



# Appraisal Environmental and Social Review Summary

## Appraisal Stage

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

Date Prepared/Updated: 07/24/2023 | Report No: ESRSA02663



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Brazil	LATIN AMERICA AND CARIBBEAN	P177474	
Project Name	Piauí Pillars of Growth and Social Inclusion Project - Phase 2		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	6/5/2023	10/25/2023
Borrower(s)	Implementing Agency(ies)		
State of Piauí	Piauí State Secretariat for Planning (SEPLAN)		

Proposed Development Objective

Increase land tenure security, adoption of climate-smart agriculture, and sustainable natural resources management practices, among target beneficiaries and in select development territories of the State of Piauí; and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Financing (in USD Million)

Amount

Total Project Cost	63.28
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**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 general objective of the Project is to increase land tenure security, adoption of climate-smart agriculture, and sustainable natural resources management practices, among target beneficiaries and in select development territories of the State of Piauí; and in case of an Eligible Crisis or Emergency, respond promptly and effectively to it. The Project aims to contribute to the promotion of sustainable development of family farming, increasing socio-productive inclusion and economic dynamism of agrarian reform settlements and territories of Quilombolas and Traditional People and Communities (QTPC), with legal security of land ownership. The project will contribute to land



regularization and incentivize the adoption of climate-smart agriculture practices by family farmers and the implementation of natural resources conservation practices by landholders and traditional communities. The Project is organized into 5 Components:

Component 1 – Land Tenure Regularization (USD 20.08 million). This Component aims to contribute to the implementation of Piauí’s Land Tenure Regularization Program and to strengthening real property rights, through inter alia: (i) the modernization and strengthening of the Piauí State Land Institute (Instituto de Terras do Piauí – INTERPI); (ii) Land tenure regularization in agrarian reform settlements, with a target of delivering 15,000 land titles to family farmers in state agrarian reform settlements; (iii) Land tenure regularization for QTPC. The objective will be for INTERPI to regularize the land of at least 10 QTPC territories, while helping advance other tenure regularization processes related to QTPC territories; and (iv) strategic partnerships with the judiciary and citizen engagement. INTERPI will lead the implementation of this Component.

Component 2 – Environmental Management and Geospatial information management (USD 14.00 million). The main objective of this Component is to contribute to improving the State’s capacity to promote sustainable natural resources management (including natural vegetation cover and water resources), to promote the adoption of sustainable natural resources practices within family farmers, including historically marginalized groups targeted by the project such as QTPC and women, and to provide accurate geospatial information for the elaboration of public policies, natural resources management, and climate risk management through, inter alia: (i) the implementation of preventive measures or measures to control and combat vegetation fires; (ii) the implementation of a system that enables continuous monitoring surface water for events or trends over time; (iii) rural environmental cadastre and environmental regularization for the selected areas; and (iv) the provision of spatial data on land use, land tenure, native vegetation and native vegetation fire risk. The State Secretariat of Environment and Water Resources (Secretaria de Meio Ambiente e Recursos Hídricos do Estado Piauí – SEMAR) will lead the implementation of this Component.

Component 3 – Climate-smart Rural Development (USD 24.46 million). This Component aims to increase the socio-economic inclusion and climate resilience of family farmers from land reform settlements and QTPC, by granting access to climate-smart agricultural technologies and markets and strengthening the agriculture sector public services provided to farmers., through: (i) support of sustainable, climate-smart productive investments by family farmers groups; (ii) fostering the adoption of climate-smart practices in the sector ; and (iii) strengthening of services delivered to farmers. The State Secretariat for Agriculture (Secretaria da Agricultura – SAF) will lead the implementation of this Component.

Component 4. Project management (USD 3.96 million). This component will support Project coordination and management, including: (i) Project management and administration; (ii) Financial Management (FM); (iii) procurement; (iv) monitoring and evaluation (M&E) of Project performance and impact; (v) environmental and social risks management and Grievance Redress Mechanism (GRM); and (vi) communication and outreach. Regarding the project Monitoring and Evaluation (M&E), the approach will include a system to monitor the implementation on an ongoing basis.

Component 5. Emergency Response (US\$0). This Component is included in the Project as a mechanism for funding requests arising from emergencies such as natural disasters and other shocks, as defined in the operational manual for the Contingency Emergency Response Component (CERC). If such a crisis develops, the State of Piauí can ask the World Bank to reallocate part of the Project funds to cover the costs of emergency response and recovery. An operational manual acceptable to the World Bank for implementing the CERC will be developed and annexed to the Project Operation Manual (POM).



#### 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 State of Piauí is located in the Northeast region of Brazil. It has an area of 251,529 sq. km and a population of 3.2 million inhabitants. Following State Law 87/2007, which established the Participative Territorial Planning for the Sustainable Development of the State of Piauí, the territory of the state is organized in 11 Development Territories set according to their environmental characteristics, productive vocations, socio-economic and cultural relations, political-administrative regionalization and existing road network. The proposed Project will benefit family farmers – mainly on state agrarian reform settlements and the territories traditionally occupied by QTPCs – that are located in six of these Development Territories – namely: Planície Litorânea, Cocais, Carnaubais, Entre Rios (at the Northern portion of the state) and Chapada das Mangabeiras and Tabuleiro do Alto Parnaíba (at the Southern portion of the state). Together, these Development Territories encompass 116 out of the 124 municipalities in the state.

The state climate is semi-arid with long and severe droughts and annual precipitation below 1,000 mm (and under 500 mm in some areas). Potential evaporation exceeds precipitation by far. The rainy season lasts around four months but has considerable year-to-year variability. Water scarcity is among the major hurdles for welfare improvement among family farmers. All water resources in the State are under severe stress. The Parnaíba River drains most of the State and its tributaries in the central and east portion of the state are intermittent. The State has large groundwater resources` but overexploitation is resulting in their exhaustion as verified in the Guaribas River Watershed.

Institutional deficiencies in water management may be accelerating the process of water degradation and aggravating the water scarcity problem.

The Caatinga is the dominant biome in the state prevailing in the south and central regions; the Cerrado biome prevails in the Southwest Region; and wetlands and coastal vegetation occur in the coastal areas. Atlantic Forest vegetation occurs in localized sites.

Although it is a seasonally dry forest, mostly formed by deciduous species that lose their leaves in the dry season, the Caatinga has a recognized relevance in CO2 capture and sequestration. Meanwhile, the Cerrado is among the 35 biodiversity hotspots in the world, comprises a large number of endemic species (of exclusive occurrence), but suffers high anthropic pressures, causing degradation and loss of habitat and threatening the biodiversity and existence of the Phyto-physiognomies, especially in the face of land use changes associated with the advancing of agriculture and cattle ranching. Thus, in the last 35 years, the Caatinga has faced an intensification of drought events, with a decrease of 8.3 percent (ca. 79,346 ha) of the total water surface and 40 percent of the natural water. Related to the same period, land cover changes have led to a rapid increase in desertification processes, with 9 percent of the biome classified as in severe or very severe state. In the same period, the areas dedicated to agriculture and cattle ranching in the Cerrado have increased by 258 percent and, since the late 1990s, the agricultural area has tripled within this biome.

The territory of Piauí also has great cultural and historical relevance, with the presence of more than 1,800 registered archeological sites, of which 793 are located in the Serra da Capivara National Park (declared in 1991 as a UNESCO World Cultural Heritage Site for housing the oldest archeological remains of the presence of Homo sapiens in South America).

