Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Brazil	LATIN AMERICA AND CARIBBEAN	P174619	
Project Name	Reducing flood risks and improving living conditions in Ribeirao Isidoro Basin, Belo Horizonte		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Water	Investment Project Financing	3/25/2021	6/15/2021
Borrower(s)	Implementing Agency(ies)		

Proposed Development Objective

To reduce flood risks and improve the living conditions in selected areas of Ribeirão Isidoro water basin in Belo Horizonte.

Financing (in USD Million)	Amount
Total Project Cost	168.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Project follows a multipurpose approach that combines reducing flood risks in the watersheds of the Nado and Vilarinho streams with urban upgrading in the Izidora region. It is supposed to:

(i) mitigate flood risks in consolidated areas of Ribeirão Isidoro water basin through the construction of new reservoirs and enlargement of existing underground reservoirs to temporary retain water, as well as implementation of green interventions, such as multifunctional urban parks to increase infiltration and serve as public amenities;

(ii) address uncontrolled expansion over environmentally sensitive areas; and

(iii) improve the living conditions of the poor and vulnerable population in selected consolidated settlements in the Izidora region, while assuring full integration of public services and designs that reduce flood risks to an acceptable level.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The city of Belo Horizonte (capital city of the state of Minas Gerais) has a population of 2.5 million inhabitants, of which about 20% live in one of the more than 300 informal settlements in the municipality. Such settlements occupy an area of approximately 24.6 km² (7,4% of citys area). Belo Horizontes General Human Development Index (HDI) is 0.81. However, in the areas of social housing in the municipality, the HDI is much lower, as is the case in the North and Northeast regions where the proposed Project would intervene. In these regions, HDI ranges from 0.600 to 0.699. The city has experienced an unplanned urban sprawl process, marked by socio-spatial segregation, with the consequent occupation of areas most vulnerable to natural risks by the lower-income population. Informal settlements occupy areas particularly vulnerable to climate change and extreme climatic events. The continuous urban expansion have led to an increase in the frequency of floods and landslides in the city and a worsening of its impacts. It has been estimated that the vulnerability of the city to these events will have an increase of up to 10% by 2030 (Source: Vulnerability Analysis to Climate Change in the Municipality of Belo Horizonte, 2016). It is no coincidence that the areas most affected are those with highest concentration of social housing settlements - and, particularly, those located in the Northern portion of the city. The intervention area of the proposed Project would be the Ribeirão Isidoro River Basin, located in the Northern Region of Belo Horizonte. In the hydrology of the city, the Nado and Vilarinho watercourses are tributaries of the Ribeirão Isidoro. With regard to the drainage system, these watercourses present themselves as areas susceptible to flooding, being frequently affected by extreme climatic events. The region is characterized by high soil impermeability and a consolidated urbanization process that disregarded the watercourses and natural thalwegs, aggravating the problem with floods. Since the implementation of the Belo Horizonte Hydrological Monitoring System (2011), there have been recorded 31 red alerts (occurrences of overflows) and / or orange alerts (runoff at 80% of the gallerys height) for rain events with Recurrence Times up to 1 year, which demonstrates the low response capacity of the macro-drainage system of the region. The occurrences of extreme precipitation events that imply overflows have been increasingly intense and frequent in the region. Its consequences have been increasingly serious. The neighborhoods located in the Isidoro Basin are of great importance for the northern portion of the city because of the existence of main operating units of the mass public transport systems. They are dense and disorderly occupied, particularly in the Izidora Region (in the extreme North of the city), which has rich environmental attributes (there are 280 water springs and run 64 water streams that contribute to the main source of potable water for the whole city) and is recognized as the citys last frontier of urban expansion. The area is also marked by sloping terrains and the presence of areas at geological risk of landslides. The informal occupation at Izidora began in 2013 and underwent rapid and large-scale expansion through a process facilitated by social movements. Four areas of social housing were consolidated: the areas of Vitória, Esperança, Rosa Leão and Helena Greco. Currently, more than 4,900 families live in these occupations that extend over an area of approximately 1.5(16% of the total area of the Izidora region). Most of the Izidora's population live in poverty and lack access to public infrastructure and services, such as such as transportation, water supply, sewage, electricity and solid waste collection and leisure. Most of them also face a situation of precarious housing and occupy areas of environmental preservation (including multiple sensitive ecological systems) and/or at risk.

D. 2. Borrower's Institutional Capacity

The Municipality of Belo Horizonte (PBH) has recently prepared the Improving Mobility and Urban Inclusion in Belo Horizonte (P169134) under the new ESF, which E&S risk is classified as Substantial because of its adverse impacts related to involuntary resettlement.

The key implementing agency for this Project is the Municipal Secretariat of Works and Infrastructure (SMOBI). Within SMOBI, both a Project Management Unit (PMU) and a Project Executing Unit (PEU) will be created. The PEU will include key managerial and technical staff from SMOBI, the Finances, Management and Planning Subsecretariat (SUPGF-OBI/DCCA), the Urban Water Management Department (DGAU), the Capital Development Superintendence (SUDECAP), the Belo Horizonte Housing and Urban Company (URBEL), the Municipal Secretariat for Planning, Budgeting and Management (SMPOG) and the Municipal Secretariat of Urban Policies (SMPU). The PEU will be in charge of sector-specific executing tasks related to Financial Management, Procurement, Fiduciary, Technical aspects, Environmental and Social Management. It will be supported by an externally hired firm, including environmental and social specialists.

