



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 12/22/2021 | Report No: ESRSC02530



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Brazil	LATIN AMERICA AND CARIBBEAN	P178339	
Project Name	Progestão Mato Grosso: Public Sector Management Efficiency		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	2/22/2022	4/28/2022
Borrower(s)	Implementing Agency(ies)		
State of Mato Grosso	SEFAZ - Mato Grosso, Secretariat of Finance - Mato Grosso		

Proposed Development Objective

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

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>50.00</b>

**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 IPF operation follows the overall Progestão approach of providing technical assistance around the whole-of-government functions to the State of Mato Grosso to improve efficiency in the management of public resources through targeted actions in priority sectors.

The Progestão Mato Grosso Project will include the following components and sub-components:

- Component 1. Whole-of-Government Management Systems



- o Sub-Component 1.1 Human Resource Management: Activities include: (i) development of a strategic workforce management system to reorganize the state's career system, according to competencies and create workforce management processes; (ii) Management analytics and artificial intelligence system for automated payroll audit to reduce errors and fraud; (iii) periodic staff surveys to assess reform implementation and support change management; and (iv) communications and capacity building to support the rollout and implementation of new tools.
- o Sub-Component 1.2 Pensions: Activities financed under this subcomponent focus on MTPREV and its systems, which include: (i) development of an actuarial impact calculation system resulting from workforce changes that will develop algorithms to automate short- and long-term impact metrics; (ii) design and implementation of a pension financial asset and liability management system implemented to balance public accounts; (iii) procuring energy efficient hardware to support the deployment of these systems; and (iv) communications and capacity building to support the rollout and implementation of new tools.
- o Sub-Component 1.3 Public Procurement: Activities include: (i) development of a sustainable procurement strategy, which addresses environmental, climate and gender equality considerations, and an implementation plan to help embed sustainable procurement across the State's purchases; (ii) development and implementation of a centralized e-procurement system, including green and climate sensitive procurement and the redesign and automation of key processes; (iii) a stock management system integrated to procurement, including an e-marketplace portal; (iv) design and implementation of blockchain and disruptive technologies to guarantee the suitability and readiness of procurement (v) application of artificial intelligence using electronic invoices to identify and reduce fraud and corrupt practices; (vi) capacity building program for officials working in procurement; and (vii) acquisition of energy efficient hardware to support the deployment of these systems.
- o Sub-Component 1.4 Public Investment Management and Budgeting: Activities include: (i) development and implementation of a public project management system for State's investments, integrating environmental and climate change considerations in project preparation, screening, and appraisal; (ii) development and implementation of tools to support environmental and climate change risk assessment and project screening; (iii) development and implementation of an electronic tool for the management of the portfolio of technically appraised, implementation ready projects to support Mato Grosso's development, environmental and climate change objectives; (iv) design and implementation of a governance strategy to manage the project portfolio execution; and (v) development and implementation of a management system for the transfer of resources from the State of Mato Grosso to municipalities.
- o Sub-Component 1.5 Asset Management: Activities include: (i) hiring of technical support to assess up-to-date information of real estate properties, including geospatial data, area, occupation rate, valuations, and registry's status; (ii) 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) 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
  - o Sub-Component 2.1: Health: Activities financed under this subcomponent include: (i) expenditure review to identify cost structure and assess budgeting practices in Mato Grosso public health units; (ii) development and implementation of systems to support budgeting and expenditure management in the State's health units; and (iii) communications and capacity-building to support the rollout and implementation of new tools.
  - o Sub-Component 2.2: Social Assistance: Activities financed under this subcomponent support SETASC management activities and contribute indirectly to monitor implementation in municipalities. Activities include: (i) design and implementation of a system to facilitate the execution and control of cash transfer programs; (ii) digitalization and automation of social protection services, providing broader access to the population; and (iii) communication and capacity-building to support the rollout and implementation of new tools.
  - o Sub-Component 2.3: Environment: Activities include: (i) digitalization and automation of key transactional and support processes; and (ii) communication and capacity building to support the rollout and implementation of the new tool.
- Component 3. Project and Change Management
  - o Sub-Component 3.1: Project Management Unit: Activities financed under this sub-component include: (i) technical assistance for the design and implementation of change management activities to support the design and implementation of management reforms across the various beneficiary agencies, training, auditing services, and monitoring and evaluation capacity; (ii) project management, including procurement, financial management, and environmental and social safeguards (staff, equipment, and operating costs); and (iii) communications and capacity building to support project management functions.
  - o Sub-Component 3.2: Change Management: Activities include: (i) consulting services, studies, and surveys to support change management approaches during implementation; (ii) carrying out process reviews before information systems are developed; (iii) just-in-time support, as needed and as agreed with the Bank, including solving advisory services to technical teams during implementation and knowledge exchange activities; and (iv) 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 Mato Grosso.

