



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

### **(ESRS Appraisal Stage)**

Date Prepared/Updated: 11/04/2022 | Report No: ESRSA02354

**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                        | 11/7/2022                | 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.

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 to identify core competencies of public officials and organizations' adequate hiring needs; (iii) implementation of a personnel management dashboard, including dynamic distribution of the workforce, replacement alarms and automated reallocation documentation; (iv) development and implementation of a management analytics and artificial intelligence system for automated payroll audit to reduce errors and fraud; (v) automation of human resources management services and other processes identified through the strategic workforce planning; (vi) redesign and implementation of human resource services and frameworks based on the strategic workforce planning; (vii) design and implementation of new functionalities to the State's HRMIS; (viii) periodic staff surveys to assess reform implementation and support change management; (ix) communications and capacity building to support the rollout and implementation of new tools; and (x) 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) design and implementation of pension management system functionalities that support pension payroll audit, unify management of benefit concession for all branches of government, and improve the users' interface and access to services through the digital platform; (ii) expansion and update of the pension record management information system to increase efficiency and enable operational, actuarial, and financial analyses to reduce costs and allow for better long term financial planning; (iii) procurement of energy-efficient hardware to support the implementation of these systems; and (iv) capacity building to support the deployment and implementation of new tools.

Sub-Component 1.3: Public Procurement will also be implemented by SEPLAG and finance: (i) development of a sustainable procurement strategy and an implementation plan to help embed procurement efficiency across the State's purchases; (ii) development and implementation of an integrated digital system for processing and analyzing data and managerial information in public procurement and contract management; (iii) redesign and automation of key processes and flows to ensure cost-effective acquisitions; (iv) design and implementation of an inventory management system integrated to procurement; (v) design and implementation of a strategic sourcing methodology to help identify demand for goods and services across the government; (vi) application of artificial intelligence using electronic invoices to identify and reduce fraud and corrupt practices; (viii) development and implementation of a system that certifies enterprises and automatizes data aggregation; (ix) capacity building and certification program for



officials working in procurement across the state; (x) development and implementation of digital systems that support contract management functions and procurement of low value, non-complex goods and services; and (x) 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) the design and implementation of a methodology for sustainable budgeting systems and practices for projects; (v) redesign and implementation of the processes and systems oriented to the development of public-private partnerships; (vi) 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; (vii) design and implementation of a cash management information system; (viii) development and implementation of a debt management information system, including a guarantee and a contractual module; (ix) 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 (x) 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 modules in the public asset management system that includes a climate risk assessment of real estate assets, a strategy panels and information for decision making and fleet management; (iii) energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption; (iv) 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) 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) implementation of a system to manage virtual consultations; (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 2.2: Education will be implemented by the State Secretariat for Education (SEDUC) and finance: (i) 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) implementation of a system to manage virtual consultations; (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 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) development and implementation 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 change management strategy for each core government area encompassing on incentives, processes and skills; (ii) consulting services, studies, and surveys to support project implementation; (iii) 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.

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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, AcrePrevidencia and



SANEACRE. Component 2 will be implemented by the SESACRE, SEE 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. The Borrower has an adequate environmental legal framework, institutional capacity, the expertise required, and commitment to manage the negligible project-related risks.

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. A Project Manager will head the PMU. The Project Manager will report to the Secretary of Planning. The primary responsibility of the PMU will be the coordination with the participating secretariats and the oversight of Project implementation, ensuring operational compliance with project operating procedures and World Bank policies, including the environmental and social risk management.

The capacity of the implementing agencies to carry out environmental and social risks management, to work in a coordinated manner under the leadership of SEPLAG, to disseminate information on relevant aspects of the Project to key stakeholders and to receive and facilitate the resolution of concerns and grievances raised by project-affected parties related to the environmental and social performance of the project has been assessed and considered adequate taking the low risk level of Project-supported activities. The PIU will assign a focal point to coordinate and supervise the implementation of the measures and actions for the management of environmental and social risks agreed in the ESCP and the Bank team provide hands-on guidance to this specialist throughout Project implementation.