It is noteworthy that the technical teams of the municipal executive bodies included in the institutional implementing arrangements have taken part on the preparation of P 169134 and gained experience with the World Bank's ESF. have experience working with the World Bank as well as a solid system in place and recognized experience in environmental and social risk management.

URBEL has 25 years of experience with urban upgrading works, construction of social housing complexes, land regularization processes, social works with low-income population and inhabitants of irregular settlements, and resettlement. Between 1997 and 2018, URBEL invested US$ 1 billion on interventions on low-income communities living in at risk risk areas. URBEL program of urban upgrading of irregular settlements benefited 165 thousand people, from 45,784 households in 12 low-income communities since 1993. URBEL carried out the physical relocation of 12,371 households from at risk areas and built 6,516 new housing units to compensate people that have been physically displaced. Its institutional capacity to carry out involuntary resettlement and social housing programs was assessed by the Bank as exemplary during the preparation of Belo Horizonte Urban Development Policy Loan (P126749). The Project Document (Report No. 65455-BR) states: URBELs current resettlement practices were assessed. Municipal regulations on resettlement include participation of the affected in all stages of the resettlement process, as well as the provision of resettlement options. Strong communication mechanisms and consultation processes during implementation are in accordance with provisions of the Bank's ESS5 and have been introduced in municipal practices [p. 48]. URBEL would carry out the required Resettlement Action Plans under the proposed Project.

The city's environmental management structure is one of the oldest among Brazilian municipalities. The Municipal Secretariat of Environment (SMMA) was created in 1983 and the Municipal Council of Environment (COMAM) in 1985 with normative and deliberative powers, and with the participation of civil society. Since then, the municipality has licensed and built several similar and larger infrastructure works. Since 2007, it has carried out 20 flood control water underground and surface reservoirs (ranging from 10 thousand to 9 million m3). For such infrastructure works, the environmental legislation of the city of Belo Horizonte requires the full three-stages licensing process, including the preparation of environmental and neighborhood impact assessments and reports (REA and REIV) and their public disclosure and consultation. SMMA is responsible for oversee the compliance with the environmental and social management measures (COMAM DN 58/2007 and Municipal Decree 17,266/2020).

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) High

Environmental Risk Rating Substantial

The environmental risk is Substantial. The main premise of the Project is the urban and environmental requalification of the territories of the Ribeirão Isidoro watershed, seeking to reduce flood risks and slowing down urban sprawl over sensitive environmental areas. Some direct and localized positive impacts are expected from these site-specific interventions and positive downstream effects are expect with the consequent internalization by the municipality of planning innovations and design solutions based on nature. The benefits of the interventions in the region of Izidora occupations are expected even before the end of the works, including the reduction of geological and geotechnical risks, the protection of sensitive habitats and permanent protected areas and the reduction of the pollution of water-streams. The possible adverse environmental impacts tend to be temporary, site-specific and limited. The measures necessary to mitigate them are standard and easy to implement. Interventions to optimize macro-drainage systems will take place in already consolidated urban areas and their impacts, therefore, tend to involve mainly disturbances in the construction phase: generation of dust and noise, limitation of access by people and vehicles on streets and buildings, temporary interruption of power and water services, and traffic change, among others.

These temporary negative impacts during construction can easily be minimized, reduced to acceptable levels or mitigated by the adoption of standard measures devised as part of the Environmental Licensing process, which requires an Environmental and Social Impact study (ESIA), identifying and analyzing all the environmental and social impacts of the interventions over among others water resources, geological and geotechnical conditions, vegetation cover, fauna-flora interrelationships, patterns of land use and occupation and urban infrastructure in the area directly affected and in its surroundings. This study shall consider also the perceptions of the population directly or indirectly affected and propose preventative and mitigating measures for the adverse impacts. The ESIA, an Environmental Control Reports (RCA) and an Environmental Control Plan (PCA) shall be consulted in a public hearing organized by COMAM.

As detailed designs are not available yet and would only be available as a result of project implementation, a draft Environmental and Social Management Framework (ESMF) would be prepared for the project, publicly disclosed and consulted before Project Appraisal. The draft ESMF would: examine – on a generic and prospective basis – environmental and social risks and impacts; set out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts; propose measures and plans to reduce, mitigate and/or offset adverse risks and impacts; consider the institutional capacity of the agency or agencies responsible for addressing project environmental and social risks and impacts. As part of the preparation of the detailed designs of each intervention, specific Environmental and Social Impact Assessments (equivalent to RCA in the Borrower's framework) and and Environmental and Social Management Plans (equivalent to PCA in the Borrower's framework) would be prepared, consulted upon and disclosed.

To avoid delays in obtaining the environmental licenses and to oversee compliance of contractors with the terms set in the Work's Environmental Management Plans, the PIU would keep specialists in environmental risk and impact management.

During project preparation, it shall be explored the inclusion of institutional capacity building activities related to management of environmental and social risks by the PIU and PEU – as needed according with findings of the institutional capacity assessment to be carried out as part of the Bank's due diligence.