The Human Development Index (0.697) is the 3rd worst among all Brazilian states. The state GDP counted for 0.7% of Brazilian GDP and the per capita GDP was the lowest among Brazilian states. The average income from work and the average household per capita income are the 2nd and 4th lowest in the country, respectively. Nearly 42% of the population rely on conditional cash transfer programs. Poverty is rampant: according to data from the Unified Cadaster of Federal Social Protection Programs (CadÚnico) there are 606,723 families living under extreme poverty (about 1,5 million people – 45.6% of the state population) in the state. They comprise 104,132 families (around



260,000 people) from traditional and vulnerable social groups (17.2% of the state's extremely poor), of which 97,959 family farmers (including artisanal fishermen, quilombolas, agrarian reform settlers, riverine and extractive populations, and self-identified Indigenous Peoples families). The federal conditional cash transfer program (CCTP) benefited 78.5% of these vulnerable families.

Poverty is particularly high in the rural areas, among family farmers and QTPCs. The 2017 Agrarian Census counted 245,601 rural landholdings in the state of which 80.3% were family farms, which hold only 38 percent of the total area under these rural landholdings (an average area of 19.5 ha per farm) but occupy 77% of the rural labor force. Among the state's family farms, 94 percent have low yearly earnings and extreme poverty rate reached 39.9 percent points. 84 percent produce mostly or exclusively for self-consumption, and only 26 percent have on-farm earnings that are higher than earnings from off-farms'. Furthermore, just 71 percent held land titles, 14 percent have access to credit and 3 percent have access to agricultural extension services.

Women count for nearly one fourth of the family farmers, but their farms tend to be smaller in size (an average area of 13.0 ha per farm) than men's. Female family farmers are overrepresented among those producing mostly for self-consumption and with on-farm earnings lower than off-farms. In consequence of gender inequalities and prevailing cultural norms, female family farmers also have less access to productive inputs, credit and land than men. They have insufficient access to information, technical assistance and agricultural extension services. Their participation in learning events, producer organizations and decision-making arenas is negligible.

There are 153 known traditional peoples and communities in the state of Piauí, including 83 certified quilombola communities (of which 61 have open land regularization processes at INCRA). The state is witnessing a long process of "ethnic re-emergence", with a growing number of communities claiming recognition of their belonging to indigenous ethnic groups and has recently passed legislation recognizing the right to ethnic identity based solely on self-identification (Law 7,389/2020). According to an anthropological assessment carried out as part of Project preparation, nowadays there are 22 communities located within the area of Project intervention that claim to belong to 6 Indigenous Peoples (Akroá-Gamela, Guegue, Kariri, Tabajara, Tabajara-Ipy, and Tabajara-Tapuio). The anthropological assessment shows that although most of these communities have collective attachment to lands they occupy and some possess distinct customary institutions, none of them possess a distinct language or dialect that is different from the official language of the country.

Land insecurity is also a major hurdle. In the Caatinga biome, land insecurity is mainly faced by settlers peacefully living in state-owned lands but lacking land titles. In the Cerrado, traditional communities – who lack property title over the lands they customarily use for agricultural, extractive and pastoral activities– have faced growing Land-related conflicts (particularly over the lands they collectively use) given the expansion of the agribusiness frontier, land speculation, and land grabbing. Recently, land and food insecurity, water scarcity, deforestation and biodiversity loss, destruction of traditional livelihoods and violence against community dwellers and leaders have been often reported in the Cerrado Piauiense. Civil society organizations mapped 12 traditional communities that would be a priority for land regularization given the threats they face.

In short, the beneficiary population of the Project faces challenges that are mainly driven by land tenure insecurity, low dynamism of family farming activities, and high incidence of forest fires often caused by the use of inappropriate slash-and-burn practices widely used for pest control, cleaning of areas for sowing and regrowth of pastures. These contextual factors (a) hamper their sustainability, resilience to climate change impacts, and ability to invest in sustainable and climate-smart agriculture, (b) restrict their participation in markets in agricultural value chains, and (c) limit their access to economic opportunities. They operate in a context marked by land tenure insecurity, low implementation and monitoring of environmental regulations, unsustainable natural resources management and under-provision of technical assistance and agricultural services.

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



The Government of Piauí, through the State Secretariat for Planning (SEPLAN) will be the Borrower for the proposed loan, with the Federative Republic of Brazil serving as Guarantor. SEPLAN will host a Project Management Unit (PMU) and will be responsible for overall management, planning, coordination, monitoring and evaluation of all project activities, as well as for project financial management, procurement, disbursements and accounting. In addition, SEPLAN will ensure that counterpart resources are foreseen in the State’s budget.

The PMU will be composed of a general coordinator, who will be assisted by a technical director, one manager for each of the components, a monitoring and evaluation specialist, a financial specialist, a procurement specialist, besides the E&S team formed by social, environmental and communication specialists. PMU’s fiduciary and environmental and social risk management teams are being trained on the new World Bank Procurement Regulations for IPF Borrowers and Environmental and Social Standards, respectively. The PMU will be supported by specialized technical services, when necessary and will have the overall responsibility for managing project data collection and M&E in collaboration with the Superintendence of Strategic and Territorial Planning (SUPLE), the Superintendence of Economics and Social Studies (CEPRO) and the Superintendence of Technical- Financial Cooperation (SUTEF). This M&E responsibility also includes preparing and submitting progress reports at the end of each semester (biannually), a technical assessment review at the time of the project Mid-term Review (MTR) and a final evaluation under agreed terms of reference to support the borrower completion report, which will consider socio-economic variables, including gender and ethnicity and the overall level of beneficiaries’ satisfaction with the Project.

SEPLAN will partner with INTERPI, SEMAR and SAF for the implementation of the various project’s components. Each one of these agencies will host a Project Implementation Unit (PIU). Interpi will be responsible for implementation and monitoring of actions under Component 1 (Land Tenure Regularization). SEMAR will be responsible for implementation and monitoring of actions under Component 2 (Environmental Management and Geospatial Management Information). And SAF will be responsible for implementation and monitoring of actions under Component 3 (Sustainable Rural Development). Additionally, the Project will rely on SEGOV’s Ombudsman System for grievance redressing and on SEMPI for supporting gender-related activities.

A Project Steering Committee (COGEP) will be implemented to ensure oversight over the implementation of the Project. The COGEP will be chaired by SEPLAN and include representatives of the various institutions involved in the implementation of the project (INTERPI, SEMAR, SAF).

The PMU under SEPLAN will also be responsible for implementing the social and environmental risk management instruments, as well as for disseminating project results through a proactive communication strategy. SEPLAN and all three implementing agencies have previous experience with the Bank’s safeguard policies under the Pillars 1 Project (P129342). Furthermore, SEPLAN has also been in charge of the preparation of the environmental and social risk management tools of the Piauí Health and Social Protection Development Project (P178567) in accordance with the Environmental and Social Standards. SEPLAN has hired environmental and social specialists to fulfill this task and the same team has been working on the preparation of the proposed Pillars 2 Project.

