoas-do-norte/
5/17/2017	Project presents Mocambinho interventions to participants in sports activities in Lagoas do Norte park	PIU, families	https://semplan.teresina.pi.gov.br/2017/05/17/parque-do-mocambinho-e-apresentada-durante-dancando-na-praca/
5/29/2017	Leadership committee visits the works of Orixás Plaza	PIU, religious leaders	https://semplan.teresina.pi.gov.br/2017/05/29/lagoas-do-norte-pais-de-santo-visitam-obras-da-praca-dos-orixas/
10/16/2017	Project is discussed with Project-affected families	PIU, representatives of the communities; State Public Ministry (MPE-PI), of the Brazilian lawyers Association - Piauí section (OAB-PI), Federal Public Defender (DPU)	https://semplan.teresina.pi.gov.br/2017/10/16/lagoas-do-norte-pmt-e-comunidades-dialogam-sobre-segunda-etapa/

Date	Topic/ Subject	Participants	Link:
12/21/2017	Project holds meeting with Public Defender, MPF, OAB with the presence of the mayor	Ministério Público, da Defensoria Pública, da OAB-PI, Procuradoria da República, Câmara Municipal and families	https://semplan.teresina.pi.gov.br/2017/12/22/firmino-garante-reassentamento-de-familias-na-regiao-norte/ https://semplan.teresina.pi.gov.br/2017/12/21/prefeitura-confirma-necessidade-de-ampliacao-do-dique-do-poti-velho/
01/21/2018	Project holds meeting with <i>vazanteiros</i>	PIU, <i>vazanteiros</i>	https://semplan.teresina.pi.gov.br/2018/01/20/atividade-das-vazantes-nao-compromete-seguranca-do-dique-boas-esperanca/
04/13/2018	Committee holds meetings with the Project	Committee Lagoas do Norte, PIU	https://semplan.teresina.pi.gov.br/2018/04/13/tecnicos-e-comite-do-programa-lagoas-do-norte-se-reunem-para-tratar-de-acoas-e-demandas/
05/15/2018	Project holds meeting with traders who use the Saint Joseph Central Market that has been renovated.	PIU, traders	https://semplan.teresina.pi.gov.br/2018/05/15/prefeitura-inicia-conversa-com-permissionarios-para-inicio-da-segunda-etapa-da-reforma-do-mercado-central/
05/17/2018	Committee holds meetings with the Project and Project-affected families	Committee Lagoas do Norte, PIU, families from Nova Brasília e Parque Alvorada	https://semplan.teresina.pi.gov.br/2018/05/17/comite-de-acompanhamento-do-lagoas-do-norte-realiza-reuniao-com-tecnicos-e-moradores/
05/23/2018	Project promotes social safeguards workshop for resettlement with the presence of the OAB (mediator in negotiations with Project-affected families)	PIU, OAB, Bank team	https://semplan.teresina.pi.gov.br/2018/05/23/banco-mundial-realiza-oficina-sobre-salvaguadas-sociais-para-equipe-do-lagoas-do-norte/
06/09/2018	Project receives visit from students from Federal Institutes	PIU, students	https://semplan.teresina.pi.gov.br/2018/06/09/estudantes-dos-institutos-federais-de-teresina-visitam-o-parque-lagoas-do-norte/
07/05/2018	Project holds meeting with Committee to discuss interventions	PIU, Committee Lagoas do Norte	https://semplan.teresina.pi.gov.br/2018/07/05/comite-lagoas-do-norte-conhece-projetos-de-qualificacao-de-04-lagoas/
07/19/2018	Project holds meeting with Project-affected families to discuss compensation options	PIU, families of Lagoa do São Joaquim	https://semplan.teresina.pi.gov.br/2018/07/19/tecnicos-explicam-intervencoes-do-programa-lagoas-do-norte-para-comunidade-do-matadouro/
07/21/2018	Project holds meeting with Project-affected families to discuss compensation options	PIU, families of Lagoa do São Joaquim	https://semplan.teresina.pi.gov.br/2018/07/21/tecnicos-do-pln-conversam-com-familias-que-serao-reassentadas/
10/16/2018	Project disseminates information on Parque Brasil works	PIU	https://semplan.teresina.pi.gov.br/2018/10/16/com-projeto-diferenciado-novo-residencial-parque-brasil-oferecera-mais-qualidade-de-vida-aos-moradores/

