



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	P179046	
Project Name	Progestão Acre: Public Sector Management Efficiency		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	11/9/2022	2/7/2023
Borrower(s)	Implementing Agency(ies)		
State of Acre	SEPLAG/AC, State Secretariat of Planning		

Proposed Development Objective

Improve efficiency in public resource management in selected departments of the State of Acre.

Financing (in USD Million)	Amount
Total Project Cost	45.00

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 Proposed Project is the fourth operation in a Series of Projects (SoP) under the Program designed to assist Brazilian States implement reforms to improve efficiency in public resource management. The objective of Progestão Program, as stated in the Memorandum of Understanding between the National Secretariat of Treasury (Secretaria do Tesouro Nacional, STN) and the World Bank, is to develop the fiscal budget and asset management of the Brazilian governments through actions that aim at reducing and rationalizing public spending with long term results to contribute to the fiscal sustainability of subnational entities. The Proposed Project addresses five whole-of-government functions (human resource management, pensions, public investment management, asset management,



and procurement) and three strategic sectors (health, education, and social protection). These focus areas were selected applying the Progestão Program selectivity criteria: strategic alignment, implementation capacity, impact on beneficiaries, and alignment with World Bank corporate commitments.

The Progestão Program recognizes that the subnational fiscal crisis is largely a result of structural problems in public sector management. The Program, available to all Brazilian States regardless of their fiscal situation, will provide technical assistance to help participating States modernize and improve the following whole-of-government functions through investments in management reforms and information systems: human resource management; pensions; public procurement; public investment; debt management; state-owned Enterprises; and asset management. The Program also supports investments in management reforms and information systems in four strategic sectors: health, education, social assistance, and environment.

Specific interventions in sectors were selected after consultation with government officials and based on their contributions to improvements in efficiency and implementation readiness. The project will have three components:

Component 1. Whole-of-Government Management Systems comprises six subcomponents.

Sub-Component 1.1: Human Resource Management will be implemented by the State Secretariat for Planning (SEPLAG) and finance: (i) strategic workforce right-sizing of selected agencies and departments; (ii) design and implementation of workforce right-sizing platform integrated with the human resources management system; (iii) implementation of a people's allocation management platform, including dynamic distribution of the workforce, replacement alarms, and automated official documentation of reallocation; (iv) development and implementation of a management analytics and artificial intelligence system for automated payroll audit to reduce errors and fraud; (v) design and implementation of new functionalities to the State's HRMIS; (vi) automation of human resources management services and creation of a portal of services for the public tenants; (vii) periodic staff surveys to assess reform implementation and support change management; (viii) communications and capacity building to support the rollout and implementation of new tools; and (ix) procurement of energy efficient hardware to support the rollout and implementation of new tools.

Sub-Component 1.2: Pensions will be implemented by ACREPREVIDENCIA and finance: (i) the design and implementation of a pension management information system to implement the new benefit scheme and capacity-building to improve management of pension benefits ; (ii) the procurement of energy efficient hardware to support the deployment of these systems; and (iii) communications and capacity building to support the rollout and implementation of new tools.

Sub-Component 1.3: Public Procurement will also be implemented by SEPLAG and finance: (i) the development of a sustainable procurement strategy, and an implementation plan to help embed sustainable procurement across the State's purchases; (ii) the development and implementation of an integrated system for sustainable e-procurement, including the redesign and automation of key processes to ensure cost-effective acquisitions; (iii) the design and implementation of an inventory management system integrated to procurement, including and e-marketplace portal; (iv) the design and implementation of a strategic sourcing methodology to help identify demand for goods and services across the government; (v) the application of artificial intelligence using electronic invoices to identify and reduce fraud and corrupt practices; (vi) the development and implementation of a system that certifies enterprises and automatizes data aggregation; (vii) the capacity building program for officials working in procurement across the state; and (viii) procurement of energy efficient hardware to support the deployment of these systems.



Sub-Component 1.4: Public Investment Management and Budgeting will be implemented by SEPLAG and SEFAZ and will finance (i) the development and implementation of a public project management system for State's investments, integrating project preparation, screening and appraisal; (ii) the preparation of a portfolio of technically appraised, implementation ready projects; (iii) the design and implementation of a governance strategy to manage the project portfolio execution; (iv) design and implementation of sustainable budgeting systems and practices; (v) the development and implementation of a management system for the transfer of resources from the State of Acre to municipalities and organizations, allowing for digital monitoring of project preparation, implementation and accounting; (vi) the design and implementation of a cash management information system; (vii) development and implementation of a debt management information system, including a guarantee and a contractual module; (viii) capacity building for State and municipal government officials on sustainable public investment and expenditure management practices, to support the rollout and implementation of new tools; and (ix) periodic staff surveys to assess reform implementation and support change management.

Sub-Component 1.5: State Owned Enterprises will be implemented by SANEACRE and finance: (i) implementation of an information management system for sanitation, including modules of billing, charges, registry entries, financial, debt, and service interface; (ii) implementation of georeferencing software to integrate information of availability and customer usage; (iii) design and implementation of a telemetry system, including a governance strategy to reduce losses and increase efficiency of the operation; (iv) introduction of communication and capacity-building activities to support the rollout and implementation of new tools; and (v) procurement of energy efficient hardware to support the rollout and implementation of new tools.