Social Risk Rating High

The social risk is high.

The positive social impacts of Project interventions outweigh the negative ones. Social benefits expected from the interventions in the region of Izidora informal occupations include: improvements on housing and living conditions and on land tenure rights; gains on mobility and access to labor markets; increased availability of basic public services; reduction of waterborne diseases and improved health conditions; reduction of the degree of vulnerability and exposure to flooding and landslides; and community development and social participation in policy decision-making.
The interventions under Component 2 would involve the relocation of a significant number of people (estimated in 980 Project-affected families) without formal, traditional or recognizable usage rights from areas of permanent protection, or at-risk of flooding and landslides or needed for urban upgrading interventions. Component 1 would require the acquisition of a small number of land plots through expropriation and the relocation of up to 40 families and business establishments. As urban growth in informally occupied areas is often rapid and uncontrolled, public agencies face huge challenges to keep control of these territories and avoid new encroachments when public interventions are announced for these areas - increasing the number of people to be compensated to achieve Project objectives. To reduce these social risks and although the socioeconomic census and the establishment and public dissemination at the local level of the cut-off date are the landmarks of eligibility, the Borrower has mapped the existing buildings in the area through drone flights and registered them on PBH georeferenced database, estimated the number of people that may be affected by the project and is in constant dialogue with community leaderships.
As detailed designs for works under Component 1 and 2 are still to be developed, the Borrower would initially develop a Resettlement Policy Framework (RPF), covering all elements required by ESS 5 (including a description of the grievance redress mechanism and consultation with the affected population). This RPF will be widely consulted and disclosed in the Project area during Project preparation and prior to appraisal. The ESCP would state the timeline for the preparation of two Resettlement Action Plans (RAP) that will be required and will take into account the magnitude of the risks and impacts caused by the works envisaged under Component 1 and 2. A premise of these RAPs would be the resettlement of Project-affected families in a location as close as possible to the place of origin and the provision of different alternatives of compensation and assistance in line with the ESS5 and to meet better the characteristics and needs of the affected population.
During implementation and following lessons learned from the implementation of previous RAPs, the Borrower will also carry out an intense Social Work Plan (SWP) among the 4,900 families living in the Region of Izidora and, particularly, the Project-affected families. This SWP aims to provide information on the Project's relevant aspects to the local community, to build community commitment with Project goals and outcomes, to foster community participation, and to enable the enrollment of eligible residents with the various public policies available at the municipal and local level. It would be structured in five guiding axes: (i) Social Mobilization and Organization; (ii) Social Monitoring and Management; (iii) Socioeconomic Development (based on the identification of local productive potentials, support local entrepreneurial initiatives and provision of professional training and qualification courses); (iv) Environmental and Patrimonial Education; and (v) Resettlement by providing support the implementation of the RAPs. This SWP would be prepared in a participatory way with the local population and would be fully integrated in the Project's SEP.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project is based on the urban and environmental requalification of the territories of the Ribeirão Isidoro watershed. Therefore, positive impacts are expected from the environmental and social point of view, with consequent internalization by the municipality of planning innovations and design solutions based on nature. Environmental and social risks and impacts related with Project activities would be mostly temporary and reversible, restricted to the sites where the works will occur, and can be mitigated by simple and well-known measures. They may include: increase in noise levels and production of debris; soil movement; traffic congestion, interruption or disturbance, increase in number of trucks and other vehicles related to the works and possible increase in determined pollutant emissions; temporary disturbance in normal frequency of public services – such as waste collection – and interference on the functioning of commerce activities; involuntary resettlement and temporary influx of workers in specific city areas.

Construction techniques that reduce environmental and social impacts will be prioritized, considering: the efficient use of energy, water and other resources; maintenance of streams in a natural bed; use of porous pavements on low-traffic roads and trenches and infiltration ditches to increase the permeable area and to retain more water in the soil; implementation of wetlands for the treatment of domestic effluents (wetlands); decrease in energy consumption and use of renewable energy, such as solar; measures to reduce pollution and waste, as well as enabling reuse and recycling of materials; use of non-toxic, ethical and sustainable materials; prioritizing active transport (bicycles and pedestrians), increasing the population's quality of life and decreasing the emission of greenhouse gases; implementation of agro-forestry in remaining areas that increase the permeability of the soil, give a sustainable use to the land and increase the possibilities of food and income of the residents; as well as ensuring universal access to houses and housing complexes.

The type of drainage work selected to mitigate the flooding effects in the Ribeirão Isidoro Basin was selected from a study of alternatives made possible by the Municipal Government. This study identified that the most sustainable solution would be the implementation of reservation structures, which require smaller extensions of linear works, have a low level of interference to the infrastructure systems already implemented and have lower implementation costs. These factors prove to be advantageous, given the characteristics of the basin, significantly urbanized and densely occupied, with the existence of different modes of transport and the presence of innumerable interference characterized by the implemented public service networks, both aerial and underground.