Date	Topic/ Subject	Participants	Link:
01/17/2019	Project holds meeting with Project-affected families to discuss compensation options	PIU, families of Lagoa do São Joaquim, on Avenida Manoel de Aguiar, in the Mafrense neighborhood, and on Lagoa do Mazerine	https://semplan.teresina.pi.gov.br/2019/01/17/tecnicos-do-programa-lagoas-do-norte-apresentam-opcoes-de-reassentamento-para-moradores/
9/2/2019	Project conducts guided tour with families to visit Parque Brasil	PIU, Project-affected people	https://semplan.teresina.pi.gov.br/2019/02/22/programa-lagoas-do-norte-familias-visitam-construcao-de-residencial-que-abrigara-moradores-de-areas-de-risco/
09/16/2019	Families living in the Olarias neighborhood (RAP 4) present demands to the Project and the Bank team in a meeting	PIU, Bank team, families living in Olarias	https://semplan.teresina.pi.gov.br/2019/09/16/populares-da-regiao-das-olarias-apresentam-demandas-para-representantes-do-banco-mundial/
09/17/2019	Project informs about hiring a company for new studies on the dike	PIU	https://semplan.teresina.pi.gov.br/2019/09/17/empresa-inicia-estudo-sobre-a-situacao-dos-diques-do-parnaiba-e-poti-para-propor-solucoes/
09/27/2019	Project promotes meeting to discuss the Project with residents and leaders who live in the neighborhoods São Joaquim, Mafrense and Nova Brasília	PIU, Project-affected people from São Joaquim, Mafrense and Nova Brasília	https://semplan.teresina.pi.gov.br/2019/09/27/lagoas-do-norte-reune-familias-para-informar-sobre-intervencoes-da-proxima-obra/
10/09/2019	Project promotes meeting with <i>vazanteiros</i> , <i>oleiros</i> and artisans	PIU, representatives of <i>vazanteiros</i> , <i>oleiros</i> and artisans	https://semplan.teresina.pi.gov.br/2019/10/09/vazanteiros-oleiros-e-artesaos-discutem-estruturacao-das-atividades-com-tecnicos-do-pln/
10/16/2019	Project promotes meeting with families living in the dike area to discuss the Project and studies	PIU, families living in the dike area	https://semplan.teresina.pi.gov.br/2019/10/16/pln-realiza-segunda-reuniao-com-familias-para-explicar-projeto-que-sera-realizado-nos-diques-do-parnaiba-e-poti/
12/10/2019	Project holds meeting with families who chose houses in Parque Brasil	PIU, families who chose houses in Parque Brasil	https://semplan.teresina.pi.gov.br/2019/12/10/lagoas-do-norte-reune-primeiros-beneficiarios-de-imoveis-do-residencial-parque-brasil/
01/24/2020	Project holds meeting with families in the RAP 1 area	PIU, families in the RAP 1 area	https://semplan.teresina.pi.gov.br/2020/01/24/equipe-do-lagoas-do-norte-se-reune-com-familias-da-regiao-do-inferminho/
02/18/2020	Project promotes broad public consultation event with Project-affected people	PIU, Project-affected people, 492 participants	https://semplan.teresina.pi.gov.br/2020/02/18/mobiliza-lagoas-reunira-mais-de-500-pessoas-nesta-quarta-19-no-parque-lagoas-do-norte/ https://semplan.teresina.pi.gov.br/2020/02/20/beneficiarios-tiram-duvidas-sobre-obras-e-aspectos-do-lagoas-do-norte/
03/12/2020	Project debates formatting of the Municipal Culture Plan with institutions and entities	PIU, Fundação Municipal de Cultura Monsenhor Chaves e do Conselho Municipal de Cultura	https://semplan.teresina.pi.gov.br/2020/03/12/programa-lagoas-do-norte-debate-formatacao-do-plano-

Date	Topic/ Subject	Participants	Link:
			municipal-de-cultura-com-instituicoes/
07/07/2020	Project and COLAB discuss measures to increase the number of users and disseminate information	PIU, COLAB	https://semplan.teresina.pi.gov.br/2020/07/07/lagoas-do-norte-e-colab-ajustam-estrategia-para-difundir-atendimento-a-populacao/

Abbreviations:

2 BEC – Brazilian Army’s Second Civil Engineering Company
 Arsete - *Agência Municipal de Regulação de Serviços Públicos de Teresina* (Teresina’s Public Services Regulatory Agency)
 CDH – *Comissão de Direitos Humanos da Arquidiocese* (Archdiocesan Commission on Human Rights)
 CEF – Caixa Econômica Federal
 Chesf – São Francisco Hydropower Company
 CPRM – Mineral Resources Research Company
 CREA – Federal Council of Engineering and Agronomy
 DPE – Piauí State Public Defender
 DPU – Federal Public Defender
 FSA – Saint Augustine College
 ICF – Institute Camilo Filho
 IFPI – Federal Institute of Education, Science and Technology of Piauí
 MPE – Piauí State Public Prosecutor Office
 OAB-PI - Brazilian Lawyers Association - Piauí section
 PGM(PMT) – Teresina General Attorney’s Office
 PIU – Project Implementation Unit
 PLN – Lagoas do Norte Program
 SDU-CN – Teresina’s North-Central Urban Development Superintendence
 SPU – Union Patrimony Secretariat
 UFPI – Federal University of Piauí