## **II. SUMMARY OF 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 activities including consultancies, studies and the procurement of software and hardware that are aimed at promoting changes in processes and procedures of the whole-of-government functions, strengthening the institutional capacity of state agencies, fostering more efficient and sustainable use of energy and raw materials, contributing to reduce GHG emissions related with the provision of public services, enhancing information systems, reinforcing the shift towards data-informed and evidence-based management practices and improving the efficiency and the quality of service provision by the state government. The Project will not finance infrastructure and civil works and its activities will be implemented in an office environment. In consequence, the assessment of environmental risks, impacts and downstream effects of Project-supported activities points out that they will not have large-scale, significant, and irreversible adverse direct impacts and/or downstream implications on society and the environment in the state. They are not expected to: affect biodiversity, habitats, and ecosystem services; pose a risk of environmental pollution and degradation of natural resources (air, soil, water); or endanger or depend upon the use of living natural resources for its success. In short: the Project's potential adverse impacts on the environment are likely to be minimal or negligible. The Expedient Environmental and Social Impact Assessment (EESIA) carried out by the Borrower during Project preparation highlights just one aspect: the potential generation of e-waste in consequence of the acquisition of new hardware required to improve the information systems and strengthen the institutional capacity for proper management of the whole-of-government functions and the strategic sectors. This assessment highlights, however, that these impacts tend to be minimal because it is expected they will not generate significantly more e-waste than would be the case in the absence of the Project (the "business as usual" scenario) as the proposal is to augment existing capacity rather than replace old equipment.

### Social Risk Rating

Low

The social risk rating is low. An assessment of social risks, impacts and downstream effects that could be associated with the proposed changes to be introduced in the five whole-of-government functions (under Component 1) and in the three strategic sectors (under Component 2) was carried out by the Borrower as part of the EESIA and focused on six core issues. Considering Component 1, the assessment evaluated whether or not the activities to be carried out under: • Sub-components 1.1 and 1.2 could have adverse impacts and downstream effects in the rights and interests of state government employees, retirees and pensioners. It concluded that this risk is low or negligible, because the proposed changes will not affect the rights of this cohort of public servants and will contribute for more efficiency and sustainability of the pensions system in the long-term. • Under Sub-components 1.3 and 1.4 could have on the "business environment" leading to opposition from the existing roster of private providers of goods and services to the state government. It concluded that this risk is low or negligible, because the proposed changes will increase the transparency of procurement, investments and budgeting. • Under Sub-component 1.6 could have a potential adverse downstream effect related with land acquisition, restrictions on land use and involuntary resettlement and concluded this risk is negligible because the proposed activities aim to rationalize the management of vacant properties, renting them out or selling them rather than taking measures to retake their possession. Considering Component 2, the assessment has taken particular attention to potential adverse impacts on vulnerable and disadvantaged social groups – amongst which there are dozens of Indigenous Peoples, quilombola (Afro-Brazilian descendants of runaway slaves) and traditional communities as well as thousands of poor urban families. It pays special attention to the potential risk of exclusion or discrimination against of these disadvantaged and vulnerable





social groups from the benefits of the project because of the increased use of information and communication technologies by state secretariats and the existence of “digital gaps”. This risk was rated low because the access of users of health, education and social assistance services will not be limited to digital platforms or online channels. The assessment has also considered potential risks faced by Project Workers (direct and contracted workers) with regards to labor and working conditions, including occupational health and safety, discrimination, moral and sexual harassment, and sexual exploitation and abuse. It was concluded that this risk is minor because the works related to core functions of the program will not be performed in hardly to supervise areas, no physical and/or occupational health risk activities are foreseen among the tasks to be carried out by Project Workers and the Brazilian labor legislation already contains robust provisions related with terms and conditions of work, protection of the labor force, and occupational health and safety, which are highly consistent with the principles and requirements of ESS 2 – Labor and Working conditions. Finally, the assessment pointed out the overall risk that the proposed measures face some antagonism and opposition from key stakeholders and other interested parties because of misunderstandings or lack of adequate information about their reasons, nature and goals is low, preventable and minimized by the communication and stakeholder engagement strategy that has been incorporated in the design of the Project and reinforced through the commitments incorporated in the Project’s Environmental and Social Commitment Plan that are consistent with the principles and requirements of ESS 10.