#### **D. Environmental and Social Overview**

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

Located in the West-Central region of Brazil, Mato Grosso is the 3rd largest state by area (903,357 km<sup>2</sup>) and home to nearly 3.6 million people (1.6% of the Brazilian population). Demographic density is low (3.4 inhabitants/km<sup>2</sup>) and the



urbanization rate equals 81.8%. The average nominal monthly household per capita income (as of 2020) is the 8th highest among Brazilian states (at BRL 1,401).

The state occupies a prominent position on the national scene due to the natural wealth of three important Brazilian biomes: 53% of its territory is located in the Amazon biome, 40% in the Cerrado and 7% in the Pantanal biomes areas correspond to 40% and 7% of it, respectively. The extensive environmental capital is threatened by agricultural expansion (which has historically taken place through clearing of natural vegetation), growing deforestation, large forest fires and other phenomena related to climate change – such as more frequent and intense droughts. Average deforestation post-2010 has been 75% below its 2001-10 average, but Mato Grosso still has the 2nd highest level of deforestation in the Amazon biome (1,739.92 km<sup>2</sup> deforested in 2020, accounting for 17% of total deforestation in the Brazilian Amazon biome) and the 4th highest deforestation rate in the Cerrado biome (726.97km<sup>2</sup> in 2020). The expansion of the agriculture frontier into forests has been a leading contributor to carbon emissions in the state, has come at the detriment of higher productivity and can undermine economic progress. These factors justify the concerns of the state government in improving environmental management systems (Sub-Component 2.3).

The state has also a prominent role as a hub of agricultural production. Mato Grosso has become a global powerhouse for soy and beef production. Over half of the state's GDP is related to agriculture. Agribusiness and primary production have boosted the state's economy and social development. However, the state wealth is concentrated in just 20 cities in the Cerrado, whereas poverty and social vulnerability continue to be rampant across the other municipalities, rendering the local population highly dependent of public networks to have access to health and social protection as well as from earnings coming from cash transfer programs. This situation justify the concerns of the state government to enhance the efficiency of such services (Sub-Component 2.1 and 2.3).

The proposed operation will have statewide relevance and will focus on technical assistance activities. No site-specific interventions are expected, but some elements of the project would have positive effect across the state by improving the delivery of public services by the state government.

#### D. 2. Borrower's Institutional Capacity

The Project will be implemented by Mato Grosso's Secretariat of Finance (SEFAZ). The Project Management Unit (PMU) hosted within SEFAZ will be composed of technical staff from agencies in the state government, who will work on the management and implementation of the Project. The PMU will coordinate, supervise, control, and manage the project's environmental and social risks.

The primary agencies involved in the co-implementation of the project are: (i) the State Secretariat of Planning that will implement the majority of component 1 products; (ii) Secretariats of Health, Environment and Social Assistance that will be responsible by the implementation of component 2; and (iii) SEFAZ who will lead component 3, with change management and project management activities. As co-executing bodies, these secretariats will be responsible for the direct implementation of the program, provide support on contracting, develop ToRs, inspect and supervise the implementation of program components, with close oversight from the PMU at SEFAZ. A Program Support Cluster (NAP for its acronym in Portuguese) will be established inside each co-implementing agency. Individual agency NAPs consist of a coordinator to monitor and support the execution of the program.

The State of Mato Grosso has recently completed the Mato Grosso Fiscal Adjustment DPL (P164588) aimed at to support the state to regain fiscal sustainability and increase institutional capacity for sustainable agriculture, forest



conservation and climate change mitigation. However, the Borrower has no previous experience with the World Bank’s Environmental and Social Standards. Hence, during project preparation, the Bank team will analyze and agree with the Borrower on the capacity building needs for ensuring that environmental and social risk management is conducted in a proportionate manner to the risks and impacts envisaged under the project. The capacity building strategy will be included in the ESCP.