The Pillars 1 Project has made a relevant contribution to strengthen the Borrower’s institutional capacity for the management of environmental and social risks as well as for water resources and land management through the development of systems, processes, procedures and staff capacities. Prior to the implementation of Pillars 1 Project, SEMAR lacked the institutional capacity to enforce water resources regulations and implement interventions envisaged in the State Water Resources Plan. Inadequate and inefficient water resources management (WRM) had increased productive exclusion of Piauí’s poorest groups living in the semi-arid region that depended on rain-fed agriculture. With the support of this project, SEMAR was able to: i) implement a water users registry in order to improve water resources management (the CERH electronic database); ii) establish, equip and operationalize the State Land and Environmental Geotechnical Center (CGEO), which was created under SEMAR in 2015 with a mandate to collect, store, systematized and make available data, including geo-referenced data of various types, high



resolution digital orbital images and information needed to develop plans and program, projects and actions by SEMAR and INTERPI, and to issue environmental licenses and grant water rights; and iii) create a Rural Environmental Cadaster (CAR) of state properties in the process of titling to small scale agricultural beneficiaries and to issue 7,161 individual CAR.

Pillars 1 Project has also contributed to improve the capacity of State Ombudsman Office (OGE), the entity selected to operate as the Grievance Redress Mechanism to avoid duplicating structures at the State level. The State of Piauí had adopted measures to facilitate the access of poor citizens to the services of the OGE and expedite the response from targeted sectoral agencies to complaints associated with social and productive inclusion services. The use of the OGE by state citizens increased from 602 inquiries in 2015 to 3,826 inquiries in 2021. A total of 7,820 inquiries were received from December 2015 to November 2021, through e-mail, the e-Ouv website, and a toll-free hotline. By April 2022, 100 percent of inquiries were registered and processed in a timely fashion.

The assessment of the Borrower's institutional capacity paid special attention to land regularization. Aware that land regularization programs can be complex to implement, the proposed project builds on the previous experience of the Pillars I Project, which supported a very successful effort to modernize INTERPI and make the institution more efficient, by streamlining procedures for land regularization and promoting the dematerialization of land processes. Prior to Pillars 1 Project, INTERPI lacked capacity and faced difficulties in coordinating with the judiciary to implement a land tenure regularization program. Pillars 1 Project supported:

- a) The development and implementation of new information systems – the Register of Agrarian Information (REGINA) and e-titles;
- b) A new operational integrated real estate registration system for notaries, which allows the CGJ (Office of the Inspector General of the State Secretariat of Justice) to monitor notarial activities and offer online services to the public, professionals and public agencies;
- c) The strengthening of the capacity of INTERPI's sectoral ombudsman office (as part of the State Ombudsman System) to respond to requests of information and grievances; and, particularly,
- d) As concerns about property rights of traditional communities that were not part of the original project design surfaced, the carrying out of anthropological studies of traditional communities and the creation of a new department in INTERPI – the Traditional Peoples and Communities Unit (GPCT), which expanded the consultations and fostered open, continuous and fluid communications with traditional peoples and communities as well as civil society organizations.

The assessment also highlights that, during the implementation of the Pillars 1 Project, the State of Piauí carried out an updating of the State Land Regularization Law, in consultation with key stakeholders (including traditional peoples and communities), which now prioritizes the regularization of traditional communities and encompasses the issuance of collective land titles.

The Pillars 2 Project will continue to strengthen INTERPI's institutional capacity, by supporting its partnerships with the National Institute for Agrarian Reform (INCRA), the Land Tenure Regularization Centre of the Office of the Inspector General of the State Secretariat of Justice, and the Inspector General of the Extrajudicial Forum of the State Secretariat of Justice, aiming to improve tenure regularization for family farmers and members of QTPC, the modernization of the public land registry, the provision of legal aid to the poor, and the development of alternative land conflict resolution processes and procedures.

For proper management of environmental and social risks under the proposed project, SEPLAN will assign and keep throughout project implementation three specialists – an environmental specialist, a social development specialist and a community communication specialist – as part of the core team of the PMU and each implementing agency will assign E&S focal points to facilitate supervision, monitoring and reporting.





II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Moderate

This project is located within poor rural areas from Piauí in which land conversion for small production farming has historically led to loss of habitats and land degradation. However, it aims by design to tackle the root causes of land insecurity and land degradation. The Project does not include any activity with potential to generate significant negative environmental impacts and has been categorized as Moderate. The overall environmental impact of land tenure regularization activities are expected to be positive because land tenure is widely recognized as a foundation for reducing illegal deforestation and degradation of rural landscapes and for maintaining vital ecosystems services. Land titles contribute to deforestation control by allowing the demarcation of legal reserves and permanent protection areas and enabling the identification of persons accountable for illegal deforestation. Although, the land regularization could potentially lead to legal deforestation, this risk will be mitigated by targeting consolidated areas of agriculture (previously occupied) under Component I. Nevertheless, this legacy impact may not be fully mitigated and residual land conversion could potentially occur as some farms within project's selected areas could still have their rights to convert natural habitats into agriculture land granted under the National Forest Code which allows that - outside of the Amazon Biome - 80% of the property be legally converted to agriculture land. However, the overall balance of negative and positive impacts from land titling and environmental regularization measures under this project is expected to be positive, as historical deforestation process is expected to decrease. The Borrower prepared an Environmental and Social Management Framework (ESMF), defining procedures for the preparation of the CAR aiming to improve conservation and the preservation of ecological corridors, fragile ecosystems and areas with relevant biodiversity. To mitigate inherent risks from local small holders' agriculture production, the project aims to promote sustainable and climate-smart agricultural practices and the technical assistance on agricultural production. Nonetheless, residual environmental risks and impacts can still happen if these activities are not done properly, and some agricultural practices could potentially interfere with sensitive biodiversity areas, land use conversion for production increase, use of inadequate soil management and uncontrolled use of pesticides. These impacts will be avoided or mitigated by the adoption of proper environmental management practices. The implementing agency of this component has prior experience with the Bank environmental requirements. The ESMF will define specific guidelines for the agricultural activities supported under Component 3 of the Project to be implemented in accordance with the ESSs and the relevant WB EHSs. In addition, Component 2 will also contribute to mitigate the inherent adverse impacts from existing poor agricultural practices and result in positive impacts to the environment. Native vegetation fires are among the main environmental problems faced by Piauí as they contribute to carbon emissions, acceleration of climate change, atmospheric pollution, desertification, and loss of biodiversity. The Project will encourage and promote under Component 2 techniques that allow the control, monitoring and reduction of vegetation fires and shall result in significant environmental benefits. Improvements in water resource management may improve water quality throughout the State. In sum, the Project is expected to have an overall positive impact on the environment as its activities can contribute to reduce illegal deforestation and degradation of rural landscapes, maintain vital ecosystems services, reduce greenhouse emissions, leading to a sustainable landscape management.