## **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 investments with a focus on institutional capacity building for improvement of the governance capacity – 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.

Project activities are expected to bring minimal or no environmental and social risks or adverse impacts and downstream effects as there will be no construction works and the focus is and no support for feasibility studies for future infrastructure investments.

The Borrower has carried out an Expedient Environmental and Social Impact Assessment (EESIA) of the potential environmental and social risks, impacts and downstream effects – though the activities that may cause the later are outside of the scope of the Project – that could associated with the supported technical assistance activities, paying special attention to potential distributive impacts in disadvantaged and vulnerable social groups (such as Indigenous Peoples, traditional and quilombola communities) and gender issues.

On the environmental side, there is a minimal risk of generating e-waste, which is largely outshone by the potential for environmental gains and climate co-benefits arising from lower consumption of paper and energy and reduced travel for effective public management. It shall be highlighted the activities that have been incorporated in Project design aiming to mainstream environmental sustainability in the activities proposed under the Project – such as: the development of a sustainable procurement strategy, which addresses environmental, climate and gender equality considerations as relevant, and an implementation plan to help embed sustainable procurement across the State's



purchases (under Sub-Component 1.3), the development and implementation of modules in the public asset management system that includes a climate risk assessment of real estate assets, a strategy panels and information for decision making and fleet management and the energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption (under Sub-Component 1.5) and the design and implementation of a student's transport system (under Sub-component 2.2).

On the social side, the social risks of the Project are low and far exceeded by its positive impacts and downstream effects. Hence, Sub-Component 1.1 is expected to have the downstream effect of increasing opportunities to overcome gender and race biases on career promotion and assignment of leadership positions that have been detrimental to women and Afro-Brazilians in the state government as the improved system will generate information on ethnicity, race and gender (that can be used to inform public employment policies) and improve transparency. Sub-Component 1.3 and 1.4 may potentially lead to an enhancement in terms of equity, insofar as Women-owned business' (that currently are successfully in just a small-share – 20.5% – of the public procurement bids because of barriers related with the lack of information about the State procurement process and the inexistence of specific bids for women-owned businesses) may gain more opportunities to participate and be successful in these bids. With regards to Component 2, the expected increased efficiency and quality of public services provided in the strategic sectors will directly and indirectly benefit all those who are at the bottom of the income scale and heavily rely on public services to have access to health, education and social protection.

To address the main social risk identified (namely: the overall risk that the proposed measures face some antagonism and opposition from key stakeholders and other interested parties because of misunderstandings or lack of adequate information), the Project design has incorporated (i) the carrying out of periodic staff surveys to assess reform implementation and support change management, (ii) the implementation of communication and capacity-building activities to support the rollout and implementation of new tools and project management functions, and the use – with a few enhancements – of SEPLAN's Ombudsman Office as the Project's grievance redress mechanism, in coordination with the General Ombudsman Office under the State Comptroller General Office (CGE).

Based on the assessment of environmental and social risks, impacts and potential downstream effects, additional provisions have been incorporated by the Project's ESCP to ensure that: (i) the principles and requirements of the national legislation on labor and working conditions and the ESS 2 are consistently complied with by all contractors; (ii) incidents and accidents are promptly reported to the Bank and measures are taken to address them and prevent their recurrence; (iii) the principles and requirements of ESS 3 related with the efficient and sustainable use of resources and e-waste management are include – whenever adequate and financially and technically feasible – in the Terms of Reference of such activities; and (iv) 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 technical assistance activities are consistent with the World Bank Environmental and Social Standards 1-10.

The Project's ESCP will be disclosed before Appraisal. The draft EESIA will be publicly consulted and its final version (incorporating the relevant feedback from the consultation process) disclosed in the Project's dedicated website no later than 30 days after the date of 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 and on gender gaps.



## **ESS10 Stakeholder Engagement and Information Disclosure**

This standard is relevant.

