

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 02/19/2014

Report No.: AC7002

1. Basic Project Data

Original Project ID: P107146	Original Project Name: Acre Social and Economic Inclusion and Sustainable Development Project - PROACRE	
Country: Brazil	Project ID: P130593	
Project Name: Additional Finance to Acre Social and Economic Inclusion and Sustainable Development Project		
Task Team Leader: Adriana Goncalves Moreira		
Estimated Appraisal Date: November 7, 2013	Estimated Board Date: March 5, 2014	
Managing Unit: LCSAR	Lending Instrument: Investment Project Financing	
Sector: Sanitation (70%);General agriculture, fishing and forestry sector (10%);Primary education (10%);Health (10%)		
Theme: Water resource management (40%);Pollution management and environmental health (40%);Education for all (10%);Other rural development (10%)		
IBRD Amount (US\$m.):	150	
IDA Amount (US\$m.):	0	
GEF Amount (US\$m.):	0	
PCF Amount (US\$m.):	0	
Other financing amounts by source:		
<u>Borrower</u>		37.50
		37.50
Environmental Category: A - Full Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The original Project Development Objective (PDO) will be maintained as follows: "The objective of the Project is to contribute to the Borrower's efforts to promote social and economic inclusion of its rural and urban poor, including its poorest and most disadvantaged population living in isolated areas of the Borrower's territory." These improved outcomes will be achieved through the expansion of access to, and improvement in the quality of basic health, education, water supply, sanitation and other basic infrastructure; and increased technical expertise and improved organization in sustainable production methods and the development of selected productive sectors.

Building on the successful implementation of the PROACRE Project, the State of Acre has requested an Additional Financing (AF) in the amount of US\$150 million to expand

and carry out new activities in order to leverage the project's impact and improve social, economic and environmental health conditions for poor population in the targeted urban and rural areas. The AF would make it possible to:

a. Carry out new environmental sanitation and basic infrastructure activities in isolated municipalities (Marechal Thaumaturgo, Jordão, Porto Walter, and Santa Rosa do Purus), including water treatment and distribution, wastewater collection and treatment, adequate solid waste management, paving, stormwater drainage, and improving river access with the objective of contributing to improved public health and environment preservation; and

b. Scale up existing activities with the most vulnerable groups and isolated municipalities in the state through (i) expanding the project to new areas, including additional indigenous groups, and (ii) expanding the education and health agenda for the most vulnerable groups. The scaled-up activities would also strengthen the community development plans and the market chains of selected agricultural products and the support for small business enterprises in urban areas.

3. Project Description

This operation (P130593) is an Additional Financing to the Acre Social and Economic Inclusion and Sustainable Development Project (PROACRE – P107146), currently under implementation, with closing date on March 31, 2015. The Additional Financing loan is expected to be implemented within a 3-year period, with a closing date of March 30, 2018. This Additional Financing maintains the five components from the original operation, with the following adjustments:

Component 1: Basic Services for Isolated Rural Communities (US\$85.2 million IBRD): This component will continue to support the provision of basic services in primary health care, basic education and agricultural extension services, including technical and financial assistance, to Acre's dispersed and most isolated rural communities, as defined in the original three subcomponents. A fourth subcomponent has been added for development of integrated environmental sanitation systems and basic infrastructure in four of the isolated municipalities (Marechal Thaumaturgo, Jordão, Porto Walter, and Santa Rosa do Purus), particularly through water treatment and distribution, waste water collection and treatment, paving and drainage of all season urban roads, garbage collection and adequate disposal, and improving landing sites for better access to river transport in order to ensure public health and improved quality of life for isolated populations.

Component 2: Social and Economic Inclusion in Rural Communities (US\$33.1 million IBRD). The structure of this component will remain the same, and will continue: (i) improving the quality and governance of education and health services in 100 COPs (Pole Communities); and (ii) improving income levels of the population living in these communities by supporting selected production chains.

