

E4291

STATE OF CEARÁ

BRAZIL

PROGRAM FOR RESULTS

To

**STRENGTHEN SERVICE DELIVERY IN SKILLS DEVELOPMENT,
EARLY CHILDHOOD DEVELOPMENT AND WATER QUALITY
PROGRAMS**

ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

**FINAL DRAFT
(FOLLOWING CONSULTATIONS)**

SEPTEMBER 2013

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ACRONYMS

ECD	Early Childhood Development
ESSA	Environmental and Social Systems Assessment
DLIs	Disbursement Linked Indicators
PDO	Program Development Objective
PAD	Program Appraisal Document
PforR	Program for Results
TVET	Technical and Vocational Education

SECTION 1 INTRODUCTION

To inform preparation of the State of Ceará's Program for Results (PforR) Operation to Strengthen Service Delivery in Skills Development, Early Childhood Development and Water Quality Programs, the World Bank prepared an Environmental and Social Systems Assessment (ESSA) of existing environmental and social management systems used to address the environmental and social effects of the state government programs selected to achieve the PforR results. This report presents the findings of the ESSA.

1.1 Program Description

The Program Development Objective (PDO) is to support the Government to improve public service delivery particularly in the areas of skills development, early childhood development and water quality.

The Program will support existing state government programs in three areas: vocational training, early childhood development and water quality. The operation will include a stand-alone component of technical assistance. This will consist of specialized consulting services to be procured under Bank rules and will disburse separately from the main loan component. The interventions will be subject to World Bank safeguard policies and are not considered in the ESSA.

The Program's emphasis is on changing incentives and providing technical assistance to strengthen systems for results in key sectors. The program aims to improve public sector performance in order to increase the efficiency of public service delivery in these sectors.

The Program results framework is presented in Table 1 below. Disbursement Linked Indicators (DLIs) are indicated in bold.

Table 1: Results Framework

Government Program	Output-level indicators	Intermediate outcome-level indicators	PDO-level or impact-level indicator
<i>Skills development</i> 'Vocational training' & 'Secondary school professional education'	Approval of skills development strategy* Establishment of monitoring and evaluation system for TVET programs	Number of agreements with private companies to contribute equipment, in situ training, inputs to curriculum design or course instructors Analysis of and improvement of governance mechanisms for productive sector development policy	Number of technicians with completed secondary education absorbed by productive sector (public and private)
<i>Early childhood devt.</i> 'Rural poverty reduction,' 'Rural development,' 'Work, employment and income,' 'Social assistance,' 'Early child learning,' & 'Management, participation, social control and institutional development.'	Reduction in municipal co-financing requirement for the construction of crèches and preschools with state funding* Number of FECOP-financed ECD projects with log frames Creation of multi-sector advisory ECD committee (SEDUC, SESA, STDS, SEPLAG, municipal counterparts)	Percentage of children aged 0-5 attending crèches and pre-schools or receiving home-based care through PADIN Percentage of technical teams in CRAS receiving training in family support Number of targeted municipalities providing training to at least 60 percent of ECD coordinators and principals	Percentage of children in targeted municipalities enrolled in crèches and pre-schools with adequately trained teachers
<i>Water quality</i> 'Environmental protection,' 'Integrated health quality,' 'Water management,' 'Promotion, protection and health,' & 'Natural resources and environmental management.'	Establishment of inter-agency committee for water security* Submission to legislature of water security plan for three strategic water bodies Submission to legislature of new watershed protection laws Approval of integrated solid waste management plans for strategic watersheds	Number of households with adequate connection to sewage system in three strategic watersheds (as measured by optimization index) Index of environmental enforcement quality Number of municipalities trained and involved in a participatory water quality monitoring program	Improved Raw Water Quality Index for the Metropolitan Region of Fortaleza
<i>Public sector management</i> Coordination of planning and investment' & 'Human resources management' and 'management modernization'	Approval of model aligning incentives with strategic objectives Approval of regulation on standardized investment selection model	Number of PforR program sectors adopting model for aligning incentives with strategic objectives Percentage of PforR program investments prepared using standardized methodology Percentage of staff undergoing training in RBM	-

In certain cases, DLIs specify activity targets that require environmental assessment. Similarly, incentive frameworks include provision for expenditures which would involve minor to moderate environmental and social effects. Investments associated with achievement of the DLIs, PDO and intermediate indicators may generate minor to moderate adverse environmental and social impacts as well as yield significant positive benefits to citizens residing in the State of Ceará. The specific environmental and social risks associated with the expenditure program supported by the PforR are considered in the ESSA analysis.