The key stakeholders of the Project are: the nearly 50,000 state employees, whose conditions of work will be improved; retired public servants and pensioners; citizens and amongst them the socially disadvantaged and vulnerable social groups might be the most benefited by the Project, as they are the ones that mostly rely on public services to have access to health, education and social protection programs; businesses and firms, which will benefit from increased public sector productivity and improvements in government transparency and procurement processes. Other interested parties include civil society organizations and academics, which may benefit from access to better quality and more timely information that can be used for research and influence on policy decision-making purposes.

Considering the scope of project-supported activities and low level of social and environmental risk, the key elements of a Stakeholder Engagement Plan (or Framework) have been included in both the Project design and as part of the Environmental and Social Commitment Plan (ESCP).

Thus, several stakeholder and citizen engagement activities have been embedded in Project design:

- Subcomponents 1.1 on Human Resources Management, 1.4 on Public Investment Management and Budgeting and 1.5 on State Owned Enterprises will carry out periodic staff surveys to assess reform implementation and support change management.
- Sub-component 1.3 on Public Procurement encompasses a Technical Assistance activity for the development and implementation of an integrated system for sustainable e-procurement, including the redesign and automation of key processes, and reviewing the regulatory framework and institutional arrangements to increase transparency.
- Sub-Component 3.1 allocates resources for the development and implementation of a grievance redress mechanism and management information system, in coordination with the Comptroller General (CGE) - the institution mandated with this function.
- Communications and capacity building efforts to support project management functions and to support the rollout and implementation of new tools will be financed under Sub-Components 1.1, 3.1 and 3.2.

Furthermore, the ESCP contains further provisions related with:

- Carrying out stakeholder engagement activities, consistent with ESS10, which shall include measures to, inter alia:



- o Identify the relevant stakeholders (affected parties and other interested parties) for each one of the Technical Assistance activities supported by the Project (and their potential environmental and social risks and impacts as well as downstream effects);
- o Provide stakeholders with timely, relevant, understandable and accessible information about the Technical Assistance activities they might be interested in or be affected by the Project; and,
- o Consult – as necessary and in a proportionate way to the risks, impacts and downstream effects of the Technical Assistance activities – all potentially affected parties, in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

For these purposes the Borrower will keep a dedicated webpage of the Project within SEPLAG's website (<https://http://acre.gov.br/seplag-secretaria-de-estado-de-planejamento-e-gestao>). This webpage will be the main channel for disclosure of information about Project activities and consultation with the staff of the State Government (who are the main stakeholders).

The ESCP also states that the Project will rely on the State General Ombudsman Office (Ouvidoria Cidadã – under the State Comptroller General Office) – as the accessible, well-known, and well-regarded channel to receive and facilitate the resolution of concerns and grievances in relation to the Project. Ouvidoria Cidadã integrates the nationwide grievance platform Fala.br (which is the channel mostly used to register complaints in the state. Ouvidoria Cidadã holds the functionalities required under ESS 10, including several channels through which users can submit their grievances (the digital platform twiter, facebook, istagram, a phone number (68) 3215-4187), a facebook (<https://pt-br.facebook.com/ouvidoriageraldadefensoria>, the website (<https://defensoria.ac.def.br/ouvidoria.php/>) and face-to-face service at its headquarters, clearly and broadly disseminated processes and procedures, and the alternative to register complaints anonymously. The Public Defender and the Public Prosecutor's Office are open for appealing to which unsatisfied grievance can be referred to when resolution of grievance has not been achieved.

Ouvidora Cidadã and the Sector Ombudsmen on SEPLAG will receive guidance on how to identify and report on project-related grievances, considering the list of Project-supported activities as well as relevant environmental and social risks.

## **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 full-time, part-time or temporary consultants. The Project will engage primary supply workers and community workers to perform works related with its core functions. Civil servants will remain subject to the terms and conditions of their existing public sector



employment agreements. 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.

The assessment of the working tasks to be performed in relation with the core functions of the Project carried out as part of the Expedite Environmental and Social Impact Assessment has not identified any major risks related with terms and conditions of work as well as occupational health and safety, as these tasks will be fulfilled within the facilities of the State Government. Project workers will neither be working in places hard to supervise, nor carrying out activities that exposes them to occupational risks and/or dangerous conditions.