Brazil has advanced environmental laws, reflecting a political culture of environmental protection. The Borrower at the national level has also an adequate environmental legal framework, institutional capacity, the expertise required, and commitment to manage the negligible project-related risks. However, at the state level, the implementation of this regulatory framework has faced challenges and there is room for improvements in operating procedures for environmental compliance and enforcement in general. The previous DPL operation has tackled issues related with the lack in transparency and efficient control mechanisms and the proposed project will contribute to improve further service delivery in this sector.

## 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 state government services delivery and complement other initiatives at the state level to build and enhance institutional processes and capacities to appropriately scale existing electronic systems (both internal and external facing) and modernize and support governmental strategy and delivery. 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. Overall, the proposed activities do not present environmental complexity; project activities will be implemented in an office environment and are not expected to endanger living natural resources. The project is not expected to pose a risk of environmental pollution and degradation of natural resources (air, soil, water). It is not expected to affect biodiversity or habitats, either positively or negatively, directly or indirectly, or depend upon biodiversity for its success. The initial environmental risks and impacts assessment indicates that this technical assistance operation is unlikely to have large-scale, significant, and irreversible adverse direct impacts and/or downstream implications on society and the environment in the state. The initial assessment also indicates that the existing government office facilities do meet the requirements of the ESSs. The Progestão project is expected to provide the opportunity to increase the Borrower’s capacity for improving governance of biodiversity and ecosystem services, while also simultaneously meeting other objectives, such as job creation and climate change mitigation. The project is expected to have a positive impact on the environment through: (i) the development and implementation of a sustainable public procurement strategy; (ii) rationalizing the movable assets and identifying opportunities to shift to electrify and improve energy efficiency; (ii) reductions in consumables, travel time and energy consumption through the digitalization of public administration services; and (iii) improved monitoring of natural forest cover and the recovery of natural vegetation in the state and thereby strengthening compliance with Forest Code (Law 12.651/2012) and land use planning.

Public Disclosure



## Social Risk Rating

Low

This Technical Assistance operation is expected to have positive outcomes at the state level in the medium and long run. These positive outcomes include, among others: reduced state fiscal deficit; increased fiscal transparency; improved delivery of good quality public services; and improved enabling environment for doing business. Project activities are not expected to have adverse social impacts. They neither require land acquisition nor lead to restrictions on land use. They are not expected to have adverse impacts on Indigenous Peoples and other vulnerable and disadvantaged social groups. On the contrary, increased efficiency on public expenditures in the different sectors may mostly benefit vulnerable/disadvantaged social groups – those at the bottom of society who heavily rely on public services to have access to health, education and social protection networks. Due to digital exclusion, the digitalization and automation of social protection services considered under Subcomponent 2.2 could involve the risk of reducing access of low-income, disadvantaged and vulnerable families can have to Social Protection and cash transfer programs. Nevertheless, this risk will be avoided as the referral agencies for providing access to these services and programs (the network of Social Protection Referral Centers – CRAS by its Portuguese acronym) will remain open and operating, providing face-to-face attendance and carrying out outreach activities. The roll-out of cash transfer programs often creates concerns about inequities or perceptions of inequities or favors in their distribution and the consequent exacerbation of social conflicts. These risks are not expected as a result of the Project’s support to the design and implementation of a system to facilitate the execution and control of cash transfer programs, because this activity will not change the rules of eligibility and criteria of selection of these programs that are broadly known and widely accepted for many years. Activities related to human resources management are not expected to adversely affect the vested interests of existing public servants. On the contrary, technical assistance in this area may increase the sustainability of the state pension system. The social risks, adverse and positive impacts and downstream implications of project-supported activities will be further assessed during preparation. This requirement will be particularly clarified during project preparation for activities provided to the Borrower to develop a portfolio of implementation-ready investment projects (envisaged under Subcomponent 1.4). As needed the ESCP will specify requirements for relevant classification of the social risks of such future investments. Opportunities to promote gender equity, foster transparency and social accountability in public management, and increase the positive distributional effects of these activities will be explored and included in project design.

Public Disclosure

## 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 finance technical assistance investments, 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 as there will be no construction works and the focus is on institutional capacity building. The project would support environmental innovation consisting of new or modified processes, techniques, systems, and products to provide accurate, accessible, timely, updated, and location-specific information to avoid or reduce environmental harms and ensure compliance with environmental laws and



regulations. The project will not support feasibility studies for future infrastructure investments as the project focus is on artificial intelligence and electronic systems for improvement of the governance capacity..