In the case of the Izidora informal settlements region, construction and infrastructure techniques based on nature will be prioritized, with reduced potential impacts from the environmental and social points of view. Such an approach will have its results amplified by actions of community mobilization and patrimonial, sanitary and environmental education. Social work with community leaders and families affected by the intervention will focus from the pre-construction phase to the post-occupation stage, in addition to informing, fostering, training and sharing actions and commitments, including ensuring the long-term sustainability of project interventions (to avoid, for example, occupation of remaining areas).

Measures proposed for the management of environmental and social risks and impacts include the preparation and implementation of an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework for the project, including project investments and technical assistance activities. This ESMF may include: (a) a Civil Works Environmental Management Program, addressing the management of solid wastes, noise, emissions, and community and workers health and safety issues; (b) an Environmental Compensation Program, aimed to compensate for suppression of trees and intervention in Permanent Protected Areas (APPs); (c) Monitoring Programs for Synanthropic Fauna and Birdlife, (d) a Cultural Heritage Plan to be approved by IPHAN to deal with chances find cultural heritage during excavation works; (e) a Contaminated Area Management Program aiming to avoid that workers and local communities are exposed to pollutants and hazardous materials; (f) a traffic management plan

during construction; (g) an assessment of the urban downstream impacts that may emerge from the implementation of technical assistance activities; and (h) a Social Communication Program. The preparation of the ESMP will be completed after detailed designs are finalized.

The Brazilian process for environmental licensing of civil works is in charge of municipal, state or federal environmental agencies, according to their competencies. Depending on the proposal's degree of complexity and the expected environmental and social impacts and risks, different studies and assessments are required. Municipal environmental agencies are incumbent of licensing civil works (CONAMA Resolution 01/85) and the environmental licensing in the municipality of Belo Horizonte is governed by Municipal Law 7,277 / 1997, regulated by the Normative Determinations of the Municipal Council of the Environment – COMAM. The interventions foreseen by the program will be submitted to the Environmental Licensing process within the scope of the Belo Horizonte Municipal Environment Secretariat (SMMA) and the Municipal Environment Council (COMAM).

For the purposes of the activities supported by the Project, an Environmental and Social Management Framework (ESMF) would be prepared (because the project designs are not definitive yet and would only be available as a result of project implementation), publicly disclosed and consulted before Project Appraisal. The ESMF would: examine – on a generic and prospective basis – environmental and social risks and impacts; set out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts; propose measures and plans to reduce, mitigate and/or offset adverse risks and impacts; consider the institutional capacity of the agency or agencies responsible for addressing project environmental and social risks and impacts. As part of the preparation of the detailed designs of each project works , specific Environmental and Social Impact Studies (equivalent to RCA in the Borrower's framework) and and Environmental and Social Management Plans (equivalent to PCA in the Borrower's framework) would be prepared. To avoid delays in obtaining the environmental licenses and to oversee compliance of contractors with the terms set in the Work's Environmental Management Plans, the PIU would keep specialists in environmental risk and impact management. The ESIA and/or ESMPs will also assess risks, if any, associated to security arrangements, and GBV, in the context of the project activities – including during the relocation process and temporary resettlement conditions.

Areas where "Use of Borrower Framework" is being considered:

The Project is not considering the use of Borrower Framework.

ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant.

Organizational Capacity and Commitment. The municipality of Belo Horizonte is one of the cities in Brazil with the most extensive experience with citizen/stakeholder engagement and transparency. The city has pioneered and consolidated its experience with consultative procedures and participatory governance in city management. In keeping with transparency, 10 percent of the municipal budget for urban development is allocated through direct citizen engagement.

Stakeholder Mapping. The main stakeholders of the Project include: (a) the 318,431 inhabitants of the Ribeirão Isidoro watershed, especially those directly affected by the existing flood spots (around 7,250 people) and residents of social interest settlements in the Region from Izidora (4,900 families/approximately 13,230 people), who will be resettled. Other interested-parties include the 150,000 daily users of the mass public transport systems of Avenida Vilarinho and Avenida Cristiano Machado that cross points susceptible to flooding. Furthermore and depending on the location and type of intervention proposed, the following are among the other stakeholders in the Project: the Government of the State of Minas Gerais that owns areas in the Izidora Region; the State of Minas Gerais Sanitation

Company (COPASA), the State of Minas Gerais Energy Distribution Company (CEMIG), and the State of Minas Gerais Gas Company (GASMIG).

Information Disclosure and Meaningful Consultations. Relevant Project information would be disclosed through the websites and social media channels of Belo Horizonte City Hall as well as through the events of Social Mobilization and Organization and Social Monitoring and Management included in the Project's Social Work Plan that will be carried out at the community level. These activities will be implemented following the health guidelines set by WHO, the municipal protocols and the World Bank to prevent the spread of COVID-19. The Municipality of Belo Horizonte (in compliance with the Access to Information Legislation – Federal Law 12,257/2011 and Municipal Decree 14,906/2012) keeps a transparency portal at the internet (https://prefeitura.pbh.gov.br/transparencia/transparencia-e-acesso-a-informacao/o-portal), which provides information about the competencies and organizational structure of the City Hall, with addresses, telephones of all units, as well as the opening hours for the public, transfers of financial resources, revenues and expenses, information on public bids, remuneration of public servants, data for the monitoring of all municipal programs, actions, projects and works. If citizens do not find the information they seek in the Transparency Portal, they can request it, regardless of any justification or reason, through the Ombudsman channel, which must respond within a maximum period of time of 20 days, extendable for another 10 days, if necessary, by means of an express justification.