All the requirements and elements of ESS 2 will apply to contracted workers and have been included in the Project's ESCP, which clearly states 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 shall be hired based on principles of non-discrimination and equal opportunity, no-harassment, and freedom of association.
- Appropriate occupational safety and health measures will be adopted (and continuously monitored) 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 communicable diseases as issued by national and international health authorities.
- Project workers shall comply with provisions related to the no-acceptance of discriminatory behavior, or disrespect for distinct cultural values and traditions, or sexual harassment and sexual abuse and exploitation, among others. practices related to sexual harassment, abuse and exploitation in the labor environment/relationships will be penalized and the referral services available in the state and in the country to respond to such behaviors will be informed to all Project Workers.
- Child labor and forced labor will be completely prohibited.
- All the above-mentioned conditions will be inserted in the bidding documents and contracts to hire the contractors needed to perform the studies, consultancies and other technical assistance activities financed by the Project.
- A responsive Grievance Mechanism will be established no later than 30 days after the Project's Effectiveness Date and, thereafter, be widely disseminated and kept operational 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 GM, but follow separate avenues for the resolution of labor-related complaints.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**



This standard is relevant.

Based on the Environmental and Social Assessment, it is neither 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), nor expected to generate significantly more e-waste than would be the case in its absence (the “business as usual” scenario).

The proposed activities will not involve construction works/service operations that may lead to adverse impacts related to pollution and resource efficiency. Although, there will be some activities related to the procurement of ICT software and hardwires to increase the existing performance of the government services system, they are not expected to generate significantly more e-waste than 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”.

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. The designations under Federal Law No. 12,305/2010 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. 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). 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.

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.

It is worth to highlight that the Project incorporates activities that are expected to bring positive impacts in terms of resource efficiency and pollution prevention and management – such as: (i) the procurement of energy efficient hardware to support the deployment of new systems and/or the rollout and implementation of new tools that is considered under Sub-components 1.1, 1.2, 1.5, and 2.1; (ii) the development of a sustainable procurement strategy, which addresses environmental, and an implementation plan to help embed sustainable procurement across the



State's purchases (included under Sub-component 1.3); (iii) the development and implementation of modules in the public asset management system that includes a climate risk assessment of real estate assets, a strategy panels and information for decision making and fleet management and the energy audits based on CCB methodology for selected government properties, focused on reducing energy consumption (included under Sub-component 1.6); and (iv) the design and implementation of a student's transport system (included under Sub-Component 2.2), which is expected to significantly improve efficiency in school transport, leading to the potential reduction of GHG emissions.

Additionally, the Project's ESCP clearly sets the Borrower's commitments to (i) implement good practices of recycle and recovery of E-Waste according to the requirements of the national legislation and ESS 3, as appropriate and throughout Project's implementation, (ii) ensure that the consultancies, studies, capacity building, training and any other technical assistance activities under the Project are carried out in accordance with terms of reference reviewed and found acceptable to the Bank, that incorporate the relevant requirements of the Environmental and Social Standards, and, thereafter, (iii) ensure that the outputs of such activities comply with the terms of reference. 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.

#### **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.

The implementation of the student transport system – which consists of an information management system that optimizes variables such as school location, student addresses, travel time, road conditions, and type of transportation to organize routes in which students arrive at school on time, stay as little time as possible in the transportation, and are served safely – may lead to downstream effects that are out of the scope of the Project, but may be relevant with regards to the requirements of ESS 4 related with safety of services. Thus, it has been agreed that the Term of Reference for the “implementation of a student's transport system” envisaged under Subcomponent 2.2 shall take into consideration measures aimed at (i) ensuring road and traffic safety and (ii) abidance to the principle of universal accessibility (as already required by the national legislation). The ESCP will also incorporate requirements related with the adoption of the universal accessibility principle and technically and financially feasible traffic and road safety measures.