The technology and information systems proposed under the project are well-established and understood and are expected to favor energy-efficient equipment. There is no indication that quantities of electronic waste (or e-waste) will experience an increase due to project activities. There is a potential for environmental gain and climate co-benefits arising from lower consumption of paper and energy and reduced travel for effective public management. These benefits will be analyzed during project preparation.

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.

These types of technical assistance 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 technical assistance itself during implementation. Consequently, 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 should also consider the labor and working conditions required for carrying out the Technical Assistance activities themselves. To promote the sustainable use of resources, including energy, and paper, the TA would, where financially and technically feasible, include requirements to address resources efficiency and e-waste management throughout the project life cycle. These guidelines will be included in the project's Environmental and Social Commitment Plan (ESCP).

Following the World Bank Environmental and Social Framework, when designing and hiring technical assistance activities, the Borrower will: (i) apply environmental and social risk management measures as relevant and appropriate to the nature of the envisaged risks and impacts of the activities, (ii) promote broad stakeholder engagement and participation in a manner proportionate to the direct, diffuse and induced social and environmental impacts and downstream implications envisaged as potential outcomes of the activities; and (iii) ensure 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.

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

None.

**ESS10 Stakeholder Engagement and Information Disclosure**

This standard is relevant.

The Borrower will disclose project information to allow stakeholders to understand the purpose, nature, and scale of project activities, their duration, their potential downstream environmental and social implications, and the channels available for providing feedback and raising grievances related to project activities.





The Borrower will also keep an open channel for consultation and gathering feedback from key stakeholders and will broadly advertise and operate a Grievance Redress Mechanism (GRM) that shall hold 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.

This GRM shall also be able to track project-related complaints and provide periodic reports on these complaints.

It will be able to flag incidents and accidents related to environmental, social and SEA/SH issues that must be communicated to the Bank within 48 hours of acknowledgment.

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.

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).

## **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 who 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.

Project activities 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.

The ESCP will include the following provisions that are core elements of Labor Management Procedures (LMP) that shall apply to project workers according to 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 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 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 initial environmental and social assessment, 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 some 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 would be the case in the absence of the project.

During project implementation, the State Government should consider measures to promote efficient use of energy as well as 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. Such measures will be discussed during project preparation to determine their relevance and, as appropriate, related measures may be specified in the ESCP.

The project environmental and social management procedures will include principles of sustainability as energy efficiency, reuse, recycle and recovery of e-waste, and transparency that is compliant with this ESS.

### **ESS4 Community Health and Safety**

This standard is not currently relevant.

The project will only support technical assistance activities and is not 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, or 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 does not involve the construction of new dams and does not rely on the performance of any existing dams or dams under construction.

#### **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 IPF operation will not potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or depend upon biodiversity for its success. The project does not intend to invest in the forest sector, will not support any forest related activities, or purchasing natural resources commodities, including food, timber, and fiber that are known to originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats.

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

The project is not anticipated to lead to any negative impact on living natural resources, including native or non-native species. But by using resources (like paper, energy, and public offices) more efficiently, the project may directly benefit 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 would determine the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples for defining the scope and scale of consultation needed as well as subsequent project planning and documentation processes.

There are 43 Indigenous Peoples in the State of Mato Grosso, including one Isolated or Recently Contacted Indigenous Peoples (the Tupi Kawahiv) already identified and seven under identification. The indigenous Peoples



population in the state totals 42,538 people (13.7% living in urban areas). These Indigenous Peoples belong to the Apiaká, Apurinã, Arara, Aweti, Bakairi (Kurã), Bororo (Boe), Chiquitano, Cinta Larga, Enawenê-Nawê, Guató, Irantxe (Manoki), Juruna (Yudja), Kaiabi (Kawaiwete), Kalapalo, Kamayurá, Kanela (Krahô), Karajá (Iny), Kayapó (Mebêngôkre), Kisêdjê, Krenak (Maxakali), Kuikuro, Matipu, Mehinako, Munduruku, Nafukwa, Nambikwara, Naruvotu, Panará, Paresí (Haliti), Rikbaktsa, Surui (Paiter), Tapayuna, Tapirapé (Apyãwa), Terena, Trumai, Txicão (Ikpeng), Umutina (Balotiponê), Waurá, Xavante (A'uwe), Yawalapiti and Zoró (Pangyjêj) Peoples.