Component 3: "Social and Economic Inclusion in Marginal Urban Communities". (US\$13.4 million IBRD). The objective of this component is to promote social and economic inclusion of urban communities in areas of high socioeconomic and environmental vulnerability. This component will include activities to foster entrepreneurship and promote economic empowerment through the promotion of small businesses, and the expansion of vocational training for professionals and community members in all 22 municipalities. The following subcomponents are proposed: (i) Education activities for social inclusion of the most disadvantaged groups living in urban ZAPs; (ii) Health Activities for Social Inclusion; and (iii) Development of entrepreneurship and small business enterprises in Urban ZAP Communities.

Component 4: Public Policy and Institutional Strengthening (US\$12.3 million IBRD). This component will continue to modernize Acre's State agencies and to support the decentralization of primary services in health and education, which is a constitutional responsibility of the municipalities. The component will maintain the same subcomponents: (i) Public Sector Management Interventions in education, health, WSS and public administration; and (ii) Institutional Strengthening of Indigenous Organizations.

Component 5: Project Management and Information Dissemination (US\$6.0 million IBRD). This component will continue to support overall project coordination and supervision and the strengthening of the effectiveness and quality of all project operations.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

As in the parent project, the area for the proposed Additional Financing will encompass the entire state of Acre (Amazon Region) for the education, health and sustainable development activities. The new environmental sanitation activities under Component 1 will focus on four isolated municipalities (Marechal Thaumaturgo, Jordão, Porto Walter, and Santa Rosa do Purus).

Sustainable development activities (Community Development Plans and Indigenous Land Management Plans) would follow from Plans prepared under PROACRE or continue from activities being implemented under the parent project, and may include natural resource management activities in rural communities, involving non-timber and/or timber products in forest extractive reserves. Such activities will be small in scale and shall follow specific management plans developed and monitored collaboratively by communities and state agencies (SEMA, SEAPROF and SEDENS), as detailed in the project's Environmental Assessment.

The new environmental sanitation activities, encompassing potable water treatment and distribution systems, sewage collection and treatment systems, urban paving and drainage, solid waste management, and improving river access with docking ramps, will target four small villages in the four isolated municipalities (less than 4,000 people) and should consist of mostly urban works, with no expected negative impacts on the

surrounding forests and rivers. Due to the numerous public spaces available for system structures, up to the time of appraisal no need was identified for land acquisition and no impacts covered under the involuntary resettlement policy are expected.

5. Environmental and Social Safeguards Specialists

Mr Alberto Coelho Gomes Costa (LCSSO)

Ms Agnes Velloso (LCSEN)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)	X	
Forests (OP/BP 4.36)	X	
Pest Management (OP 4.09)	X	
Physical Cultural Resources (OP/BP 4.11)	X	
Indigenous Peoples (OP/BP 4.10)	X	
Involuntary Resettlement (OP/BP 4.12)	X	
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)	X	
Projects in Disputed Areas (OP/BP 7.60)		X

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: The most significant potential for impacts derive from the following project supported activities:

a. As under the parent project, the Additional Financing may support small-scale timber and non-timber community-led economic activities in existing extractive reserves. Such activities are implemented according to specific NRM management plans, prepared and implemented under the guidance and close supervision of state agencies (SEAPROF, SEDENS, SEMA). No significant negative impact was detected to-date from the implementation of this type of activities under the parent project. Lessons learned during implementation of the parent project led to improvements in the monitoring system and prior and periodical screening procedures (improved checklists, periodicity of supervision, and training of project staff), which are already operating and will be applied to new investments.

b. Water treatment and distribution systems; and sewage collection and treatment systems: while these activities should result in improved human health and reduced water pollution and soil contamination, main potential negative impacts might involve land acquisition or involuntary resettlement and river contamination due to eventual flaws/disruption in treatment system. The works to put these systems in place will be carried out in urban environments and up to the time of appraisal, no need for land acquisition or involuntary resettlement was identified because there are numerous public spaces available for system structures. The EA and the Environmental Manual for Civil