The improvements to be made in the information systems are not expected to cause breaches on personal data security and privacy because Brazil has a robust legal framework concerning the protection of the fundamental rights of freedom and privacy of a natural or a legal person under public or private law in the processing of personal data,





including in digital media (Law 12,527/2011, Law 12,737/2012 and Law 13,709/2018), which set that the treatment of personal information must be done transparently and with respect to the privacy, honor, and image of people, as well as individual freedoms and guarantees and define the invasion of computer devices, connected or not to a computer network in order to obtain, tamper with or destroy data or information without the express or tacit authorization of the device's holder as a criminal felony, penalized with 3 months up to one year of detention. 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>).

#### **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 that may have adverse impacts related to involuntary resettlement. These activities are not expected to have downstream implications leading to such adverse impacts. Activities under Subcomponent 1.6 Asset Management related to public buildings only comprise improvements to the system of registry of real-estate assets and maintenance expenditures. During project implementation, the team will monitor if these improvements may or not have implications for eventual informal users of these buildings, and will ensure that the principles of ESS5 are reflected in the Project's technical assistance.

#### **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 is not anticipated to lead to any negative impact on living natural resources, including native or non-native species. On the contrary, by using resources (like paper, energy, and public offices) more efficiently, the project may directly contribute to the sustainable management of living natural resources.

#### **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.

According to data from IBGE 2010, the indigenous population in the state of Acre was 15,921 people - 2.2 percent of the total state population. Of this total, 13,326 (83.7 percent) lived on indigenous lands already recognized by the National Indian Foundation – FUNAI and counted for 6.6 percent of the total rural population of the state. The remaining 2,595 indigenous people (16.3% of the total) lived in the capital, Rio Branco, and in other towns, constituting 0.49% of the urban population of the state. More recent data, systematized by the Office of Indigenous Affairs of the Governor's Office ("Assessoria de Assuntos Indígenas"), indicate, however, a population of 17,265 indigenous people living in 208 villages spread over 36 indigenous lands - 2.3 percent of the state's total population and 8.6 percent of its rural population.

They belong to sixteen ethnic groups – the Apolima-Arara, the Ashanika, the Jaminawa, the Jaminawa-Arara, the Kaxinawá, the Katukina, the Kulina, the Kuntanawa, the Madijá, the Manchineri, the Nawa, the Nukini, the Poyanawa, the Shanenawa, the Shawãdawa and the Yawanawá – and three isolated and recently contacted Indigenous Peoples. They speak the Pano, Arawak and Arawá languages. The isolated and recently contacted Indigenous Peoples in the territory of the municipalities of Feijó, Jordão and Santa Rosa do Purus.

The indigenous lands are distributed across 11 of the 22 Acre municipalities: Assis Brasil, Cruzeiro do Sul, Feijó, Jordão, Mâncio Lima, Manoel Urbano, Marechal Thaumaturgo, Porto Walter, Santa Rosa, Sena Madureira, and Tarauacá. They occupy an aggregate territorial extension of 2,436,811 hectares (which corresponds to 14.6% of the state territory) and have 208 villages.

According to the Office of Indigenous Affairs of the Acre State Government, there are 37 locally based indigenous associations, representing 13 peoples from 29 indigenous lands. There are also two cooperatives, two organizations representing professional activities (indigenous teachers and agroforestry agents), two organizations representing indigenous women, one for young people, and one for indigenous people living in urban areas.

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, activities supported under Sub-Component 1.6 will support an asset management survey of state office buildings and this survey may identify public buildings of cultural and historical value. Hence, the Government of Acre shall implement documentation and protection of these historical and 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), which are consistent with this ESS.

#### **ESS9 Financial Intermediaries**

This standard is not relevant.

### **C. Legal Operational Policies that Apply**

|  |     |
|--|-----|
| <b>OP 7.50 Projects on International Waterways</b> | No  |
| <b>OP 7.60 Projects in Disputed Areas</b>          | Yes |

### **B.3. Reliance on Borrower's policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No

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

None

### **IV. CONTACT POINTS**



## The World Bank

Progestão Acre: Public Sector Management Efficiency (P179046)

### World Bank

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### Borrower/Client/Recipient

Borrower: State of Acre

### Implementing Agency(ies)

Implementing Agency: SEPLAG/AC

Implementing Agency: State Secretariat of Planning

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## VI. APPROVAL

|                                  |   |
|----------------------------------|---|
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