Grievance Redress Mechanism. The Municipality of Belo Horizonte has an Ombudsman Sub-Controller, which is the channel of direct communication between the citizen and the City. The Ombudsman Sub-Controller the competence to examine manifestations regarding procedures and actions of agents, organs and entities of the direct and indirect administration, as well as of the concessionaires of public municipal service, according to Municipal Decree No. 16,738(October 6, 2017). It does not replace the service request channels (accessible through the website: https:www.portal de servicos.pbh.gov.br) and shall be activated only when the citizens do not receive a response to their requests. The Ombudsman Sub-Controller have a 30 days deadline for replying the requests it receives. This deadline may be in exceptional situations extended for an equal period. Requests to the Ombudsman Sub-Controller can be lodged through several channels: a three-digit toll-free phone line (156), available from Monday to Friday, from 7am to 7pm and 24-hour service for services such as noise pollution and the environment; in person at the office of Central BH Resolve, from Monday to Friday, from 8am to 5pm; and through the Ombudsman Sub-Controller website (https://prefeitura.pbh.gov.br/ouvidoria/fale-com-a-ouvidoria). Request can be filled nominally, confidentially or anonymously. All requests receive a protocol number and a password is provided to allow the citizens to follow the progress of their inquiries and/or add information to them. The Ombudsman Sub-Controller publicly discloses monthly reports about its operation and performance at the following website: https://prefeitura.pbh.gov.br/transparencia/lei-de-acesso-a-informacao/relatorios-ouvidoria. The capacity of the Ombudsman Office to serve as Project's Grievance Redress Mechanism will be further assessed during Project preparation; it may be used as such, avoiding the unnecessary duplication of institutions.

Proposed Additional Measures. A draft Stakeholder Engagement Plan (SEP) will be developed by the Borrower and consulted before Project Appraisal including all relevant aspects related with stakeholder identification, appropriate strategies of information disclosure and consultation and grievance redress mechanism.

The draft SEP will incorporate the proper elements of the proposed Project's Social Work Plan, which includes a "Social Mobilization and Organization" component – focusing on the formation, qualification and monitoring of a Reference Group of community volunteers and the articulation with the social protection policies network available at the city - and a "Social Monitoring and Management" component – focusing on providing information about the works and their implementation progress through meetings and other means of communication with the local community.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant.

Project workers would comprise civil servants from the municipal agencies involved on its implementation (direct workers) as well as state partner agencies that may be involved on the eventual relocation and extension of water and sewage networks (Minas Gerais State Sanitation Company – COPASA), relocation and extension of the electricity network (Minas Gerais State Energy Company – CEMIG) and in the event of any interference with underground natural gas networks (Minas Gerais Gas Company – GASMIG). These civil servants may remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, insofar as they are in line with the provisions of ESS 2 related with Protecting the Work Force and Occupational Health and Safety.

Project activities would also engage contracted and primary-supply workers, encompassing: (i) the consultants that would be hired for supporting managerial and supervision activities to be carried out by the PIU; (ii) the specialists that would be hired to carry out the conceptual studies envisaged under Component 3 and to develop project designs for the works included under Components 1 and 2; (iii) the contracted workers engaged through third-parties to perform the social assistance works as well as the construction works envisaged under Components 1 and 2; and, (iv) primary supply workers. The Project is not expected to engage community workers or migrant workers.

During Project preparation, the Borrower will assess the main potential labor risks that might be faced by project workers, considering the type and location of Project interventions and the different activities they would perform, the terms and conditions of work under the national labor legislation (which are very stringent with regards to discrimination in the work place and prevention of child and forced labor), and the contractual provisions that need to be put in place relating to contractors for the management of labor issues, including occupational health and safety.

Then, the Borrower will develop written Labor Management Procedures (LMPs) according to the requirements of this standard. These LMPs will include a Code of Conduct with considerations towards SEA/SH as well as the establishment of a standalone Grievance Redress Mechanism for workers. The LMPs will also include measures to ensure the protection of project workers against COVID-19, incorporating the requirements and guidelines set by WHO and the World Bank's ESF/Safeguards Interim Note "COVID-19 Considerations in Construction/Civil Works Project. The LMPs will be submitted to the Bank.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant.

Water reservoir solutions within the Isidoro watershed, with regularization of flow, non-transfer of water flooding downstream surplus, are sustainable urban drainage practices that minimize social impacts, expropriation, removal and resettlement. The use of flood damping reservoirs proved to be the most adequate alternative, supported by hydrological and hydraulic technical studies, and following good practices for sustainable drainage in urban areas. It is also essential in this project to implement innovative and associated interventions for the sustainable management of urban waters, with the potential to mitigate the consequences of waterproofing roads and public infrastructure. Such interventions, of a complementary nature to structural drainage actions, involve, among others, a list of micro drainage, infiltration (green infrastructure) and reservation (blue infrastructure) measures.