Sub-Component 1.6: Asset Management will be implemented by SEPLAG and finance: (i) the technical support to assess up-to-date information of real estate properties, including geospatial data, area, occupation rate, valuations and registry's status; (ii) the development and implementation of a comprehensive public asset management system that includes a climate risk assessment of real estate assets; (iii) energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption or GHG emissions; (iv) the development and implementation of a system for mapping costs of information and communication technologies (ICTs), including identification of synergies between government-to-government systems, interoperability, and a governance strategy for new acquisitions and maintenance; and (v) capacity building on asset management practices and support the rollout and implementation of new tools.

Component 2. Management Systems in Strategic Sectors comprises three subcomponents.

Sub-Component 2.1: Health will be implemented by the State Secretariat for Health (SESACRE) and finance: (i) development of an expenditure review to identify cost structure and assess budgeting practices in the state's public health units; (ii) implementation of information system to support budgeting and expenditure management in the state's health units; (iii) introduction of communication and capacity-building activities to support the rollout and implementation of new tools; and (iv) procurement of energy efficient hardware to support the rollout and implementation of new tools.

Sub-Component 2.2: Education will be implemented by the State Secretariat for Education (SEDUC) and finance: (i) development and implementation of IT systems to improve management of transferred resources from the federal government and other transactional tools of the Secretariat; (ii) design and implementation of a student's meal



management system; and (iii) communications and capacity building to support the rollout and implementation of new tools.

Sub-Component 2.3: Social Assistance Secretariat for Social Assistance, Human Rights and Women (SEASDHM) and finance: (i) design and implementation of an integrated management system to facilitate the execution of social assistance programs, including financial management, cash transfer programs and management of other benefits, as well as internal registries; (ii) development and implementation of a transparency panel to support decision-making in social assistance; (iii) automation of social protection processes, providing faster access to services and reducing operational costs; (iv) communication and capacity-building to support the rollout and implementation of new tools; and (v) procurement of energy-efficient hardware to support the rollout and implementation of the above-mentioned activities.

Component 3. Project and Change Management comprises two subcomponents.

Sub-Component 3.1: Project Management Unit will be implemented by SEPLAG and finance: (i) the project management, including procurement, financial management, and environmental and social safeguards (staff, equipment, and operating costs); (ii) the development and operation of a grievance redress mechanism and management information system, in coordination with the Comptroller General (CGE) the institution mandated with this function; and (iii) communications and capacity building to support project management functions.

Sub-Component 3.2: Change Management will also be implemented by SEPLAG and finance: (i) the development of a transversal change management strategy encompassing on incentives, processes and skills; (ii) consulting services, studies, and surveys to support project implementation; (iii) the carrying out process reviews before information systems are developed; (iv) just-in-time support, as needed and as agreed with the Bank, including advisory services to the Procuradoria and technical teams during implementation, and knowledge exchange activities; and (v) communications and capacity building to support the rollout and implementation of new tools.

The Project proposed aligns well with the Brazil FY18-23 Country Partnership Framework (CPF). The Project is expected to support CPF's Focus Area 1 & 2 (Fiscal consolidation and government effectiveness and Private sector investment and productivity growth) by helping the adoption of policy reforms necessary to improve service delivery, reestablish fiscal stability and strengthen fiscal management, as well as setting up institutional arrangements that can attract, leverage, and secure private sector investment in the State of Acre.

The Bank has been a partner on regional development policies in Brazil and in the Amazon region since the late 1980's, and will apply this depth of experience to the proposed project.

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 proposed operation will have statewide relevance and will focus on technical assistance activities. Project activities will be implemented in an office environment. No site-specific interventions are expected. With an area of 16.4 million hectares Acre lies on the westernmost edge of the Brazil and completely within the Amazon biome,



bordering Bolivia, Peru. The vegetation cover of the State is basically composed of two types of phyto-ecological regions: Dense Ombrophylous Forest and Open Ombrophylous Forest. Nearly half of the state is under some form of legal protection: protected areas cover 31.3% and Indigenous Lands occupy 14.6% of the territory. Acre's location has contributed to maintain the native forest cover and to support the continued existence of traditional forest-based livelihoods.

There are 34 Indigenous Lands in the state of Acre hosting 14 distinct Indigenous Peoples and holding more than 2.3 million hectares, of which 30 have been fully regularized. These lands are distributed across 11 municipalities and Indigenous Peoples account for 2.4% of the state population. They belong to 16 Indigenous Peoples and account for they counted for 4.7% of the extremely poor people who benefit from conditional cash transfer programs in the state of Acre. There are also isolated and recently contacted Indigenous Peoples in the territory of the municipalities of Feijó, Jordão and Santa Rosa do Purus.

The state encompasses 22 municipalities, its population (estimated in 906,876 people – an increase of 23.6% since 2010) is mostly urban (72.6%) and its economy is heavily dependent of the public administration (35.3% of the state GDP). The public sector employees 9.6% of the economically active population and 41.5% of the formal jobs in the state. In the state, informality reaches 61.3% of the men and 44.9% of the women in the labor force.