Most of the Indigenous Peoples population in the state lives within the 78 Indigenous lands in the state territory, holding an area of 20.2 million hectares. These lands are located in 55 of the 141 municipalities of the state. In addition, two Indigenous Lands for Isolated or Recently Contact Indigenous Peoples (IRCIP) in the state: Kawahiva do Rio Pardo (412,000 ha) and Piripkura (243,000 ha). Other IRCIPs are found within the Indigenous Lands Apiaká do Pontal, Apiaká-Kayabi, Arara do Rio Branco, and Escondido.

The institutional structure of the state government of Mato Grosso also includes the Superintendence of Indigenous Affairs (SAI), located within the structure of the Civil House of the Governorship Office. SAI has the mission of cooperating, providing assistance, intermediating, implementing and developing policies applicable to indigenous peoples, aiming at the well-being and peaceful understanding of indigenous and non-indigenous peoples. Due to its attributions, SAI can play a relevant advisory role in Project implementation.

Considering the technical assistance nature of the Project-supported activities –which aims to strengthen the Borrower's institutional capacity to address fiscal imbalances and improve expenditure efficiency– and their minimal environmental and social risks and impacts, a standalone IPPF is not deemed necessary. Instead, the Project's ESCP will define any appropriate measures necessary to be followed during the implementation phase to ensure the project can achieve results consistent with the requirements set by ESS 7. This approach will be assessed as project preparation progresses.

### **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.

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** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

None.

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

**Actions to be completed prior to Bank Board Approval:**

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

- The Borrower will carry out a scoping exercise of environmental and social issues associated with proposed project activities during the preparation, which will be publicly consulted and disclosed prior to Appraisal. This issues scoping exercise would include any relevant environmental and social issues and concerns. As part of the scoping exercise, the Client shall conduct an assessment of potential impacts of project activities upon Indigenous Peoples that are present within the state territory.
- The Borrower will prepare the 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.

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

The ESCP shall incorporate:

- o The core elements of a SEP, including a communication and information disclosure strategy and a GRM;
- o The core elements of the labor management procedures (including a GRM) that will apply to all direct and contracted workers engaged to perform work related to the core functions of the project; and,
- o The core elements of an Indigenous Peoples Plan according to the principles and requirements of ESS 7.

Public Disclosure



In addition, the team recommends that the ESCP of the project also addresses the following issues:

- The Borrower is required to designate a representative to have overall accountability for the environmental and social performance of the project throughout its implementation. This staff member will 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 incidents, accidents and fatalities that can be associated with the execution of project-related activities).
- The Borrower shall monitor and carry out mid-term/final evaluations of the results/impacts of the operation with a gender-sensitive lens.
- The Borrower shall adopt a proportionate but robust strategy of information disclosure of project activities and communication with stakeholders based on clear information to avoid rumors, reduce misinformation, and enable the gathering of feedback from stakeholders.
- The Borrower shall put in place a GRM for the project within 30 days of project effectiveness.
- The Borrower shall follow the principles set in ESS 2 when hiring project workers directly or through third-parties throughout project implementation and put in place a GRM where project workers can raise concerns related with working conditions without fear of retaliation.
- The Borrower shall ensure that the ToRs for hiring the Technical Assistance activities include the requirements and activities needed to comply with any applicable environmental and social requirement set by the World Bank Environmental and Social Framework and shall submit these ToRs to the World Bank for prior review.
- Finally, the ESCP shall include the provision that an environmental and social assessments will be developed, if needed, for any investments to be planned under the project.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

30-Mar-2022

**IV. CONTACT POINTS**

**World Bank**

Contact: Daniel Ortega Nieto Title: Senior Governance Specialist

Telephone No: 5761+1054 / 55-61-3329-1054 Email: dorteganieto@worldbank.org

Contact: Kjetil Hansen Title: Senior Public Sector Specialist

Telephone No: +1-202-458-4871 Email: khansen1@worldbank.org

**Borrower/Client/Recipient**

Borrower: State of Mato Grosso

**Implementing Agency(ies)**

Implementing Agency: SEFAZ - Mato Grosso

Implementing Agency: Secretariat of Finance - Mato Grosso



**V. FOR MORE INFORMATION CONTACT**

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

**VI. APPROVAL**

Task Team Leader(s):	Kjetil Hansen, Daniel Ortega Nieto
Practice Manager (ENR/Social)	Paul Jonathan Martin Recommended on 22-Dec-2021 at 11:34:34 GMT-05:00
Safeguards Advisor ESSA	Agnes I. Kiss (SAESSA) Cleared on 22-Dec-2021 at 19:27:20 GMT-05:00