For all stages of infrastructure works in Izadora region (design, construction and operation), construction techniques based on nature and sanitation solutions will be prioritized, which reduce environmental and social impacts, considering: efficient use of energy, water and other resources; maintenance of streams in a natural bed; use of porous pavements in low-circulation roads and trenches and infiltration ditches to increase the permeable area and increase water retention in the soil; implementation of wetlands for the treatment of domestic effluents (wetlands); decrease in energy consumption and use of renewable energy, such as solar; measures to reduce pollution and waste, as well as enabling reuse and recycling of materials; use of non-toxic, ethical and sustainable materials; prioritization of active transport (bicycles and pedestrians) increasing the quality of life of the population and decreasing the emission of gases; implantation of agroforestry in remaining areas that increase the permeability of the soil, give a sustainable use of the land and increase the possibilities of food and income of the residents.
As part of project preparation, an assessment will be carried out to confirm if the project has a significant reduction of GHG and its findings will be reported in the Appraisal ESRS.
Waste management and disposal (including hazardous materials) during construction is another matter to be addressed in the provisions included in the ESMF, consistent with the ESS3 and the national legislation for the subject, quite complete. Technical assistance activities should also consider the requirements under ESS3, and the TORs for such technical activities will reflect pertinent requirements, and other measureswill be specified and detailed in ESMF.
Another issue to be considered in the ESMF concerns to pesticides or chemical methods that may be used for the purpose of controlling urban pests during drainage works and Izadora's region infrastructure works, which must follow ESS3 requirements.

ESS4 Community Health and Safety

This standard is relevant.
The works and interventions proposed to reduce the risk of flooding events seek to promote greater security for the population and operating units of mass public transport systems (Move and Metro), which integrate the axes of Av. Vilarinho / Av. Dr. Álvaro Camargos and Av. Cristiano Machado / Linha Verde. Likewise, infrastructure works in the Izadora region seek to stop (i) the advance of occupation over environmentally sensitive areas, including areas of geological risk, (ii) irregular occupations of strategic areas of the municipal territory for future promotion social housing and (iii) extreme socio-territorial vulnerability of the settlements.
During the implementation of civil works some temporary, site-specific, and reversible adverse impacts may occur at the community level bringing risks to community health and safety. As mentioned, these risks are related with the increase in noise levels and production of debris; soil movement and consequent air pollution by particulate material; increase in the circulation of trucks and machinery that can lead to traffic accidents and impair traffic and road safety; and the temporary influx of workers. The client will ensure that structural elements will be designed and constructed by competent professionals and certified or approved by competent authorities or professionals as required by ESS 4 and the Brazilian legislation and technical standards of Ministry of Labor. In addition and in compliance with the Brazilian legislation on accessibility, all community infrastructures will ensure safety and universal access of people with disabilities.
The project's ESMF (and subsequent ESMP) will include guidelines for addressing the issues of management and final disposal of debris (which may contain hazardous materials like asbestos), traffic, contractor performance, response to emergency and workers' security measures – including the use of security personnel - that may be needed given the context of insecurity and violence that prevails in the settlements. Thus, the ESMF will set provisions to ensure that

all civil works will be efficiently signalized and fence ringed as also required by both ESS 4 and the country's regulatory framework. Vehicles and machinery will be operated by professionally trained drivers and operators. To ensure the fleet of vehicles and machinery have proper operating conditions, contractors will be required to conduct periodical technical inspections. The client will also monitor and report to the Bank any incidents and accidents. The health and safety standards established by the Ministry of Labor's Regulatory Rules, equivalent to the Bank's EH & S Guidelines, are part of bidding processes and contracts with contractors and are frequently targeted by local government oversight, which enforces compliance. Finally, the use of security personnel will comply with the requirements set out in ESS4 and take into account the Bank's Good Practice Note: "Assessing and Managing the Risks and Impacts of the Use of Security Personnel".
A Social Communication Plan is a core part of the Stakeholder Engagement Plan and will be carried out, ensuring that local population becomes aware of safety procedures and about emergency preparedness and response measures that need to be followed.
Finally, during project preparation and conclusion of executive project designs, the team will ensure that relevant issues during the operational stage – such as: road and driver safety, pedestrian and biker safety risks from increased traffic, response to emergencies and accidents, and prevention of gender-based violence, among others – will be discussed with the client and properly taken into consideration. As part of its due diligence, the team will fill the GBV screening tool and report the GBV rating of the Project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is relevant, because civil works envisaged under Components 1 and 2 would involve the relocation of a significant number of people without formal, traditional or recognizable usage rights from areas of permanent protection, areas at-risk of flooding and landslides (estimated 980 families) and areas needed for urban upgrading interventions and also require the acquisition of a small number of land plots through expropriation or other compulsory procedures in accordance with national law (estimated 40 buildings in the required land plots).
In relation to Component 1, it was already identified the need to acquire five areas, all of which are privately owned, whose expropriation will be necessary for the implementation of the underground reservoirs for flood control, which locations were selected according to the hydrological and hydraulic study that was part of the study of alternatives. It is estimated that the expropriation of these land plots and buildings will lead to the removal of up to 40 families and establishments.
As for Component 2, it is estimated the need to remove up to 980 low-income families and informal business establishments mostly located in public areas.
Following the Municipal Housing Policy (Resolution LII- Deliberation of the Municipal Housing Council, Law 10,887/2015 and its Regulatory Decree 17,219/2019) and in line with the principles and requirements of this standard, the Borrower would initially prepare a Resettlement Policy Framework (RPF), which will be widely consulted and disclosed as part of Project preparation and before appraisal. When detailed designs of all project interventions are completed (during project implementation), two Resettlement Action Plans (RAP) – namely: an Resettlement Action Plan for the works envisaged under Component 1 that would take into account the site-specific and limited magnitude of the risks and impacts envisaged and a more complex Resettlement Action Plan for the works envisaged under Component 2 will be developed and widely consulted upon and disclosed in the project area.
The Project's instruments to manage risks associated with involuntary resettlement may offer three compensation alternatives for Project-affected families: (a) the reallocation in housing units of 2 and 3 bedrooms and in units for resettlement of businesses be built within the intervention area, or (b) the resettlement in other houses acquired in