The state population is largely poor. In 2021, the average monthly per capita household income was below the minimum wage (888 Brazilian reais). In 2017, 47.7% of the population lived below the poverty line and 17.4% below the extreme poverty line. In 2019, extreme poverty hit 16.1% of the population. By October 2021, 90,888 families (with an average of 3.9 persons per family) benefitted from the federal flagship cash transfer programs, of which 88.3% were female-headed families. Extremely poor families comprised 88.8% of the beneficiary families. Therefore, improvements in the Social Protection sector are expected to benefit nearly 475 thousand poor and extremely poor people (52.3% of the state population) who are registered in CadÚnico and include 4,697 indigenous peoples families and 8,866 families from riverine communities and artisanal fishery communities.

Improvements in the Social Protection sector are expected to benefit nearly 475 thousand people (52.3% of the state population) who are registered in CadÚnico. This population comprises families from including indigenous peoples (4,697), riverine and artisanal fishery communities (8,066).

In 2017, life expectancy at birth equaled 77.5 years and the child mortality rate corresponded to 16.4/100,000 births. The illiteracy rate reached 13.1% of the population 15 years of age and older – far above the regional and national averages (8.97 and 8.27%, respectively). The state public school network enrolls 95.7% of the pre-school students; 39.7 and 82.2% of the students enrolled in the first and last years of basic education, respectively; and 92.1% of the high school students in the state of Acre. During the Covid-19 pandemics, 15.8% of the students had no access to school activities, only 8.1% of the public schools offered class using the internet and allowing the interaction between students and teachers – the lowest level in the country (at the private schools network, this rating is 78.3 %) and only 3.9 % made equipment available for students during the suspension of the classrooms.

D. 2. Borrower's Institutional Capacity

Brazil has advanced environmental laws, reflecting a political culture of environmental protection.

SEPLAG will lead project implementation. SEPLAG will implement Component 1 in coordination with SEFAZ, ACREPRVIDENCIA and SANEACRE. Component 2 will be implemented by the SESACRE, SEDUC and SEASDHM. Component 3 will be implemented by SEPLAG.

The project will leverage SEPLAG's experience in managing externally financed operations, including the recently closed Acre Social and Economic Inclusion and Sustainable Development Project (P107146). This project was classified as category A because some activities would occur in environmentally and socially sensitive forest areas, including areas with presence of indigenous communities. The safeguards compliance rate varied from Satisfactory to Moderately Unsatisfactory during implementation and there was a few pending measures to be taken after the



closing date, mostly due to poor understanding of safeguard requirements by some of the many implementing agencies and the poor coordination between them. A Post-Closure Safeguards Action Plan is being implemented with some delays and the proposed Project will centralize the responsibility for E&S risk management under SEPLAG, broadly disseminate the Project's ESCP among the implementing agencies and carry out workshops on E&S risk management and the ESSs.

SEPLAG and the other implementing agencies have no previous experience with project implementation under the World Bank's Environmental and Social Standards.

A project's Steering Committee will be established as a deliberative body. It will comprise representatives of each agency participating in the projects and chaired by SEPLAG. The committee may temporarily invite agencies with direct or indirect involvement in the program to participate. The Committee will provide strategic guidance and oversight of the reforms and project implementation. It will be responsible for the overall policy coordination and policy guidelines, strategic guidance, set priorities, resolve conflicts, and ensure inter-agency collaboration where needed and monitor progress of the project.

SEPLAG will create a Project Management Unit (PMU) by decree. The PMU will support project implementation and coordination with the participating secretariats. The primary responsibility of the PMU will be to oversee and ensure operational compliance with project operating procedures and World Bank policies, including the Environmental and Social Standards as it will be defined in the Loan Agreement and the Environmental and Social Commitment Plan. The operation of the PMU will be financed by Subcomponent 3.1 throughout project implementation.

SEPLAG will also sign interagency agreements for cooperation with the sectoral secretariats, establishing the specific objectives, responsibilities, and timeframe for implementation of project activities. Participating agencies will designate a focal point responsible for project implementation and monitoring of progress. During project preparation the Bank team will assess (a) the capacity of the implementing agencies to carry out environmental and social risks management and (b) the capacity of the implementing agency to work in a coordinated manner under the leadership of SEPLAG. The Bank team will also agree with the Borrower on a capacity building plan, which will be proportionate to the negligible project-related environmental and social risks and impacts and the needs of the implementing agencies and the institutional arrangement designed for Project implementation.

The Environmental and Social Commitment Plan (ESCP) will include the designation of one staff member in the Project Management Unit who will be responsible for overall accountability with regards to the environmental and social performance of the project, detailed measures, actions, and completion dates. The capacity building strategy will also be included in the ESCP.