Social Risk Rating

Substantial

The social risk assessment process (SRA) rated the Project's social risk as substantial, in consequence of contextual risk factors associated with the land regularization component. The SRA acknowledges that: a) Land regularization

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programs are notoriously complex, subject to complaints, and need to be designed in such a way to allow for open, continuous and fluid communications with both affected and interested parties to avoid misunderstandings and minimize complaints; b) The proposed land regularization activities under the project are not expected to lead to permanent or temporary physical and economic displacement due to land acquisition or restrictions on land use, because INTERPI will only regularize plots of land held by the State that are already peacefully occupied by non-titled family farmers, agrarian reform settlers and QTPCs, which will benefit from the titles issued; c) They are neither expected to compromise existing customary, collective or subsidiary land rights of traditional communities and family farmers, nor to lead to the eviction of non-title holders; but d) Some of the land titling of these good faith occupants of State vacant lands may occur in local contexts that are ridden by land grabbing, land conflicts and social tension as a result of the expansion of the agrarian frontier (i.e., the Cerrado Piauiense). The SRA finds out that these risks have been reduced by: i) the robust legal and institutional framework recently developed by the State of Piauí – as an outcome of the support provided by the Pillars 1 Project to INTERPI – to deal with land regularization issues in a manner that respects land rights of traditional communities (including those who claim and are recognized by the State Government as Indigenous Peoples on the basis of their self-identification); ii) INTERPI’s increased capacity to carry out consultations with key stakeholders; iii) the stakeholder engagement strategy of the proposed Project; and iv) its additional support for the continued institutional strengthening of INTERPI and its partners in the Judiciary. Furthermore, the SRA points out that: a) The regularization of quilombola territories may adversely affect any occupants who do not self-identify as quilombolas and may need to be resettled for purposes of issuance collective titles for Quilombolas under Component 1.3. b) The activities envisaged under Component 2 may impose minor restrictions on land use to promote the protection of water springs and the recovery of degraded lands. c) The potential risk of exclusion of disadvantaged and vulnerable social groups from benefits of the productive inclusion investments under Component 3 tend to be minor because i) priority will be given to organizations from agrarian reform settlements and QTPCs regularized by INTERPI as well as to organizations led by or with overall participation of QTPCs, women and youth and ii) support will be provided for the development of 70 Socioeconomic Development Plans in INTERPI’s agrarian reform settlements and QTPCs. d) However some of these activities may require some minor voluntary land donations. e) Some of them may also rely on the provision of labor by their community beneficiaries. There is a moderate risk related to the scope of these project-related activities, being necessary to ensure the adoption of proper occupational health and safety measures as well as labor force protection measures. The previous experience of the Pillars 1 Project fostering climate-smart productive practices suggests that i) one should not expect resistance or reluctance from the potential beneficiaries of the project to the incorporation of new technologies and ii) the new productive practices and land uses may have a positive rather than negative impact on livelihoods and nutrition patterns of the beneficiary population. Project-supported activities will not require the use of security forces for protection of Project workers or assets.

## **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 estimates to benefit approximately 22,500 family farmers (adding up 15,000 land titles to family farmers in state agrarian reform settlements and the dwellers of 20 QTPCs’ territories) during implementation – i.e., 10% of the 197,246 family farms in the state. Given the large number of potential beneficiaries, the project will prioritize



integrated interventions on land regularization, environmental protection and productive development in six Development Territories. It will also prioritize the inclusion of the most vulnerable rural population – poor small family farmers, settlers of land reform settlements, women, youth and traditional communities – and include tailored capacity building activities aimed at strengthening community and producers organizations.

The Project will finance a series of subprojects that will be selected during the implementation stage and which locations cannot be defined before the beginning of the implementation. A draft ESMF has been prepared, carrying out the environmental and social assessment based on the typology of supported activities and setting out the principles, rules, guidelines and procedures to prepare site specific plans to manage the E&S risks and impacts of each site-specific activity. This draft ESMF will be disclosed for consultation with key stakeholders (including representative organizations of family farmers, women’s producer groups, traditional communities, land reform settlers and other relevant civil society organizations and state agencies working in the sectors/thematic areas of Project intervention) prior to Appraisal. The final version of the ESMF – revised to incorporate, as needed, the feedback received through the consultation process – will be disclosed in the Bank’s website and the Project’s dedicated website within 30 days after the date of Project effectiveness.

The draft ESMF includes the overall assessment and management framework of Project’s environmental and social risks and potential impacts. The ESMF highlights the Project’s positive impacts on the environment and rural society of the state of Piauí (and, particularly, for the poor, disadvantaged and vulnerable social groups) – namely: the increase in land tenure security and earnings among its beneficiaries; the improved access of women to land rights, decision-making processes, and economic revenues, contributing to overcome gender gaps in rural areas; prevention and control of forest fires; enhanced quality of surface and groundwater in a territory ridden by cyclical droughts; and strengthened institutional capacity of state agencies to carry out more efficiently their responsibilities.

The environmental risk assessment process found that the Project will likely result in overall positive impacts to the environment. The Project includes technical assistance activities, aiming to support the formulation of programs and plans and to strengthen the borrower’s institutional capacity on land regularization and environmental management. The TA activities neither include the preparation of future investment projects, nor pose direct adverse environmental impacts and shall not result in “downstream” negative environmental impacts. In fact, the technical assistance shall result in “downstream” positive environmental impact, such as the measures to prevent natural vegetation fires.

The support for land regularization and development of Productive Investment Plans poses potential negative environmental risks that shall be localized, including induction of deforestation to open new agriculture areas and exploitation of natural resources. However, the Project was conceived with integrated interventions on land regularization, environmental protection and sustainable productive development, which shall minimize potential negative impacts and result in overall positive impact to the environment. Land regularization will be contingent to the preparation of the environmental cadasters – CARs, in accordance to the Brazilian legislation and the methodology defined in the ESMF. The CAR preparation methodology was developed with support from the Bank, along the implementation of the GEF Cerrado Project, Piauí DPL II and Piauí Pillars of Growth I, comprising a series of phases: (i) Identification of the settlements proposed for land regularization – Interpi; (ii) environmental assessment (including land use and vegetation cover mapping) – CGEO; (iii) eligibility assessment, considering the rural properties size, potential interference with protected areas (e.g. parks and reserves); potential interference with archeological sites - CGEO/Interpi; (iv) definition of the CAR requirements, considering the different biomes – SEMAR; (v) location of the permanent protection areas and legal reserves, considering a series of factors, (e.g., biome, watershed management plan, economic-ecological zoning, ecological corridors, areas of relevance for biodiversity conservation (fragile ecosystems, areas with relevant biodiversity, critical habitats and threatened species). Upon the conclusion of



the CAR draft, by CGEO, Interpi will conduct a consultation with the farmers, to validate the CAR proposal and will prepare the required documentation for filing the CAR in the government system.

As part of the ESMF, the Social Risk Assessment process (SRA) has taken into consideration both a vulnerability and a gender-sensitive lens. The SRA thoroughly a) characterizes the traditional communities (incorporating the findings of the anthropological study of the communities that self-identify with Indigenous Peoples), b) describes the challenges they (as well as other vulnerable social groups, women and youth) can face to express their views, raise their concerns and participate in Project supported activities, and c) proposes measures to address them and to ensure that disadvantaged and vulnerable social groups get an equitable share of Project benefits (which have been incorporated in Project design)

Among these general measures incorporated in Project design, it shall be highlighted: a) the Project's Gender Action Plan and the prioritization given to issuing land titles in name of women and to support family farmers organizations led by women; b) the prioritization of QPTCs among project beneficiaries and accordingly with the consultations already carried out with their representatives during project preparation support for the preparation; and, c) the support for the participatory design of a State Action Plan for Traditional Communities (including those that identify as belonging to Indigenous Peoples), following the principles and guidelines for meaningful consultation set out under ESS 1 and ESS 10.

The ESMF also includes a negative list of activities, comprising: (a) interventions that have potential adverse impacts in areas of critical habitats will not be implemented unless all conditions set in ESS 6 paragraph 24 are met; (b) voluntary land donations will not be acceptable unless there is evidence of compliance with the rules set in ESS 5 footnote 10; (c) child and forced labor will never be admissible; (d) only native or non-invasive species can be used for the recovery of degraded areas.

