

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC3848

Date ISDS Prepared/Updated: 08/21/2008

I. BASIC INFORMATION

A. Basic Project Data

Country: Brazil	Project ID: P111513
Project Name: Santa Maria - RS Integrated Municipal Development Program	
Task Team Leader: Marcos T. Abicalil	
Estimated Appraisal Date:	Estimated Board Date: December 16, 2008
Managing Unit: LCSUW	Lending Instrument: Adaptable Program Loan
Sector: Roads and highways (36%);General water, sanitation and flood protection sector (23%);Other social services (20%);Sub-national government administration (13%);General industry and trade sector (8%)	
Theme: Other urban development (P);Pollution management and environmental health (P);Municipal governance and institution building (S);Small and medium enterprise support (S);Rural services and infrastructure (S)	
IBRD Amount (US\$m.):	13.95
IDA Amount (US\$m.):	0.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
Borrower	9.25
<u>Financing Gap</u>	<u>0.01</u>
	9.26

B. Project Objectives [from section 2 of PCN]

The program objective is to strengthen the capacity of the municipal governments in Rio Grande do Sul (RS) - Bage, Pelotas, Rio Grande, Santa Maria and Uruguaiana - in fiscal management, delivery of selected infrastructure services and promotion of employment and income generating activities within their territorial jurisdiction, in a fiscally and environmentally sustainable manner. As a result of the project, it is expected that the quality of life of the population will improve. In addition, the municipalities will have benefited from improved partnerships and enhanced capacity strengthening by working together on a common development agenda.

C. Project Description [from section 3 of PCN]

Project components: A common set of result indicators and project components will be implemented across the five municipalities, although the specific investment plans and activities

will be customized to meet the respective development plans of each municipality. The three project components and eligible expenditures are as follows

Component 1: Municipal Strengthening (about 13% program total, \$13M): this component will focus on improving the capacity of the municipal government in:

- Fiscal management, including tax collection, cadastre and internal resource mobilization
- Strategic planning and budgeting: participatory planning processes for the PPA (and/or Plano Diretor) and improved transparency on plan implementation
- Project management: planning, budgeting, sub-project formulation and appraisal, implementation (procurement, works supervision, safeguards), financial management and reporting, M&E
- Strategies for improved delivery of selected infrastructure services (in support of Component 3) and addressing environmental aspects
- Promoting income generation and employment: simplification of administrative procedures for business registration, operation and closing, as well as design and implementation of strategies for local economic development (financed through Component 2)
- Cross-municipal partnerships, knowledge exchange and learning with stakeholders involved in the program

The types of activities funded under this component include: information systems, consultants, human resource development/training, studies and equipment.

To promote learning across the 5 municipalities and to capitalize on the horizontal APL approach, a minimum core set of common actions in the area of public sector management could include: (a) cadastre and revenue management (b) management information systems able to integrate planning, budgeting, project execution/procurement, reporting, M&E and learning, (c) project management practices that can become mainstreamed into the municipal government and (d) technical assistance in developing innovative approaches to common development challenges such as urban upgrading, local economic development, rural road maintenance, environmental licensing, infrastructure service delivery etc. These actions would be implemented jointly across the 5 municipalities, preferably through a common technical assistance contract.

Component 2: Income and Employment Generation (about 18% of program total, \$18M).

This component would support initiatives to generate employment and income in both urban and rural areas. Each municipality is being assisted to prepare a strategy to identify its productive potential, comparative advantages and competitive niches. The analytical work produced as part of the State Development Plan (Rumos 2015) will contribute to this effort. Although there will be special emphasis on direct project interventions to benefit the poor (such as facilitating access to micro-credit), support will also be provided to address key obstacles to growth faced by the larger and/or with greater potential productive sectors (for example, access to the knowledge economy). Any activity financed under this component would need to be based on a sound business plan which shows the expected income and/or employment generation that is expected from the intervention. Finally, the role of the municipal government will need to be clearly identified vis-a-vis the other state agencies that promote employment (such as SEBRAE, EMATER, etc), to avoid duplication of effort and ensure complementarity.