or outside the region, or (c) cash compensation for the improvements made on the land (mainly in the case of non-residential use). These different options may meet the different needs of Project-affected families with different standards of living, livelihoods and sources of income and they will freely choose among them. These compensation alternatives will ensure the standard provided for the housing allows for the same or better living conditions as compared to the pre-project situation as initial assessments indicate that the limitation on 3 bedrooms would obtain this result. These alternatives will be first consulted with community leaderships and representatives of Project-affected people during the preparation of the RPF and, when detailed designs are completed and adverse impacts more precisely defined, they will be widely consulted again with all Project-affected people as part of the preparation of the RAPs. The resettlement compensation alternatives will be, in particular, consulted with the affacted population to obtain their views and feedback.

Project-affected families that choose the first option would also be offered for “provisional resettlement” – cash allowances for temporary leasing of vacant housing properties, with good habitability conditions - until their final resettlement in the housing units to be built under the Project.

During preparation, measures related with livelihood restoration, compensation of economic losses and transitional allowances will be defined further defined, but they will cover all losses of economic assets and also include the provision of transitional allowances and livelihood restoration measures as needed. (It is worth mentioning that the Municipality of Belo Horizonte has issued a regulatory framework that meets best practices with regards to the compensation of "foregone profits", intangible commercial assets and transitional allowances.)

The two main guidelines of the Municipal Housing Policy are: (a) the preference of the resettlement of Project-affected families in a location as close as possible to the place of origin and (b) the mandatory implementation of monitoring and social work plans throughout the entire resettlement process, covering actions of pre- and post-resettlement programs for resettled families.

During the pre-resettlement stage several thematic meetings with the families to be removed are held with the objective of preparing them for resettlement, adaptation to condominium life, and free choice of the compensation alternative. The Post-Resettlement Program (instituted by Municipal Decree 14,641 of November 10, 2011) is intended to assist families to take ownership of the new place of residence, establishing socio-cultural bonds between neighbors, liaising families with private companies, non-governmental organizations and public entities located in the neighborhood, referring and bringing families closer to social assistance services; and improving their socio-economic conditions. The Post-Resettlement Program also includes provisions to evaluate the effectiveness of the resettlement process and the expected improvements on people’s lives.

URBEL – the governing body of the Municipal Housing Policy – will be in charge of the resettlement process. URBEL has a robust experience in similar issues in several settlements throughout the city, being widely recognized as a local government agency of excellence in involuntary resettlement and social housing policies. The Municipality's budget already has resources reserved for the production of housing and all the costs that involve it.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

It is not expected that there will be significant impacts on biodiversity and the sustainable development of living natural resources, since the works proposed by the Component 1 will be developed within the urban environment, already quite modified in relation to its natural characteristics. Even though, modified habitats are also the object of attention of this standard, which makes it rather relevant. These habitats are mainly the banks of watercourses whose native vegetation has been suppressed, or situations where no vegetation exists anymore. It also includes the urban environment that, although no longer has its characteristics of original vegetation cover, still has parks,

backyard gardens and public arborization of squares and streets that that can provide support conditions for small representatives of the fauna (especially birds and small mammals).
For the works proposed by Component 2, one of the intended objectives is to preserve 280 water springs and 64 streams, and the native vegetation cover, including permanent preservation areas, confirming the relevance o this standard.
The synanthropic fauna (insects, rats and scorpions), has the appropriate conditions to proliferate in the urban environment and if pesticides or chemical methods are to be used for the purpose of controlling these pests, the team will ensure that the ESMF will address this issue in light with ESS6 and ESS3 requirements.
Municipal secretariats and agencies in the city of Belo Horizonte have proven experience in the process of urban environmental management and environmental licensing, which ensures that the mitigation hierarchy will be applied to minimize adverse effects of the Project's implementation.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not currently relevant. The team carried out a screening exercise to determine if Indigenous Peoples are present in or have collective attachment to the project area. This screening exercise concluded that this standard is currently not relevant in spite of the fact that there are individuals who migrated to Belo Horizonte's urban area in search of economic opportunity who self-identify with Indigenous Peoples nearby the Project Area. This conclusion is based on the fact that these individuals are spread all over the city and there is no evidence that they have established distinct collective communities within the Project area that meet the criteria of ESS7.
The population of the city of Belo Horizonte that had self-declared as Indigenous Peoples counted for 3.477 people in 2010 (the last official Demographic Census). They count for 0.15% of the city's population. According with a mapping exercise made by the Center of Urban Studies of the Social Sciences College of the Federal University of Minas Gerais, based on the microdata of the 2010 Demographic Census, the indigenous peoples in Belo Horizonte were largely spread and were found in very small numbers in all nine administrative regions (at most they counted for less than 39 people per neighborhood)
The Project will intervene in limited areas of the North Region of Belo Horizonte within the Isidoro River Watershed, where the presence of Indigenous Peoples is not found. Considering the available information is outdated, the Terms of Reference of the Social Impact Assessment to be carried out during project preparation will require that, on a precautionary way, the Borrower gather further information to confirm (or not) the conclusions of the screening exercise.
In the unexpected case that small groups of Indigenous Peoples possessing the four criteria pointed out by this standard are found in the Project's area, the relevance of the standard will be reviewed and the Borrower will prepare during the initial stages of project implementation, a broader integrated community development plan addressing all Project beneficiaries and incorporating necessary information relating to these groups.