All Technical Assistance activities supported by the Project will: (i) be carried out in accordance with terms of reference acceptable to the Bank, that are consistent with the ESSs; and (ii) ensure that their outputs comply with their terms of reference.

As required by ESS 1 (para. 28(b)) and ESS 5 (para. 7), The ESMF has incorporated the findings of a social, legal and institutional assessment of the capacity of the Borrower to carry out land regularization activities, which highlights: a) the improvements made in the state legal framework on land regularization with the approval of State Law 7,294/19, which deals specifically with the land regularization processes of traditional communities, innovated by guaranteeing the title of collective domain to traditional communities and allows the State to donate its public and vacant lands to the people and communities that are occupying them; b) the improvements made in INTERPI systems, registers processes and procedures for land regularization; c) the creation of INTERPI's Department of Traditional Communities and strengthened engagement with traditional communities; and d) the strengthening of the partnership between INTERPI, the notary offices and the judiciary system to manage land tenure issues, mediate conflicts, and generate accurate data on land administration. The assessment concludes that the supported land regularization activities are neither expected to have significant adverse impacts related with involuntary physical or economic resettlement, nor cause the displacement of traditional resource users or settlers, nor alter current or traditional governance or power structures, nor affect cultural or ethnic practices. Furthermore: the Borrower's legal framework has been strengthened, has clear regulations for carrying out the due process for land regularization, prioritizes and protects the rights of traditional communities and the most disadvantaged and vulnerable social groups. Both its capacity to carry-out proper social analysis, consultation and stakeholder engagement as well as its credibility among key stakeholders (and, particularly, the most disadvantaged and vulnerable social groups) have improved. Finally, conflict mediation and resolution mechanisms with "vetted rules" are in place and have been recently reinforced. Finally, the



assessment has identified capacity building needs of INTERPI and partner agencies, which will be supported under Sub-component 1.1.

Finally, the draft ESMF includes an Environmental and Social Risk Assessment Form that was designed to evaluate in a commensurate manner the risks of each specific subproject as a pre-condition for their financing.

### ESS10 Stakeholder Engagement and Information Disclosure

Information disclosure and stakeholder engagement will be critical for the proper targeting of Project activities and to ensure the inclusion of disadvantaged and vulnerable social groups. The Project’s main beneficiaries and key stakeholders will be: 15,000 families from state land reform settlements who do not have a land title and about 5,000 families belonging to 10 traditional communities who will have their customary collective land rights regularized (comprising, quilombola communities, self-identified indigenous peoples communities under State laws, peasants and other traditional communities); family farmers whose Productive Investment Plans will be competitively selected and supported in selected agricultural and non-agricultural production chains; the women’s rural producers groups in charge of Productive Backyards; and the poor family farmers that will benefit from the prevention and control of forest fires, the monitoring of water quality and the recovering of springs and watercourses in the mostly deprived regions of the state.

The Borrower – particularly SAF and INTERPI – has experience engaging with social organizations, traditional communities, family farmers, community-based and rural producers’ organizations in the development of land regularization and rural development programs partially acquired during the implementation of the Pillars 1 Project. Working in several operations supported by the World Bank operations, SAF has gained large experience with the community-driven development approach and contributed to strengthen the institutional capacity of small/family farmers organizations for more than two decades. Under Pillars 1 Project, INTERPI has created a Department of Traditional Communities and the new state land regularization law has been drafted following a broad consultation process.

During preparation, the Borrower has identified key stakeholders (including representatives of the beneficiary population, relevant representative organizations of family farmers, agrarian reform settlers, and QTPCs, and civil society organizations). The Borrower has also carried out three rounds of stakeholder consultation about the purpose, nature and scale of the project, the three-pronged approach and the potential risks and impacts of project activities. Through these early consultations, stakeholders had opportunities to express their views and meaningfully inform project design.

Based on these preliminary activities and early consultations about the Project, the Borrower has also developed a draft Stakeholder Engagement Plan (SEP), proposing the ways in which different stakeholders will be able to participate in the project, obtain information about the project and raise their concerns and grievances with regards to the project and how they will be addressed. As the exact location of project-supported activities cannot be known at this stage, this SEP has taken the format of a framework approach, outlining general principles with clear guidelines to be followed during implementation for each component and a collaborative strategy to identify stakeholders and plan for the whole engagement process throughout project implementation.

The draft SEP analyzes (on a conceptual basis) the possible obstacles for consultation and participation of key stakeholder – especially disadvantaged and vulnerable social groups – in an adequate manner, paying particular attention to potential risks of exclusion in local contexts ridden by land conflicts and social tension. It also proposes measures to ensure that relevant information reaches out all the key stakeholders and they can effectively participate in project-related consultations and activities throughout project implementation.



Following the same approach taken during the implementation of the Pillars 1 Project, the draft SEP recommends the Project Grievance Mechanism (GM) shall rely on the existing operating system within the structure of the State Government: the Ombudsman Office under the State General Comptroller and its sectoral offices in the involved Secretariats and agencies (OGE). This arrangement will avoid the unnecessary duplication of structures and take advantage of the improvements on the institutional capacity gained by OGE with the support of the Pillars 1 Project. This existing structure has been assessed in its principles, processes, procedures and operational capacity to receive, register and facilitate the resolution of complaints raised by different stakeholders. This assessment highlights that in accordance with the requirements of ESS 10: a) OGE holds different ways in which users can submit their grievances (including anonymously); b) it keeps a log where grievances are registered in writing and maintained as a database; c) it has publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgement, response and resolution of their grievances, the governing structure, and decision makers; d) it will be able to flag incidents and accidents related to environmental, social and SEA/SH issues; e) it periodically discloses reports on the operation of the system and its effectiveness; and f) it is subject to an appeals process to which unsatisfied grievances may be referred when resolution of grievance has not been achieved.

Nevertheless, the GM operated by OGE and the sectoral ombudsman offices under SAF, SEMAR and, particularly, INTERPI will be improved to address a challenge faced by OGE as the grievance mechanism of the Pillars 1 Project on reporting back to the PMU about the specific project-related grievances handled as part of its general work and despite its overall timely, effective, and satisfactory performance on facilitating grievances resolution. It is noteworthy that, despite the legally established 30 days period for completing the response to grievances, this ombudsman system has an average track record a lot more expeditious (around 12 days).

Additional measures will be taken to enhance efficiency: a) the sectoral Ombudsman Offices in each participating agency will be further and closely integrated with the Pillars 2 Project team of environmental and social specialists at the PMU and E&S focal points in each implementing agency; b) staff at the sectoral Ombudsman Offices will receive hands-on and more thorough training for properly tagging project-related grievances in the uptaking stage as the key condition for properly monitoring the overall handling of the grievance until its resolution and final feedback from the citizen and reporting on a periodical basis to the PMU; c) the Ombudsman Office under INTERPI will be reinforced in its capacity to facilitate the response to and resolution of grievances related with the land regularization process in a timely and culturally adequate manner.

The GM will be broadly advertised in all information materials produced about the proposed Project, informed in all events related with the Project and communicated to all project beneficiaries. These communication materials will provide guidance on how to fill a complaint, including the instruction to mention that the complaint is related to the Project. The GM will be assessed on a semi-annual basis and subject to improvements according to its performance, particularly in terms of the timely and appropriate tagging and follow up of Project-related grievances.