The following types of activities have been identified:

- Supporting potential clusters of SMEs and encouraging the formalization of the informal sector, promoting entrepreneurship, training and technical assistance to companies, SMEs and cooperatives;
- Facilitating access of the very poor to (existing) micro-credit programs;
- Provision of municipal markets and improved physical space for street vendors;
- Technology parks (in 2 municipalities) to promote innovation, R&D and value added expansion by bringing together skilled human capital, research institutes, public sector and private initiative;
- Promoting diversification and further processing levels in rural productive activities, including agriculture and fisheries, and increasing access of rural production to urban and more profitable markets.

The following topics are of interest to all five municipalities: (a) developing coherent strategies for defining appropriate interventions for the municipal government to promote employment generation, (b) incentives for promoting formalization and registration of SMEs, (c) support to SMEs cluster development, including strengthening of social capital and (d) helping the poor access micro-credit.

Component 3: Territorial Improvements (about 70% of program total, \$70M).

The project will assist the municipalities improve their ability to provide priority and selected infrastructure services to all inhabitants in their jurisdiction in an efficient and sustainable manner within the framework of a longer term development strategy. However, due to limited resources, the project would in most cases only finance a portion of the total required investments (for example, upgrading just one neighborhood or expanding part of the sewer and treatment network), in order to assist the municipal government develop and test a methodological approach that could be replicated throughout the municipality.

The following investment categories will be eligible:

- Improvements in existing urban and rural transport systems: road rehabilitation, street paving, upgrading existing roads and small bridges, improved drainage, bicycle paths
- Water supply, sanitation, drainage and solid waste management in urban and rural areas
- Urban upgrading, housing and social improvements in poor neighborhoods
- Environmental protection including recovery of urban parks and watershed protection

Key areas of mutual learning across municipalities include rural road maintenance (with the possibility of exploring a consorcio-type of approach for out-sourcing a service provider), urban upgrading and environmental management.

D. Project location (if known)

The proposed program will be implemented in the five largest municipalities of the Southern half of RS, namely Bage, Pelotas, Rio Grande, Santa Maria and Uruguaiana. This region is poorer than the northern part; while it contains 25% of the population, it only 19% of the GNP. The per capita income disparity between the south and north is even more striking at 6,787 reais versus 10,257 reais (source FEE 2004). The five project municipalities cover an area of over 17,000

km² (6% of the States total area), and have a total population of about 1,000,000 (9.5% of state total population). About 25% of the population is estimated to live below the poverty line. Together, the 5 municipalities produce 10.8% of States GDP.

E. Borrower’s Institutional Capacity for Safeguard Policies [from PCN]

The proposed project will include all appropriate mechanisms and technical capacity measures to ensure full compliance with the Banks safeguard policies. The State Environmental Secretariat has decentralized responsibilities to municipal level and this project will strengthen local teams to assess environmental impacts, prepare plans and monitor implementation. Some municipalities have implemented excellent public participation and disclosure programs that will be shared with the others and required as part of the environmental assessment process. Where necessary, the municipalities will be assisted by safeguard experts in order to improve institutional capacity during project preparation and implementation

F. Environmental and Social Safeguards Specialists

Mr Paul Procee (LCSEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>The project is expected to have positive environmental impact in the long-run, since it aims at reducing environmental degradation and improving the quality of basic services and public transport and non-motorized transport systems. A number of mostly short-term and long-term induced impacts trigger OP 4.01.</p> <p>The infrastructure investments in the five cities include rehabilitation and paving of existing rural and urban roads, rehabilitation of small rural bridges, improvements and expansion of water supply and sanitation systems, construction of a sanitary landfill and closing of an open dump, urban upgrading including housing and socio-economic integration of poor neighborhoods.</p> <p>The proposed works under the project will follow the alignment of existing roads and right-of-ways and alternatives will be sought to prevent potential impacts, especially to avoid involuntary resettlements. The project will incorporate strategies to increase safety and incentives to reduce air pollution. The project will also address population at risk living in flood plains and along the shoreline of urban lakes and rivers. The recovery of these environmental protection areas will improve environmental sustainability and quality of life of the affected population.</p> <p>The main direct impacts are expected to occur during construction and cause localized negative environmental impacts. Such impacts are expected to consist essentially of noise, vibration, dust, and traffic disruption. Additional negative impacts during construction will occur due to haulage and final disposal of materials. Most of these impacts can be mitigated by proper designs and environmental and social manuals that have to be followed.</p> <p>The environmental assessment will assess short-term direct and long-term cumulative impacts of the project. Environmental consideration will be integrated in project planning and</p>			