ESS8 Cultural Heritage

This standard is relevant. The requirements of ESS 8 would be considered in all civil works and constructions supported by the project, some of which will require excavation works. The client will be required to avoid impacts on cultural heritage or to identify and implement measures to address these impacts in chance finding situations. The project team will ensure through the design, environmental assessment, and consultations, that no cultural resources will be affected by project investments.

Brazil has a well-developed legislative framework for protection of its cultural, historical and archeological heritage and the Institute of National Historical and Artistic Heritage (IPHAN), directly responsible for this matter, has adequate normative tools to deal with these aspects, under the environmental licensing process. Law 3,924/1961 rules over the property of pre-historical and archeological heritage, its use and exploitation as well as chance find procedures. IPHAN requirements and procedures are fully in line with the requirements of ESS 8.
IPHAN Instruction 001/2015 establishes administrative procedures to be observed in the licensing processes of which this agency participates. The entrepreneur and archeological coordinator are responsible for the execution of the activities approved by IPHAN, which also analyzes the plans, programs, projects and measures for environmental control envisaged on the project's ESMF before the issuance of the Installation License, which may include a Cultural Heritage Plan, including measures to ensure the preservation and safeguard of cultural heritage and monitoring and report guidelines among other aspects.
The Project's ESMF will include a session establishing the requirements that are common to ESS 8 and IPHAN's normative. This session will address the procedures set by IPHAN to deal with: chance finds; stakeholder consultation to determine whether disclosure of information regarding cultural heritage could compromise or jeopardize its safety or integrity and to allow continued access to the cultural site by its users; and how to protect archeological sites and materials, built heritage, natural features with cultural significance and movable cultural heritage.

ESS9 Financial Intermediaries

This standard is not currently relevant. The project will not involve Financial Intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None.

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

The Borrower would prepare and submit to the Bank, disclose and publicly consult draft versions of the ESMF, the RPF, the Stakeholder Engagement Plan (SEP), and the Labor Management Procedures before Appraisal. The Bank and the Borrower would agree on the Environmental and Social Commitment Plan (ESCP). The Borrower would also assigned the team responsible for the management of environmental and social risks of the project. During project

preparation, the Borrower and the Task Team would consider potential effects on greenhouse gas emissions and climate change as well as gender-sensitive and citizen engagement indicators.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The ESCP may cover, inter alia: (i) the commitment to disclose the final version of the ESMF, RPF, SEP and LMP up to 30 days after loan effectiveness; (ii) the implementation of the SEP throughout Project implementation; (iii) the establishment and operation of the Projects Grievance Redress Mechanism (GRM) and the standalone labor-related GRM; (iv) the measures to be adopted for compliance with the Labor Management Procedures and project workers code of conduct; (v) the preparation of the needed ESIA, ESMP and Resettlement Action Plans; (vi) the composition of the Projects environmental and social risks management unit, which might be staffed with the number of environmental and social specialists needed to cope with these risks in a proportionate way; and (vii) the timeline for the presentation of periodical progress reports addressing the management of environmental and social risks.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 19-Feb-2021

IV. CONTACT POINTS

World Bank

Contact:	Emanuela Monteiro	Title:	Senior Urban Development Specialist
Telephone No:	5761+1061 / 55-61-3329-1061	Email:	emonteiro@worldbank.org
Contact:	Nicolaas Johannes Placidus Maria de Groot	Title:	Senior Water Resources Management Specialist
Telephone No:	+1-202-458-2341	Email:	kdegroot@worldbank.org
Contact:	Juliana Menezes Garrido	Title:	Senior Water Supply and Sanitation Specialist
Telephone No:	5761+8620	Email:	jgarrido@worldbank.org

Borrower/Client/Recipient

Implementing Agency(ies)

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL

Task Team Leader(s):	Nicolaas Johannes Placidus Maria de Groot, Juliana Menezes Garrido, Emanuela Monteiro
Practice Manager (ENR/Social)	Maria Gonzalez de Asis Recommended on 22-Oct-2020 at 12:10:44 GMT-04:00
Safeguards Advisor ESSA	Marco Antonio Zambrano Chavez (SAESSA) Cleared on 27-Oct-2020 at 05:21:32 GMT-04:00