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

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The project will support only technical assistance (TA) activities to improve the whole-of-government management systems as well as management services in the Health, Education and Social Assistance strategic sectors. Project investments are not aimed at financing infrastructure works or other on-the-ground activities with potential environmental impacts and risks that need to be managed. No future construction of physical infrastructure investments, spatial plans, and natural resources management regulations is expected due to technical assistance activities supported by the project. Project activities will be implemented in an office environment and are not



expected to endanger living natural resources. Overall, the proposed activities do not present environmental complexity. The initial environmental risks and impacts assessment indicates that this technical assistance operation will not have large-scale, significant, and irreversible adverse direct impacts and/or downstream implications on society and the environment in the state. The project is not expected to pose a risk of environmental pollution and degradation of natural resources (air, soil, water). It is also not expected to affect biodiversity or habitats, either positively or negatively, directly or indirectly, or depend upon biodiversity for its success. Although the project will support the acquisition of energy efficiency hardware and software, there is no indication that quantities of electrical and electronic equipment waste (e-waste) will experience an increase due to project activities. As Brazil adopts policies and regulations concerning the disposal, recycling and generally management of e-waste, the e-waste potential negative environmental impacts are expected to be preventable through planned measures. On the contrary, some of the technical activities will contribute for a more sustainable use of energy and raw materials and to reduce GHG emissions. Furthermore, the project is expected to have a positive impact on the environment by strengthening Acre State's institutional capacity on: (i) the development and implementation of a sustainable public procurement strategy; (ii) accounting for climate issues in long term planning for government activities; (iii) fostering reductions in consumables, travel time and energy consumption through the digitalization of public administration services; (iv) the development and implementation of a comprehensive public asset management system that includes a climate risk assessment of real estate assets; (iii) energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption or GHG emissions.

Social Risk Rating

Low

Project activities are not expected to have adverse social impacts. They are neither expected to adversely affect vulnerable and disadvantaged social groups (including Indigenous Peoples), nor to reduce access of these groups to public services in consequence of the impact of the "digital divide" and the fostering of digital government. The improvements in the managerial systems of the Government of Acre would neither require nor lead to downstream effects related with land acquisition and restrictions on land use. They – including the workforce right-sizing platform – are neither expected to adversely affect the vested interests of existing public servants, nor to have a disproportionate and discriminatory impact on specific groups of civil servants. They will increase the sustainability of the state pension system. nor to increase the risk of breaches on access to private data and information. Finally, as the workers performed as part of the core functions of the Project will be carried out within office environments that are nor hard to supervise, the risks related with the terms and conditions of work (including occupational health and service aspects) tend to be minimal. The main social risks to be considered seem to refer to potential a) exclusion of disadvantaged and vulnerable peoples from the planning processes due to the digital divide, b) potential breaches of personal data in the digitalized services and c) potential antagonism and opposition by some key stakeholders. These risks will be minimized by the adoption of measures disclosure of information and stakeholder engagement, the continued offer of access to governmental services in person through local offices, and by Brazil's robust legislation on access to information, on protection and defense of rights of users of public services, on the provision of ombudsman services, on Cyber Crimes, and on the privacy of medical records. These social risks, adverse and positive impacts and downstream implications of project-supported activities will be further assessed during preparation and considered under the Expedient Environmental and Social Assessment (EESA) to be carried by the Borrower. Opportunities to promote gender equity in the roster of state public servants as well as to foster transparency, stakeholder/citizen engagement and social accountability in public management are being considered in project design. Thus: Subcomponents 1.1 and 1.4 will include periodic staff surveys to assess reform implementation and support change management; Subcomponents 1.1, 1.2, 1.5, 1.6, 2.1, 2.2, 2.3, 3.1 and 3.2 will also include communications and capacity building activities to support the rollout and implementation of new tools;



Subcomponents 1.3 and 1.4 will promote the incorporation of a gender-sensitive lens and aim to contribute to gender equity in public services; and Subcomponent 3.1 will support the operation of the Project Grievance Mechanism. Therefore, the improvements on the whole-of-government management systems (envisaged under Component 1) are expected to have positive outcomes at the state level in the medium and long run, including among others: reduced state fiscal deficit; increased fiscal transparency; improved delivery of good quality public services; and improved enabling environment for doing business. The expected increases in efficiency on public services in the different sectors (Component 2) may mostly bring co-benefits to vulnerable/disadvantaged social groups, families and individuals – those at the bottom of the income scale – who heavily rely on public services to have access to health, education and social protection networks.

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 will only finance technical assistance (TA) activities, including digital systems, digitalization, government process and procedures formulation, modeling of performance systems, and other studies focused on addressing fiscal imbalances, enhancing expenditure efficiency, and improving services delivery in the education, health and social protection sectors. The project focus is on institutional capacity building, artificial intelligence and electronic systems for improvement of the governance efficiency.

These types of TA do not easily lend themselves to detailed upfront environmental and social analysis during project preparation, as detailed planning is carried out as part of the TA itself during implementation. However, they are expected to bring minimal or no environmental and social risks or adverse impacts as there will be neither support for feasibility studies for future infrastructure investments, nor construction works.

The technology and information systems proposed under the project are well-established and understood and are expected to favor energy-efficient equipment. The expected improvement of a comprehensive procurement system by the Tocantins State would help to reduce procurement processing time, paper consumption, identify suppliers and establish verification procedures to evaluate compliance with environment regulations for sustainable management of natural resources by the primary suppliers. The expansion of the existing digital government platforms and electronic systems may generate e-waste and consume finite natural resources, but the amount of e-waste generated with the Project will not be significantly larger than without it. There is a potential for environmental gain and climate co-benefits arising from lower consumption of paper, energy and reduced travel for effective public management.