IPECE in the Secretary of Planning is the Program implementing agency. Agencies responsible for implementing specific Program components are listed in Table 2. Details of these arrangements are specified in the Program Appraisal Document (PAD).

Table 2: State Government Agencies involved in the PforR

Component	Agency
Skills development	SEDUC
Early childhood development	SEDUC & STDS
Water quality	CIDADES/CAGECE, SRH/COGERH, CONPAM& FUNCEME
Fiduciary/procurement	PGE; beneficiary sector agencies for other process and for contract management).
Fiduciary/financial management	SEPLAG (budget planning), SEFAZ (budget execution), CGE (internal audit), TCE (external audit)
Environment and social systems	SEMACE (environmental assessment and management), Gabinete do Governador (Vulnerable and Marginalized Groups) and Procuradoria do Patrimônio de Meio Ambiente (Land Acquisition, Resettlement and Compensation); SEDUC, STDS, CAGECE (extension of project benefits to vulnerable and marginalized groups)

1.2 ESSA Process

The Program for Results financing instrument links disbursement to verified achievement of results. For PforR operations, the Bank is responsible for conducting an assessment of existing systems used for managing environmental and social effects associated with Program-related investments. This assessment analyses government's institutional capacity to plan, monitor and report on environmental and social management measures. The findings of the ESSA inform preparation of the Program Action Plan that government will use to bridge any gaps in the existing environmental and social management system with respect to the sustainability principles of the PforR Operational Policy (OP 9.00).

In order to assess the existing systems as well as analyze how these systems are applied in practice, the process of preparing the ESSA has drawn on a wide range of data. Inputs analyzed for this ESSA are filed in WBDocs¹ and include:

Desk Review of policies, legal framework and program documents: Borrower and Bank documents reviewed include Bank-financed projects and programs in the State of Ceará, as well as development interventions previously financed by other development partners and government, in Ceará, relevant to the three core thematic areas selected for inclusion in the PforR. The baseline data and track record was examined with respect to implementing agency capacity, systems application and effectiveness and

¹ WBDocs is the World Bank's electronic filing system

overall success in implementing and monitoring standard mitigation measures in similar operations recently implemented in Ceará.

Institutional Analysis: The ESSA team conducted an institutional analysis of those entities tasked with primary responsibility for implementing state government programs selected for inclusion in the PforR. The detailed report on the institutional analysis was prepared in Portuguese and is filed in WBDocs.

Field visits and Interviews: The ESSA team carried out a series of field visits to the State of Ceará between August 2012 and May 2013 to examine various aspects of the environment and social management systems established to address the environmental and social effects associated with the Program. The team visited watersheds, water treatment plants, municipal solid waste dumps, waste water treatment plants and municipal reservoirs. Regarding potential social impacts, the team held a series of discussions with FUNAI (National Foundation on Indigenous Peoples), the Coordinator on Racial Equality in the Governor's Office as well as CEQUIRCE (Association of Quilombolas). In addition, discussions were held with the *Procuradoria Geral* and its Commission on Land Disappropriation as well as with the *Controladoria Geral do Estado* (CGE) to collect information on its Grievance Redress System and Ombudsman Network.

The ESSA consultation process has included an initial consultation on the principles and requirements of the assessment with IPECE and state program implementing agencies in addition to select agencies responsible for enforcing aspects associated with the core sustainability principles of OP 9.00.

The Program team conducted a comprehensive consultation process on the ESSA in August 2013 to ensure compliance with OP 9.00. This process included a stakeholder workshop with participants drawn from the three strategic watersheds and selected metropolitan centers and will hold a technical workshop with key implementing agencies. These consultations were held on the 29th of August and the outcomes are outlined in Section 3 below.

SECTION 2 ENVIRONMENTAL AND SOCIAL SYSTEMS

The environmental and social effects of the interventions that will permit achievement of the PDO and DLIs and the relevant environmental and social management systems are assessed below.

2.1 Environmental Benefits, Impacts and Risks

Achievement of the PDO and DLIs will involve investments likely to generate significant environmental benefits as well as minor to moderate adverse environmental impacts and risks. Investments in each of the three thematic areas supported by the Program include activities involving civil works and capacity building efforts. The physical footprint, potential adverse environmental impacts and expected positive benefits likely to be generated by each type of investment under each theme are described here.