The draft SEP will be publicly consulted on and disclosed prior to Appraisal, including new meetings with representative organizations of disadvantaged and vulnerable social groups (including quilombolas and traditional communities). The final SEP incorporating the feedback received during stakeholder engagement will be revised and finalized within 30 days after project effectiveness and then published in the Bank and Project's website.

## B.2. Specific Risks and Impacts

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

### **ESS2 Labor and Working Conditions**



This standard is relevant.

Project implementation will rely on direct workers (including civil servants from the implementing agencies: SAF, INTERPI and SEMAR), contracted workers and community workers (which will provide labor as a contribution to foster community-driven development as envisaged under Component 3).

The Borrower is preparing Labor Management Procedures (LMP), which:

- Address aspects related with terms and conditions of employment, assuring 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.
- Prohibit the use of all forms of forced labor
- Vetoes the employment or engagement in connection with the Project to all children beneath the minimum age of 18.
- Set – in consultation with workers – measures to assure the adoption of occupational safety and health measures at the working places that are appropriate to address the potential risks associated with the tasks to be carried out by each category of workers.
- State the need to establish a standalone grievance redressing mechanism to raise workplace concerns and define the features of this mechanism in line with the requirements of ESS 2 – this workers grievance mechanism may utilize existing grievance mechanisms (providing that they are properly designed and implemented, address concerns promptly, and are readily accessible to such project workers) and would be put in place within 30 days of Project effectiveness and operated thereafter.
- Define a Code of Conduct for all project workers, including direct workers, including provisions related with the no acceptance of discriminatory behavior, disrespect for distinct cultural values and traditions, sexual harassment and sexual abuse and exploitation in the workplaces as well as in the relationships between project workers and beneficiary community populations.
- Set measures to ascertain that community workers will: a) only provide labor for activities aimed to foster community-driven development (as envisaged under Components 2 and 3) on a voluntary basis, as an outcome of individual or community agreement and under clearly identified terms and conditions (including amount and method of payment – if applicable – and times of work; b) have access to mechanisms for raising grievances in relation to the project; c) receive training on occupational health and safety risks they may be exposed when performing work related with core functions of the project as well as adequate personal protection equipment; and d) prohibits the community workers engagement in activities that pose significant occupational, health and safety risks.

Civil servants performing works related to the core functions of the project will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement (unless there has been an effective legal transfer of their employment or engagement to the project).

These LMP will apply to all direct, contracted and community workers and will be included in all bidding documents prior to any procurement activities tendered out. Its provisions related with the protection of the work force and Occupational Health and Safety will also apply to all direct, contracted and community workers (as well as civil servants).

Under Component 2, activities associated with the prevention, control and management of natural vegetation fires prevention are limited to the establishment of a real time monitoring and management room, preparation of the Operating Plans to Prevent and Combat Forest Fires, training and deployment of equipment for the implementation of Operating Plans and preparation of draft bill of the “State Policy of Integrated Fire Management” (SPMIF). They do not include activities that may expose comunitary works to health and safety risks.





A draft version of the LMP will be submitted to Bank’s review prior to Appraisal. The final version of the LMP (addressing the comments made by the Bank) would be finalized within 30 days after project effectiveness.

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

This standard is relevant.

This project is not expected to have the potential to constitute a significant source of emissions, on the contrary, the Project brings climate benefits, promoting the reduction of greenhouse gas emissions and improvements on water resources management.

Component 2 will contribute to prevent and control forest fires as well as to avoid pollution of water resources. Component 3 will foster the adoption of climate-smart agriculture practices, including the use of solar panels and water reuse systems for supplying energy and water to productive gardens sowed by family farmers. Component 3 will also give preference to Integrated Pest Management or Integrated Vector Management approaches to pest management. Hence, it is not expected to involve significant pest management issues and, consequently, the Borrower would not be required to prepare a standalone Pest Management Plan (PMP).

Nevertheless, beneficiary family farmers may be exposed to risks associated with the use of pesticides and the elements of a PMP – including guidance on the proper use, handling and storage of pesticides in compliance with the EHSGs and forbidding the use of pesticide products that contain active ingredients that are restricted under applicable international conventions and protocols, or that do not meet the criteria of carcinogenicity, mutagenicity or reproductive toxicity as set forth by relevant international agencies – will be incorporated as part of the Project’s ESMF.

**ESS4 Community Health and Safety**

This standard is relevant.

The Project is neither expected to increase exposure of local communities to traffic and road safety risks, nor have direct impacts on ecosystem services that may result in adverse health and safety risks to and impacts on affected communities. It is not expected to expose beneficiary communities to hazardous materials. Due to the nature and size of the supported activities, the Project is not expected to generate emergency events. Finally, it will not need to retain direct or contracted workers to provide security to safeguard its personnel and property.

Furthermore, project activities are not expected to increase risks ordinarily related with the influx of workers on rural communities – fraternization, or increased risk of communicable diseases and the pressure they put on local social and health services, or increased demand for goods, services and accommodation leading to pricing hikes, or increased risk of inappropriate and criminal behavior, sexual harassment/exploitation, and gender-based violence potentially leading to tension and conflict between local communities and construction workers. These risks are minimized because high volumes of labor influx is not anticipated – neither for the small construction works, nor for the demarcation works which ordinarily involve a crew of just five members (one topographer, one surveyor engineer, one field assistant, one social worker, and one driver), whereas laborers needed for trailblazing and other manual labor will be hired locally. In consequence, the risk of community exposure to health issues is reduced. Component 3 will prioritize the adoption of climate-smart agriculture practices and it is not expected to involve significant pest management issues that can expose communities to health issues.



The communication strategy of the Project will take into consideration the presence of individuals with special needs amongst potential Project beneficiaries to ensure they have equal access to relevant Project information and Project benefits.

The Project does not include the construction of new dams, and its supported activities will not rely on the performance of existing dams or dams under construction.

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

This standard is relevant.

Activities envisaged under the Project are not expected to require significant land acquisition or restriction on land use leading to physical and economic displacement. These impacts are potentially associated with land regularization of traditional and quilombola collective territories under component 1 – where individual occupants who do not identify as quilombolas may be present and may need to be resettled – and protection of water springs under Component 2 – where the community using these resources collectively decides to restrict access to them.

Additionally, rural development/productive inclusion activities supported under Component 3 may require voluntary land donation.

Given the facts that a) the community-driven development nature of the activities that will be supported by Component 3 in response to Calls of Interest from rural communities and b) any necessary taking of land required under Component 1 will only be known as the works of land delimitation are carried out during project implementation, these impacts could not be fully estimated during project preparation and the Borrower has prepared a draft Resettlement Policy Framework (RPF).

The Project RPF highlights that Project activities that may cause physical and/or economic displacement will not commence until RAPs specific to those sub-projects have been prepared, consulted, and thereafter finalized and fully implemented.

The RPF's key principles include: (i) the provision of timely compensation for loss of assets at replacement costs; (ii) the provision of assistance to displaced persons in their efforts to improve or restore their livelihoods and living standards to pre-displacement levels; (iii) the ensurance of proper disclosure information, meaningful consultation, and the informed participation of the displaced persons during the planning and implementation of resettlement activities; (iv) the ensurance that there will be no forced evictions; and (v) the provision of access to channels through which affected persons can raise their concerns and grievances about the resettlement process without fear of reprisal and have their resolution facilitated.