These benefits will be further analyzed during project preparation, when the Borrower will carry out an Expedient Environmental and Social Assessment (EESA) of the potential E&S risks associated with these TA activities. The EESA will pay special attention to potential downstream effects of Project activities in disadvantaged and vulnerable social groups (such as the Indigenous Peoples and traditional and quilombola communities) and will inform the subsequent Project's E&S risk classification. It is worth to highlight that downstream activities are outside of the scope of the Project. The EESA will explore opportunities to promote gender equity in the roster of state public servants and foster transparency, stakeholder/citizen engagement and social accountability in public management. It will also consider the labor and working conditions required for carrying out the TA.



The Project's Environmental and Social Commitment Plan (ESCP) will encompass provisions requiring that – when designing and hiring the TA activities – the Borrower: (a) applies E&S risk management measures as relevant and appropriate to the nature of the envisaged risks and impacts of the activities, (b) promotes broad stakeholder engagement and participation in a manner proportionate to the direct, diffuse and induced E&S impacts and downstream implications; (c) ensures that the terms of reference, work plans or other documents defining the scope and outputs of these activities are drafted so that the final products of the TA are consistent with the World Bank Environmental and Social Standards 1-10 and the relevant documents will be aligned with the Standards; (d) ensures that these terms of reference include resources efficiency and e-waste management considerations throughout the project life cycle and (e) take in consideration the opportunities to promote gender equity in the roster of state public servants and to foster transparency, stakeholder/citizen engagement and social accountability in public management.

It is relevant to highlight that (a) the Borrower has shown a strong commitment to applying national and international best practices with the potential to mainstream environmental sustainability in the activities proposed under the Progestão, (b) the Borrower has an updated socioeconomic diagnostic and a proposed Ecological-Economic zoning of the state; and (c) Sub-Components 1.3 and 1.4 will support the development and implementation of tools to support environmental and climate change risk assessment and project screening, improving the state capacity for the assessment and management of environmental and social risks related to its own activities.

Given the proposed timeline for Project preparation, the restrictions imposed by the electoral legislation on the use of official governmental websites during the electoral period (July-October 2022) are a risk for the readiness of the EESA and ESCP. Thus, the proposed approach is to ensure disclosure of these instruments prior to Appraisal and consultation of the EESA and disclosure of its final version within 30 days after Effectiveness.

During project implementation, the Borrower will undertake due diligence of the potential downstream implications of the project's outputs on environmental and social risk management, on disadvantaged and vulnerable social groups (including Indigenous Peoples), and gender-related concerns. It will also consider the labor and working conditions required for carrying out the TA activities themselves.

Areas where “Use of Borrower Framework” is being considered:

None

ESS10 Stakeholder Engagement and Information Disclosure

The key stakeholders of project activities are the state public servants whose conditions of work will be improved with the Technical Assistance and institutional capacity building provided with Project support.

Other interested parties – as they will indirectly benefit from improvements made for the provision of state public services in key sectors – are the civil society and, particularly, the lowest income people and most disadvantaged and vulnerable social groups as they rely the most in the public networks for the provision of health, education, and social protection services.

Considering the scope of project-supported activities and level of social and environmental risk, during preparation, the task team will ensure that the key elements of a Stakeholder Engagement Plan (SEP) are included as part of the Environmental and Social Commitment Plan (ESCP).

The Project's Environmental and Social Commitment Plan (ESCP) will include the commitments to: (i) disclose project information in a timely manner and understandable language to allow stakeholders to understand the purpose, nature, and scale of project activities, their duration, their potential downstream environmental and social implications, and (ii) to make available channels for (iii) receiving stakeholder feedback and (ii) responding concerns



and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner and to facilitate their resolution (Grievance Mechanism – GM). The ESCP will require that this GM holds the following functionalities:

- Different ways in which users can submit their grievances (anonymously or not), which may include submissions in person, by phone, text message, mail, e-mail, or via a website;
- Accessibility by disadvantaged and vulnerable social groups in a culturally appropriate manner;
- A log where grievances are registered in writing and maintained as a database;
- Publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgment, response, and resolution of their grievances;
- Transparency about the grievance procedure, governing structure, and decision-makers; and
- An appeals process (including the national judiciary) to which unsatisfied grievances may be referred when a grievance resolution has not been achieved.

The ESCP will also require that this GM is able to provide periodic reports on the resolution of the concerns and grievances raised, being able to flag and facilitate the resolution of SEA/SH issues.

During project preparation, the Bank team will assess the existing and operating system within the structure of the State Government (the Ombudsman Office) to check if it holds the above functionalities and is suitable for the project, ideally so as to avoid the unnecessary duplication of structures. This system shall be able to flag incidents related to SEA/SH, discrimination, and all issues related with ESSs 1-10.

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.