Works contain detailed guidance on adequate planning procedures for each intervention, which involve complying with the procedures to obtain an Environmental License and preparing a specific environmental and social assessment and action plan. The latter would assist in the development of the engineering designs and selection of location of system structures and treatment methodologies (including treatment/ disposal of sludge and effluents from the treatment process) among other aspects, and indicate the adequate prevention and mitigation measures to prevent or reduce potential impacts in each municipality context. According to national legislation, limited intervention in riparian areas for essential infrastructure works will only occur if no other technical option proves viable for the planned system, which may occur for parts of the system in some cases given the particular landscape of these river-side towns. Nevertheless, the areas to be eventually disturbed would be virtually negligible compared with the total of riparian areas in the target municipalities. Specific safeguards checklists and supervision procedures have been developed to guide and monitor water and sewage interventions.

c. Urban paving and drainage: most existing urban streets in the target isolated municipalities are unpaved or precariously paved and with little or no drainage structures, which results in severe erosion during the rainy season. The number and location of specific streets to be paved in each village will be defined during implementation. The main potential impact from this activity might be insufficient capacity of the drainage system to be designed. The streets will be paved with clay bricks, resulting in partial waterproofing and reducing paving impact, and the environmental assessment for this intervention in each municipality will ensure the drainage system is adequately designed for the local climate and the selected paving material. Overall, impacts from this activity should be positive, resulting in reduced erosion and reduced sediment deposition in nearby watercourses, and improved accessibility within the urban space.

d. Solid waste management: currently, none of the isolated municipalities have a reliable solid waste collection service and all waste disposal is in precarious and poorly-located open dumps, and access roads to dumps are often impassable during the rainy season. This activity will involve structuring a solid waste collection service and the construction of sanitary landfills in adequate locations (to be selected during project implementation). While the implementation of this activity should improve environmental and human health, main potential negative impacts from this activity could result from poor selection of landfill sites leading to soil/water contamination with landfill effluents. Sanitary landfills will be constructed according to the national environmental and recent (2012) solid waste legislation to serve small communities in the four isolated municipalities (less than 4,000 people), applying existing technology to prevent or reduce impacts from waste decomposition. The environmental licensing procedures and the preparation of specific environmental assessments for each intervention should minimize the risks associated with the selection of landfill location, and indicate the most suitable and viable solution to minimize, manage and/or treat landfill effluents. These solutions regarding landfill effluents will be submitted for Bank review and approval before implementation.

e. River access: river access in these isolated communities is very precarious and disorganized, increasing and speeding the natural erosion of river banks, which in some cases results in hazardous conditions for nearby housing, businesses and roads. The project will organize river access in these areas, recuperating eroded margins and

building access ramps and floating docks for small boats and canoes, as well as a landing platform at the highest point of the access area. As the existing sites are heavily used and degraded, this activity should reduce human impact. The first action in these investments will be an assessment of the currently used sites to define if the project will invest in the rehabilitation of the existing site or in the construction of an adequate structure in a more appropriate site. Main potential negative impacts from this activity might involve poor design of river access structures and unnecessary soil waterproofing if care is not taken to adopt environmentally-friendly techniques such as using vegetation or porous materials to hold soil in place as much as possible. The specific environmental and social assessment to be prepared for each intervention should indicate adequate solutions for the recuperation and stabilization of river margins, recovery of natural vegetation cover where possible, and best design of river access to prevent erosion processes in each municipality context. The identified technical solutions in engineering designs will be submitted for Bank review and approval before implementation.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

All project activities are designed to improve public health/quality of life and the conservation of forests, increasing sustainability of natural resources use (improved NRM) and reducing overall negative human environmental impact. The capacity-building activities being carried out and planned for rural technical assistance agents are expected to contribute to the internalization of sustainable NRM and agricultural practices, and investments in sewage treatment, paving and solid waste management are expected to produce positive long-term impacts, reducing erosion and water/soil contamination.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. Sustainability criteria and specific social and environmental checklists were developed by the borrower to previously screen and to monitor implementation of investments in sustainable development activities (including NRM) identified through the Community Development Plans and Indigenous Land Management Plans, and new investments in environmental sanitation activities (water and sewage systems, solid waste management, paving and drainage, river access). The electronic monitoring system of the project has been upgraded to better monitor environmental and social aspects of existing and new project investments, as well as the implementation of eventual mitigation measures.

