

NEWS RELEASE

World Bank Board Approves Action Plan Following Inspection Panel Investigation of Brazil Teresina Project

WASHINGTON, December 3, 2020 – The World Bank’s Board of Executive Directors considered on December 1, 2020 a Management Report and approved a Management Action Plan that respond to an independent Inspection Panel investigation of the ***Brazil Teresina Enhancing Municipal Governance and Quality of Life Project***. The Panel’s investigation was in response to a Request for Inspection filed by 202 families who alleged harm from the Project in the *Mafrense* and *São Joaquim* neighborhoods of *Teresina*.

The Project was designed to address the urban, environmental, social and flooding problems that beset the *Lagoas do Norte* Region, one of the poorest and most environmentally and socially vulnerable areas of the city. Over the past decades, Teresina has witnessed an increase in flooding. Strong rains and disastrous floods occurred in 2018, and again last year, when the Municipality had to declare a state of emergency. The Project’s interventions include the relocation of inhabitants who have settled on flood-prone and environmentally protected lagoons.

The Panel’s investigation focused on the phase of the Project that includes the resettlement of about 1,500 households. The investigation found that the Bank did not systematically apply its Policy on Involuntary Resettlement. The Panel determined that a lack of solid data collection and early assessment, together with insufficient community consultation and participation, led to inadequate livelihood restoration measures and assistance to vulnerable groups, among other issues.

Management developed a Management Action Plan, which the Board approved and which details how the Bank will work together with the Municipality of Teresina to address the Panel’s findings. Both Brazilian federal and municipal authorities are committed to the Action Plan and to Project implementation. World Bank management will continue supporting the Borrower and closely supervise implementation of the Action Plan and the project.

“We welcome the Inspection Panel’s findings, which will help the World Bank and the Brazilian authorities as we work together to improve development outcomes for the people of Teresina,” said **World Bank Group President David Malpass**. *“The World Bank Group is committed to accountability to our project beneficiaries, acting early to correct problems, and continuous improvement in our engagements. We will support Brazil to improve flood risk management and address social inclusion.”*

“The Panel believes there are lessons from this case with regard to the application of the Bank’s Involuntary Resettlement Policy, not only in terms of what must be done to prepare and implement a resettlement, but also in terms of the need to perform the required steps in proper sequence,” said **Inspection Panel Chair Imrana Jalal**. *“The forthcoming resettlement of the Boa Esperança community in Teresina provides an opportunity to take some of these lessons on board in this project.”*

The Board recognized the importance of the Project to residents of the Municipality of Teresina and stressed the need to learn from implementation challenges that have led to the Panel investigation. Executive Directors specifically welcomed the early action taken by Bank Management and Borrower to address issues of concern promptly and before the conclusion of the Investigation.

“We have put together a comprehensive response and action plan working closely with clients to help

*implement flood protection in an environmentally and socially sustainable way,” said **Felipe Jaramillo**, World Bank Vice President for the Latin America and Caribbean Region. “Many Brazilian municipalities, like Teresina, are highly exposed to flood risks aggravated by the vulnerability of informal urban settlements.”*

Management will report progress in implementing the Action Plan annually as per practice.

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For a full copy of the Inspection Panel report and Management Recommendation, please visit: <https://www.inspectionpanel.org>

For more information on the World Bank’s work in Brazil, visit <https://www.worldbank.org/en/country/brazil>

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