Some core functions of the project will be executed by civil servants and will also require the hiring of full-time, part-time or temporary consultants, trainers, and others. The project is not expected to engage primary supply or community workers. Civil servants will remain subject to the terms and conditions of their existing public sector employment agreements, which is fully able to achieve outcomes consistent with the principles of ESS 2 and is based on principles of non-discrimination and equal opportunity, no-harassment, freedom of association, safety and health at the work place, avoidance of child labor and forced labor, as well as the provision to workers of accessible means to raise workplace concerns without retaliation. The Brazilian labor legislation has strong rules related with layoffs and payment of labor rights according to the time of service and five-months unemployment insurance. ESS2 will not apply to them, with the exception of the provisions related to the Protection of the Work Force and Occupational Health and Safety. ESS 2 will fully apply to contracted workers.

Project workers are not expected to be exposed to occupational health and safety issues as they will perform the core functions within governmental facilities easily supervised.

The ESCP will include the following provisions that are core elements of Labor Management Procedures (LMP), which will apply to project workers in a manner consistent with ESS 2:

- Assurance that project workers directly engaged by the state government or through third-parties to work specifically in relation to the project and/or perform work related to core functions of the project (direct and



contracted workers) will be hired based on principles of non-discrimination and equal opportunity, no-harassment, and freedom of association.

- Assurance of adoption of appropriate occupational safety and health measures at the working places, considering an assessment of the potential risks associated with the tasks to be carried out and including special bio-safety protocols for protection against COVID-19 transmission as issued by the Ministry of Health, Secretariat of Labor and Employment Inspection (under the Ministry of Economy), the State Secretariat of Health, WHO, and the World Bank.
- Prohibition of child labor as well as forced labor.
- Establishment of a Code of Conduct promoting non-discrimination principles and behaviors and preventing and penalizing sexual harassment, exploitation and abuse as well discrimination and prejudice based on individual characteristics. The specifications of the code of conduct will be expressed in the Project's POM.
- Establishment and operation of a responsive GRM to allow workers to quickly inform management of labor issues and raise workplace concerns and labor-related matters without retaliation. This mechanism may use the same uptake channels of the project's overall GRM but shall remain independent from the Project's GM, following separate avenues for the resolution of labor-related complaints.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant.

It is not expected that the activities supported by the proposed TA IPF operation will pose a risk of environmental pollution and/or degradation of natural resources (air, soil, water), or generation of significant volumes of waste including e-waste.

The proposed activities will not involve construction works/service operations that may lead to adverse impacts related to pollution and resource efficiency. There will be activities related to the procurement of some ICT software and hardware to increase the existing performance of the government services system. Still, it is not expected to generate significantly more e-waste than it would be the case in the absence of the project.

Project-related air emissions are not likely to be significant. Therefore, GHG accounting is not required in this case. However, as Sub-Component 1.6 will support “energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption or GHG emissions,” the Bank will support the estimate of gross GHG emissions during implementation in addition to the requirement - should the borrower like to pursue this.

The National Policy on Solid Waste (NPSW) established by Federal Law No. 12,305/2010 establishes that solid waste management (including e-waste) must be carried out in a sustainable manner that considers environmental and social dimensions involved in solid waste management at the national level. NPSW established the obligation of manufacturers, importers, distributors and traders of electronic products and their components, to structure and implement a process for managing post-consumer electronics independent of the public management of solid waste. The State of Acre and the Municipality of Rio Branco (the capital city where most of the state public buildings are located) have also committed to the implementation of NPSW and have established their State and Municipal Plans on Solid Waste in 2012 and 2017, respectively.

Furthermore, the designations under NPSW are expanded within the scope of the federal decree no. 9,373 of May 11, 2018, which provides further instructions for the appropriate collection, transportation, recycling, and treatment of solid waste in the context of national and sub-national public administration. In 2019, the implementation of NPSW advanced through signing of a sectoral agreement for reverse logistics of electronics.



Finally, further provisions on the handling of e-waste are made through Federal Decree No. 10.240 of Feb 12, 2020, which requires sub-national governments to apply the principle of “reverse logistics” to promote the management of e-waste by putting in place processes that enable planning, implementation and controlling of the backward flow of e-waste and raw materials to manufacturing and distributing companies. At the national level, the Brazilian Ministry of Environment (MMA) is responsible for monitoring the implementation of the National Policy on Solid Waste, and information on progress and compliance on implementation is available publicly through the National Information System on Solid Waste Management (SINIR).

Moreover, activities under Components 1 and 2 would provide regulatory standards to raise minimum efficiency requirements for government equipment, abolition of paper-based process, building standards that have a role to play on climate change mitigation policies. So, improvement of governance sector can bring economic, social, environment, as well as climate benefits.

The EESA to be completed by Appraisal, will assess these potential negative and positive impacts and it will confirm the requirement of an E-Waste Management Plan if necessary. The EESA will also include project environmental and social management procedures and will include principles of sustainability as energy efficiency, reuse, recycle and recovery of e-waste, and transparency that is compliant with this ESS. Such measures will be discussed during project preparation to determine their relevance and, as appropriate, related measures may be specified in the ESCP. During project implementation, the State Government will consider measures to promote efficient use of energy as well as to avoid the generation of e-waste, including a focus, where relevant, on reuse, recycling, and recovering of e-waste in a manner that is safe for human health and the environment. Moreover, the terms of References and interventions resulting from this TA shall consider issues such as use, disposal, and/or recycling of material related to the electronic systems.

ESS4 Community Health and Safety

This standard is not currently relevant.