Bank supervision missions of the original project have found that the implementation of the safeguards frameworks has been satisfactory. The main adjustment identified is the need to provide refresher courses for the on-the-ground staff responsible for safeguards within the project team, particularly those from the State Secretariat of Agroforestry Extension and Smallholder Production (SEAPROF) who provide technical assistance to rural communities during the implementation of productive subprojects supported under the project. Resources have been included in the Additional Financing for this additional

training, as well as for training of new staff (from SEAPROF and the Sanitation Department – DEPASA) as the proposed project expands to new themes (water supply and sanitation) and new geographical areas, the latter including Indigenous Lands and Rural Communities as well as four urban areas (four isolated small towns). Implementation of the project's Indigenous Peoples Plan (IPP) was also satisfactory. The main adjustment identified is the need to strengthen technical assistance staffing for indigenous communities via SEAPROF.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. During the original project preparation, consultations on safeguard policies (with indigenous and civil society organizations and beneficiary stakeholders) were carried out through seminars and focus groups organized both at the regional and state levels. All safeguard documents (EA/EMP and IPP reports) were made available on the home page of State Government. During project implementation, consultations have been focused on local stakeholders - mainly indigenous and rural community organizations eligible for project support – during project dissemination and planning events.

Indigenous and civil society organizations consulted endorsed the conclusions of the project IPP and EA and seemed to clearly understand the EMP and IPP procedures. The Indigenous Peoples organizations stressed the need to respect their traditional knowledge, in particular in the use of forest resources management and biodiversity conservation.

The Government of Acre conducted additional consultations of all revised and updated safeguard documents after completion of the draft updated EA/EMP and IPPF, and the Resettlement Policy Framework (RPF). Public events were held from February 18 to 22, 2013 in the municipalities of Santa Rosa do Purus, Jordão, Marechal Thaumaturgo, Porto Walter, and Cruzeiro do Sul (the latter is no longer a target under this project, as additional government funds were made available through a different project to achieve the envisioned objectives in that municipality). These consultation events had the participation of representatives of municipal and state agencies, NGOs, social movements, producers associations and cooperatives, and indigenous and non-indigenous groups. Broad advertising of the events was carried out prior to the meetings, with all relevant documentation being made available for public review.

The representation of civil society in the meetings was recorded in the consultation report, as well as consultation methodology and results (feedback received), and responses from the project team. The detailed consultation reports were appended to the revised safeguards documents.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/30/2013
Date of "in-country" disclosure	10/21/2013
Date of submission to InfoShop	10/25/2013
For category A projects, date of distributing the Executive	10/21/2013

Summary of the EA to the Executive Directors

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/30/2013
Date of "in-country" disclosure	10/21/2013
Date of submission to InfoShop	10/25/2013

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/30/2013
Date of "in-country" disclosure	10/21/2013
Date of submission to InfoShop	10/25/2013

Pest Management Plan:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	08/30/2013
Date of "in-country" disclosure	10/21/2013
Date of submission to InfoShop	10/25/2013

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?	No
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	N/A

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?	Yes
Is a separate PMP required?	Yes
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?	Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	N/A
OP/BP 4.12 - Involuntary Resettlement	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes
OP/BP 4.36 - Forests	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes
Does the project design include satisfactory measures to overcome these constraints?	Yes
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	N/A
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes
Has the RVP approved such an exception?	Yes
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Ms Adriana Goncalves Moreira	01/27/2014
Environmental Specialist:	Ms Agnes Velloso	01/27/2014
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Mr Alberto Coelho Gomes Costa	01/27/2014
<i>Approved by:</i>		
Regional Safeguards Coordinator: Comments:	Mr Glenn S. Morgan	02/06/2014
Sector Manager: Comments:	Mr Laurent Msellati	02/19/2014