It sets clear procedures for any voluntary land donations under the Project to ascertain that said land donations will be provided only on a voluntary basis, considering that: (i) appropriate information and consultation of potential donors about the Project and the choices available to them – including that refusal of donation is an option; (ii) confirmation in writing of the potential donors' willingness to proceed with the donation; (iii) confirmation that the amount of land being donated is minor (not more than 10% of the total amount of the land) and will not reduce the viability of the donors' remaining land area below that required to maintain their livelihood at current levels; (iv) no household relocation is involved; (v) the donors are expected to benefit directly from the project; (vi) for community or collective lands, donation will only occur with the consent of the individuals using or occupying these lands; and (vii) the Borrower will maintain a transparent record of all consultations and agreements reached.

It also states that evidences of a) adequacy of the community decision making process, b) achievement of voluntary and informed consensus and c) agreement upon appropriate measures that have been put in place to mitigate adverse impacts on the vulnerable members of the community in activities related with the protection of water



springs must be provided as a condition for starting activities aimed to protect water springs and/or to recovery degraded common lands.

Finally, it points out that the Brazilian legislation on the regularization of quilombola territories prohibits the removal of these occupants without proper and previous compensation and gives preference to land-based resettlement strategies for displaced persons whose livelihoods are land-based. In these cases, the affected persons shall be provided with land for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the land taken. These principles and procedures are fully in line with the objectives of ESS 5 and have been incorporated in the Project's RPF.

The RPF will be disclosed for consultations no later than 90 days after Project's effectiveness allowing sufficient time to carry out its consultation amongst vulnerable groups and to incorporate their feedback. The final RPF version – incorporating the feedback of the consultation process – will be disclosed within 120 days after Project's effectiveness. Specific Resettlement Action Plans will be prepared and implemented prior to the beginning of any activities that may have adverse impacts related with land acquisition, restrictions on land use or involuntary resettlement.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This standard is relevant as the Project may potentially affect biodiversity and habitats. The Project was conceived with integrated interventions on land regularization, environmental protection and sustainable productive development, which shall minimize potential negative impacts promoting positive outcomes, resulting in overall positive environmental impacts, including biodiversity conservation.

Subcomponents 1.2 and 1.3 (Land Tenure Regularization) and Productive Investment Plans may result in additional land conversion, as 80% of the property can be legally converted to agriculture land outside Amazon Biome according to National Forest Code. However, this risk will be mitigated by targeting consolidated areas of agriculture (previously occupied) under Component I. Nevertheless, this is a legacy impact and may not be fully mitigated, residual land conversion could potentially occur based on farmer's rights to convert natural habitats into agriculture land granted under the National Forest Code requirements. However, overall balance of negative and positive impacts from land titling and environmental regularization measures under this project is expected to be positive, as historical deforestation process is expected to decrease in settlements covered by the Project.

All land tenure regularization supported by the Project will be contingent to the preparation of the CARs, in accordance to the Brazilian legislation and the methodology defined in the ESMF. The CAR preparation methodology was developed with support from the Bank, along the implementation of the GEF Cerrado Project, Piauí DPL II and Piauí Pillars of Growth I, comprising a series of phases: (i) Identification of the settlements proposed for land regularization – Interpi; (ii) environmental assessment (including land use and vegetation cover mapping) – CGEO; (iii) eligibility assessment, considering the rural properties size, potential interference with protected areas (e.g. parks and reserves); potential interference with archeological sites - CGEO/Interpi; (iv) definition of the CAR requirements, considering the different biomes – SEMAR; (v) location of the permanent protection areas and legal reserves, considering a series of factors, (e.g., biome, watershed management plan, economic-ecological zoning, ecological corridors, areas of relevance for biodiversity conservation (fragile ecosystems, areas with relevant biodiversity, critical habitats and threatened species). The identification of critical habitats will be updated on a regular basis, in line with the Biological Diversity Convention, and the National Plan for Implementation of Policies for National Biodiversity (PAN-Bio), and the National Plan of Protected Areas. Important to note that Interpi, CGEO and SEMAR, have a proven track record in preparing CARs, in accordance to the proposed methodology.



The CAR is a recognised avenue to slow illegal deforestation on private properties. The literature points that thanks to the CAR, (interalia with mapping and monitoring programs), Brazil has succeeded to enforce environmental compliance at the property level and to reduce deforestation. The implementation of environmental regularization of rural landholdings through the CAR enables a more effective supervision and monitoring of deforestation and degradation of natural vegetation. Furthermore, the widespread application of the CAR contributes to the better management of the remaining forest areas on private landholdings and to recover degraded legal reserve (RL) and permanent protect areas (e.g. riparian vegetation). Registration in the CAR Electronic System (SICAR) is required to obtain an environmental license for rural economic activity on the land, and for other official permits and authorizations issued by the environmental authorities.

The alternative to the land tenure regularization is a "no action" scenario, making it more difficult the enforcement of the environmental legislation, favoring the continuous degradation of important Biomes, such as the deforestation of Cerrado areas, aggravating the state deforestation problems.

Subcomponent 3.1, supporting climate-smart agriculture, will provide matching grants for competitively selected Productive Investment Plans (PIP) in predefined production chains. The PIPS pose potential impacts to biodiversity conservation, which are limited in scope and localized, and can be avoided or mitigated with proper environmental management practices. The implementing agency, SAF, has prior experience with the Bank environmental guidelines, reducing the potential risk due to the implementation of PIPs.

Finally, it is important to note that the Project will fund measures to prevent natural vegetation fires, with positive impacts to the environment and biodiversity conservation. Natural vegetation fires are among the main environmental problems faced by Piauí as they contribute to carbon emissions, acceleration of climate change, atmospheric pollution, desertification and loss of biodiversity.

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

This standard is not currently relevant.

There are a few local communities in the state of Piauí – namely: a) the population of the urban nuclei of Itacoatira, Tucuns and Colher de Pau (Municipality of Piri-piri), whose inhabitants self-identify as the Tabajara People; b) the population of the rural communities of Canto da Várzea and Oiticica (Piri-piri), who self-identify as the Tabajara Ipy People; c) the population of Aldeia Nazaré (Lagoa do São Francisco), who self-identify as the Tabajara Tapuio People; d) the population of Aldeia Serra Grande (Queimada Nova), who self-identify as the Cariri de Serra Grande People; and e) the population of the rural communities of Barra do Correntina (Bom Jesus), Morro d'Água (Baixa Grande do Ribeiro), Pirajá and Laranjeira (Currais), Sete Lagoas and Vão do Vico (Santa Filomena), who self-identify as the Gamela People – that in recent years started a process of self-identification as members of a distinct indigenous social and cultural group and are recognized by the State Government as such (based only on the criterium of self-identification).

At least some of these communities are expected to benefit from Project activities dealing with land and environmental regularization activities under Components 1 and 2 as well as productive inclusion under Component 3.

Nevertheless, there is no evidence that these groups cumulatively possess the characteristics set forth in ESS7 of: (a) collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupational or to the natural resources in these areas; and (b) customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and (c) a distinct language or dialect different from the official language. There is also no evidence (so far) that (d) the members of these groups



have lost collective attachment to distinct habitats or ancestral territories during their lifetime or (e) have established distinct communities in or near urban areas but still possess the characteristics mentioned in (a), (b) and (c) above. The assessment of potential environmental and social risks and impacts associated with project activities as part of the Project ESMF – to be elaborated during project preparation – will pay special attention to distributive impacts over disadvantaged and vulnerable social groups (including these communities that self-identify as Indigenous Peoples). It will also propose measures to avoid or reduce adverse impacts as well as to ensure their equitable access to project benefits. Concomitantly, the SEP will define measures to ensure the culturally appropriate engagement with these disadvantaged and vulnerable communities that self-identify as Indigenous Peoples.