The project will only support technical assistance activities and is neither expected to involve activities that may lead to direct or indirect adverse impacts on community health and safety from both routine and non-routine circumstances, nor to community exposure to project-related traffic and road safety risks, disasters and hazardous materials. The project will not require the retaining of direct or contracted workers to provide security to safeguard its personnel and property. The project will not involve the construction of new dams and does not rely on the performance of any existing dams or dams under construction.

All public stakeholder engagement activities, including consultations, will be conducted with taking into consideration of the and including special bio-safety protocols for protection against COVID-19 transmission as issued by the Brazilian Ministry of Health, the Acre State of Acre Health Secretariat Government, WHO, and the World Bank. Brazil has a robust legal framework concerning personal data security and privacy. It includes two primary laws: (i) Protection of Personal Data (Law No. 13,709, of 14 August 2018), which has the objective of protecting the fundamental rights of freedom and privacy of a natural person or a legal person under public or private law in the processing of personal data, including in digital media; and (ii) Access to Information (Law 12.527 of 18 November 2011) that establishes in its article 31 that: "The treatment of personal information must be done transparently and with respect to the privacy, privacy, honor, and image of people, as well as individual freedoms and guarantees". Under this legal framework, all information produced and held by public agencies must remain accessible to the citizens, unless they are subject to some legally defined restrictions and the rights of users of public services protected by law include restrictions to the access to personal information in public records and databases and the



protection of personal information. Additionally, Law No. 12,737/2012 (also known as the Cyber Crimes Law) added Articles 154-A and 154-B to the Brazilian Penal Code, providing for the criminal classification of computer offenses and sentencing to fine and detention periods of 3 months up to one year the invasion of computer devices, connected or not to a computer network, by improperly violating a security mechanism and in order to obtain, tamper with or destroy data or information without the express or tacit authorization of the device's holder. Finally, the confidentiality of medical records is strictly ruled by the Code of Medical Ethics (Federal Council of Medicine Resolutions 2217/2018, 2222/2018 and 2226/2019, Chapters IX and X, <https://portal.cfm.org.br/images/PDF/cem2019.pdf>).

During project implementation, the terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities related to the electronic system of a student's transport system will incorporate the community health and safety measures needed to ensure consistency with the principles and requirements of ESS 4.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not currently relevant.

The technical assistance activities supported by the project will not require land acquisition or lead to restrictions on land use or land rights that may have adverse impacts related to involuntary resettlement. These activities are not expected to have downstream implications leading to such adverse impacts.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not currently relevant.

The project will neither negatively, directly or indirectly affect biodiversity or natural habitats, nor depend upon the management of living natural resources for its success. The project does not intend to invest in the forest sector; it will not support any forest related activities or purchasing natural resources commodities (including food, timber, and fibers) that are known to originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats.

The project is not anticipated to lead any negative impact on living natural resources, including native or non-native species, but using resources (like paper, energy and public offices) more efficiently, the Project may have some indirect benefits to living natural resources.

The expected establishment of a comprehensive procurement system by Government of Acre would help to reduce procurement processing time, paper consumption, identify suppliers and establish verification procedures to evaluate compliance with environment regulations for sustainable management of natural resources by the primary suppliers.

However, the type of support to be provided to the Borrower to develop a portfolio of implementation-ready investment projects will be clarified during project preparation, and as needed the ESCP will specify requirements for relevant E&S assessments of such investments, including the requirements of this standard.

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



This standard is relevant. The Project is not expected to have any adverse impact on Indigenous Peoples. However, as this standard applies whenever Indigenous Peoples are present in a proposed project area and regardless of whether Indigenous Peoples are affected positively or negatively, irrespective of the significance of any such impacts, and irrespective of the presence or absence of discernible economic, political or social vulnerabilities, the Borrower will determine the scope and scale of potential downstream effects of the technical assistance activities (particularly under Component 2) that may affect Indigenous Peoples.

There are 34 Indigenous Lands in the state of Acre holding more than 2.3 million hectares (around 14.5% of the state territorial area), of which 30 have been fully regularized. These lands are distributed across 11 municipalities (Assis Brasil, Cruzeiro do Sul, Feijó, Jordão, Mâncio Lima, Manoel Urbano, Marechal Thaumaturgo, Porto Walter, Santa Rosa do Purus, Sena Madureira and Tarauacá). The estimates of the Indigenous Peoples population in the state vary. In the last official demographic census (2010), they counted for 2.2% of the state population (15,921 people) and late estimates reach more than 20 thousand people (2.4% of the state population).

They belong to 16 Indigenous Peoples (the Apolima-Arara, the Ashaninka, the Huni Kui (Kaxinawá), the Jaminawa, the Jaminawa-Arara, the Katukina Pano, the Kuntanawa, the Machineri, the Maijá (Kulina) the Nawa, the Nukini, the Puyanawa, the Shanenawa, the Shawádawa, the Yawanawá and the Yawanawá) who spoke the Pano, Arawak and Arawá languages. There are also isolated and recently contacted Indigenous Peoples in the territory of the municipalities of Feijó, Jordão and Santa Rosa do Purus.