Safeguard Policies Triggered	Yes	No	TBD
design. Training will be provided to environmental and social teams in cities.			
Natural Habitats (OP/BP 4.04)	X		
The environmental screening will assess short-term construction impacts as well as potential cumulative and indirect impacts on natural habitats. The project is unlikely to have negative impacts since most works are taken place in along existing roads and infrastructure. However, the project includes the rehabilitation and conservation of degraded natural habitats (river banks and coastal areas occupied by slums). A detailed strategy will be prepared during the first year to rehabilitate these areas and identify appropriate conservation measures.			
Forests (OP/BP 4.36)		X	
Pest Management (OP 4.09)	X		
Although the project does not include any direct procurement of pesticides, the income-generating activities focusing on the agricultural sector might increase use of pesticides. The project will not directly procure any pesticides, but will provide guidance to beneficiary farmers about methods to use biological and environmental control methods to manage pests, criteria for selection and use of pesticides and promote effective and safe use of pesticides.			
Physical Cultural Resources (OP/BP 4.11)	X		
Some works include the rehabilitation and renovation of historic buildings and contractors will follow strict rules to recuperate and or preserve historic characteristics of buildings. The contractor manual will include procedures for chance findings of archaeological materials during construction, possible impacts on buildings, monuments or other sites of historical or archaeological significance.			
Indigenous Peoples (OP/BP 4.10)		X	
Involuntary Resettlement (OP/BP 4.12)			X
The proposed infrastructure improvements will happen along existing rights-of-way and will not require resettlement or acquisition of private land. Nevertheless, in the first year the project will prepare a strategy to provide hazard safe and livelihood accessible areas to slum dwellers currently living on landslide prone slopes, flood prone river banks, open dumps and environmental protection areas. The project will implement a comprehensive and community-based approach to urban upgrading based on best practice experiences in Brazil in similar operations, and will ensure security of tenure and improved access to labor markets and credit of affected population, as appropriate.			
Safety of Dams (OP/BP 4.37)	X		
The only potential impacts might occur due to the financing of small farm ponds as part of the micro-credit program. Generic safety measures will be designed and an independent review panel of dam experts, appointed by the municipalities and acceptable to the Bank, will review proposed designs, implementation and operation of these ponds. The proposed farm ponds will include an operation and maintenance plan and safety inspections by the municipality.			
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	

Environmental Category: B - Partial Assessment

III. SAFEGUARD PREPARATION PLAN

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 02/20/2007

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A

C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS.

The environmental and social work for this project will include the following:

1. A standardized environmental and social screening form will be prepared and training will be provided to responsible agencies in each city for screening of sub-project sites. Environmental screening will be performed prior to project design by environmental agencies and social workers in Bage, Pelotas, Rio Grande, Santa Maria and Uruguaiana. The priority projects (to be implemented in first year) will be screened prior to appraisal by city agencies. The Screening will help categorize sub-projects for their potential environmental and social impacts and required assessment and mitigation plan.

2. The Terms of Reference for Preparing a Strategy for Slum Upgrading and Rehabilitation of Natural Habitats will be finalized prior to appraisal to address slum dwellers and poor communities living in environmental risk areas in selected cities (Rio Grande, Santa Maria and Uruguaiana): landslide prone slopes, flood prone river banks, open dumps and environmental protection areas. The slum upgrading strategy should include physical, social, economic, organizational and environmental improvements and ensure participation and consultation with affected dwellers, community groups, businesses and local authorities.

3. An Environmental and Social Management Framework (ESMF) will be prepared prior to appraisal. The ESMF will outline management procedures and required resources to prevent, mitigate or compensate for direct social and environmental impacts during construction. The ESMF will also include measures to reduce or mitigate potential impact on cultural property, and specify procedures for managing chance finds of archeological materials during construction, and possible impacts on buildings, monuments or other sites of historical or archaeological significance.

4. A Resettlement Policy Framework (RPF) will be prepared prior to appraisal in accordance with OP 4.12, to provide a basis for drafting specific Resettlement Action Plans (RAP) that may become necessary during project implementation at the city level.

5. An environmental and social management capacity building plan will be prepared at the regional level and included in the municipal strengthening component of the project.

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Ms Jennifer J. Sara	12/15/2006
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Mr Reidar Kvam	
Comments:		
Sector Manager:	Mr John Henry Stein	
Comments:		