The state of Piauí has witnessed a long process designated within the Anthropological Science as “ethnic re-emergence” or “ethnogenesis”. The term ethnogenesis is used to describe the constitution of new ethnic groups with a common sociocultural consciousness of belonging. It refers to the social mechanisms (reasons, means and processes) that allow a particular population to institute itself as a group by demanding recognition of a difference amid a field of non-differentiation – by instituting a boundary where only contiguity and homogeneity were presumed. In other words, ethnogenesis is the construction of a self-awareness and a collective identity in response to an act of disrespect for the purposes of recognition and the conquest of collective goals. In Brazil, most of these processes occurred in the Northeast Region; they were and still are aimed at obtaining resources, which largely originate from the state and are regulated by state laws, policies or agencies, rendering the recognition of these groups by the Brazilian state an important element of ethnogenesis (based on J.M. Arruti, Indigenous Ethnogenesis, available at [https://pib.socioambiental.org/en/Indigenous\\_ethnogeneses](https://pib.socioambiental.org/en/Indigenous_ethnogeneses)).

In Piauí, this process started later than in the other states in the Northeast region of Brazil but is gaining momentum and speed. It has particularly advanced with the passing of State Law 7,389/2020, which formally and expressly recognizes the existence of indigenous peoples within the territorial boundaries of the State of Piauí and states that the right to ethnic identity can be recognized based solely on the criterium of self-identification as an indigenous community, evidenced by minutes of self-identified community assembly, specifically convened for this purpose, or through records with the National Indigenous Peoples Foundation (FUNAI). This law also determines that: a) the formulation and execution of public policies by the State of Piauí should observe the right recognized by this Law and ensure specific and differentiated treatment when they are oriented towards the care of indigenous peoples in the state territory; and b) public lands used collectively by indigenous communities will be subject to land regularization for the respective communities, on a collective and irrevocable basis, without prejudice to the demarcation of their territories by the institutions that are competent under the Federal Law. But it cautions that the use of the term peoples should not be interpreted as implying any rights that might be conferred on this term under international law.

According to an anthropological assessment commissioned by the World Bank and carried out as part of Project preparation, nowadays, there 22 communities in the State of Piauí (all within the area of intervention of the Project) that self-identify as Indigenous Peoples and count for around 1,450 families. They are:

- The communities of Barra do Correntinho, Família Marques, Laranjeiras, Morro d’Água de Cima, Morro d’Água de Baixo, Prata, Pirajá, Rio Preto, Tamboril and Vão de Vico, in the municipalities of Baixa Grande do Ribeiro, Bom Jesus, Currais and Santa Filomena, which self-identify as belonging to the Akroá-Gamela People;
- The community of Sangue, in the municipality of Uruçuí, which self-identifies as belonging to the Guegue People;
- The communities of Bate Maré and Serra Grande, in the municipalities of Paulistana and Queimada Nova, which self-identify as belonging to the Kariri People;



- The communities of Barro Pequi, Canto da Várzea, Colher de Pau, Itacoatiara Piripiri, Jenipapeiro, Oiticica and Tucuns, in the municipality of Piripiri, which self-identify as belonging to the Tabajara, Tabajara-Ipy People; and,
- The community of Nazaré, in the municipality of Lagoa de São Francisco, which self-identifies as belonging to the Tabajara-Tapuio/Itacoatiara People.

This anthropological assessment shows that:

- Most of these communities have collective attachment to lands they occupy.
- Some possess distinct customary institutions.
- None of them possess a distinct language or dialect that is different from the official language of the country.

It also shows that - as prevails among poor family farmers and other traditional communities in the state of Piauí – the livelihood of these social groups is based on the agricultural production for self-consumption and the creation of small livestock ordinarily raised in open lands collectively used. The process of self-identification is based on the memories shared by the elderly and, sometimes, mystic experiences (the “Encantados” – spirits of nature) or religious rituals (the “Toré” – a ritual that is common among many Indigenous Peoples in the Brazilian Northeast). The Anthropological Assessment also highlights that INTERPI has carried out Anthropological Reports for Land Identification and Delimitation for the communities of Morro d’Água de Baixo, Morro d’Água de Cima and Vão de Vico and acquired the lands for the Kariri da Serra Grande, Nazaré and the eight peri-urban Tabajara communities in the municipality of Piripiri.

Considering that these communities that claim to belong to an Indigenous Peoples and are recognized as such by the State of Piauí will not be the sole beneficiaries of Project activities and despite of the fact that there is no evidence they cumulatively possess all the characteristics that make ESS 7 relevant, the Borrower has designed and will implement the Project in a manner that provides them with equitable access to project benefits. Special measures will be taken to ensure the appropriate engagement with them and the Project will give priority to QPTCs among project beneficiaries and accordingly with the consultations already carried out with their representatives during project preparation support for the preparation and b) support the participatory design of a State Action Plan for Traditional Communities (including those that identify as belonging to Indigenous Peoples), following the principles and guidelines for meaningful and culturally appropriate consultation in line with ESS10.

### **ESS8 Cultural Heritage**

This standard is relevant.

Piauí has more than 1,800 archeological sites registered by Iphan (the Institute of National Historical and Artistic Heritage), among them the Poti River Fossil Forest, located in the municipality of Teresina and listed as a paleontological site in 2003. In the southeast region of the state, there is the Serra da Capivara National Park, protected by Iphan, in 1993, and declared a World Cultural Heritage Site by Unesco, in 1991 and the archeological site Toca do Salitre - located in an area near Povoado Serra Nova (municipality of São Raimundo Nonato) – known for the large number of cave paintings in the rock shelter. Another important archaeological site is the Sete Cidades National Park, created in 1961 and located in the municipality of Piracuruca, where dozens of sites with traces of prehistoric Latin America have been registered by Iphan.

As the location of some of the subprojects that will be supported by the Project will not be fully defined during preparation, there is a risk that some beneficiary communities can be located in the vicinities of recognized cultural heritage sites or legally protected cultural heritage areas. To address this risk and as part of the Project’s ESMF, the Borrower will: (a) identify (through research and consultation with cultural heritage experts) the legal protected cultural heritage areas, the known archeological sites and natural features with cultural significance located in the





state and (b) define measures to avoid impacts on these cultural heritages and, when avoidance of impacts is not possible, measures to mitigate such impacts based on local, national, regional and international cultural heritage regulations and globally recognized practices.

The ESMF includes specific procedures for land tenure regularization in the areas surrounding recognized cultural heritage sites regardless of whether or not they have been legally protected or previously identified or disturbed, including the prior review of the environmental feasibility of land regularization in the areas surrounding the main archeological sites, including the national parks Serra da Capivara, Serra da Confusão and Sete Cidades.

Project supported activities are not expected to involve excavations, demolition, movement of earth, flooding or other changes in the physical environment and, therefore, a chance finds procedure is not deemed necessary.

**ESS9 Financial Intermediaries**

This standard currently 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

**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:**

The use of Borrower Framework is not being considered in replacement of any of the Environmental and Social Standards.

**IV. CONTACT POINTS**

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Public Disclosure



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**Implementing Agency(ies)**

Implementing Agency: Piauí State Secretariat for Planning (SEPLAN)

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**VI. APPROVAL**

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