In terms of health, there are two Indigenous Special Health Districts (DSEI) – coordinated by the Special Secretariat for Indigenous Health of the Ministry of Health – operating in the state: the Alto Rio Juruá DSEI and Alto Rio Purus DSEI (which also covers part of the neighboring Amazonas State) and the state of Acre counts with 16 indigenous health care units. With regards to education, the last available data shows that there are 139 Indigenous Peoples basic schools in the state, with 621 indigenous teachers and around 8,000 indigenous students. Finally, with regards to Social Protection, 4,697 indigenous families (more than 21 thousand people) are enrolled in the Unified Register (CadÚnico) of poor and extremely poor families that are eligible for the federal cash transfer programs, comprising 4.6% of the registered families. Additionally, 90.1% of the indigenous peoples enrolled in CadÚnico benefitted from these cash transfer programs and they counted for 4.7% of their beneficiaries in the state of Acre.

The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent this Standard, to ensure that the relevant documents will be aligned with its principles and requirements.

ESS8 Cultural Heritage

This standard is relevant.

The project is not expected to include site-specific activities and technical activities to be supported are not expected to include, directly or indirectly, excavations, demolition, movement of earth, flooding, or other changes in the physical environment.

However, as Component 1 will support an asset management survey of state office buildings, the TOR for the building survey and measures to be included in the Environmental and Social Commitment Plan, the potential impacts of the survey and use strategy to be developed by the proposed technical assistance activities on any public buildings of cultural or historical value should be determined and mitigated.

The Borrower will implement documentation and protection of historical, architectural assets in compliance with the requirements of this standard and in compliance with the guidelines defined by the National Institute for Historical and Cultural Heritage (IPHAN).



ESS9 Financial Intermediaries

This standard is not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas Yes

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

There will be no financing partners.

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

Actions to be completed prior to Bank Board Approval:

Considering the nature of the proposed project activities, the team recommends the following actions to be considered:

- The Borrower will carry out an Expedient Environmental and Social Assessment (EESA) of environmental and social risks and impacts associated with proposed project activities during the preparation. The EESA would include any relevant environmental and social issues and concerns. As part of the EESA, the Client shall conduct an assessment of potential impacts of project activities upon Indigenous Peoples that are present within the state territory. The draft version of this assessment will be disclosed prior to Appraisal. The assessment will be proportional to the anticipated low environmental and social risks of the project and adequate to the Project's TA nature. The EESA would include any relevant environmental and social issues and concerns, pay special attention to disadvantaged and vulnerable social groups, gender gaps among state public servants, stakeholder and citizen engagement aspects.
- The Borrower will develop a draft Environmental and Social Commitment Plan (ESCP). The ESCP will define specific measures and actions to address environmental and social potential risks and impacts associated with the proposed Technical Assistance activities, a timeframe and the institutional responsibilities for ensuring the implementation of these provisions. The ESCP will be disclosed prior to Appraisal.

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

The ESCP shall incorporate the Borrower's following commitments:

- o The establishment of a Project Management Unit, including the designation of one staff member in the Project Management Unit who will be responsible for overall accountability with regards to the environmental and



social performance of the project throughout its implementation. This staff member shall be designated within 30 days of project effectiveness and will be responsible to report to the Bank on all relevant Environmental and Social aspects (including timely reporting on incidents, accidents and fatalities that can be associated with the execution of project-related activities).

- o The consultation of the EESA, its review based on the feedback received through the consultation process and the disclosure of its final version within 30 days of project effectiveness.
- o The submission to the Bank of regular monitoring reports on the on the environmental, social, health and safety (ESHS) performance of the Project.
- o The prompt notification of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury.
- o The core elements and principles for adequate stakeholder engagement and information disclosure set in ESS 10, including the operationalization of a grievance mechanism.
- o The core elements and principles for adequate management of project (direct and contracted) workers set in ESS 2, that will apply to all direct and contracted workers engaged to perform work related to the core functions of the project (including grievance redressing procedures) – including a Code of Conduct based on principles aimed at avoiding discrimination, moral and sexual harassment, abuse and exploitation.
- o The core elements and principles for implementing good practices of recycle and recovery of E-Waste according to the requirements of the national legislation and ESS 3.
- o The core elements and principles for promoting (as needed) the consultation and participation of Indigenous Peoples in all activities of their interest and in a manner consistent with the ESS 7.
- o The core elements and principles for adequate stakeholder engagement and information disclosure set in ESS 10, including the operationalization of a grievance mechanism within 30 days of project effectiveness.o The assurance that the consultancies, studies, capacity building, training, and any other technical assistance activities under the Project will be carried out in accordance with terms of reference acceptable to the World Bank, that are consistent with the ESSs.
- o The carrying out of monitoring activities and mid-term/final evaluations of the results/impacts of the operation with a gender-sensitive lens.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

07-Nov-2022

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: State of Acre

Implementing Agency(ies)

Implementing Agency: SEPLAG/AC

Implementing Agency: State Secretariat of Planning

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social): Paul Jonathan Martin Recommended on 21-Sept-2022 at 16:05:47 GMT-04:00

Safeguards Advisor ESSA: Marco Antonio Zambrano Chavez (SAESSA) Cleared on 29-Sept-2022 at 10:42:55 GMT-04:00