2.1.1 Skills Development Program (Minor to Moderate Risk and Adverse Impacts)

The PforR will support expenditure programs in secondary professional education. The PforR will support expansion of the state vocational training network which requires investments in the maintenance and refurbishment of existing facilities, construction of 8 new schools, procurement of training materials, development of curricula and the hiring and training of instructors.

Specific interventions will involve the following *civil works* and *capacity building* efforts:

Maintenance of vocational training schools: support maintenance of the 97 professional education schools already in operation and 35 schools under construction or bidding. Maintenance costs include electricity, water, cleaning and office supplies, maintenance of laboratories, uniforms, food, and logistics costs associated with field trips and technical visits.

Construction, refurbishment of training schools: support construction of 8 new schools. And, finance refurbishment of existing infrastructure and the building or adapting new technology (computer and math) laboratories in existing schools.

Acquisition of teaching materials, program development: purchase of books, development and printing of course materials, and provision of scholarships for students.

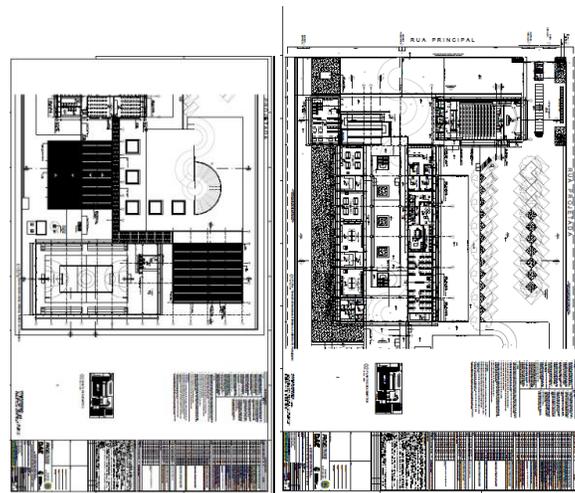
Hiring and training of instructors: hire and train 600 instructors to teach technical courses and mentor interns and remuneration of existing instructors.

The environmental and social effects of these activities are assessed below.

Civil works: As part of the vocational training program expansion efforts, government will finance maintenance of existing vocational schools. The investments are likely only to cause minor site specific adverse environmental impacts in the form of solid waste generation. It is expected that since all institutions are or will be linked to existing municipal solid waste management collection and disposal procedures, the potential risks or adverse impacts from such impacts will be minimal.

With respect to the impacts and risks associated with refurbishment of existing buildings and construction of eight new centers using a standard state approved engineering plan (Figure 1), the risks and impacts are expected to be minor to moderate. Although the exact location of the eight new centers has not been determined and may not be known until implementation, it is clear that construction will take place in urban and peri-urban space already converted from its natural state. As such, the construction will not affect natural habitats, forests or protected areas. Within the municipal urban and peri-urban areas where the construction will take place, it is not yet known whether the centers will be constructed on public land or involve land acquisition.

Figure 1: VOCATIONAL TRAINING CENTER ENGINEERING DESIGN PLANS



Since the PforR lending instrument prohibits support for Category A activities, the construction of new vocational training centers will be limited in scale to ensure that any and all adverse impacts can be readily managed and mitigated through diligent application of standard civil works mitigation measures for this type of construction as well as appropriate and comprehensive early site screening, assessment, management and supervision of all construction activities.

A moderate increase in noise and air pollution as well as construction waste generation is likely to impact the immediate environment around the sites selected for the construction of the new centers during the construction phase. Moderate to high traffic disruptions may also occur in the immediate vicinity of the construction site.

For construction waste, government will need to ensure proper collection, transport and final disposal at a suitable site as well as appropriate management and disposal of solid waste generated by the new centers once operational. At this time, no medical or hazardous waste is expected to be generated by the moderate scale construction of the new centers.

Additional considerations regarding potential adverse environmental impacts and risks associated with this type of investment include impacts of physical connection to the electricity grid and impacts associated with connecting the new centers to the municipal water and sewage services network. Again, these are all expected to be site specific, time bound and generate minor to moderate impacts that can be readily mitigated through standard civil works construction environmental management methods. There is also the possibility of discovery of archaeological objects, fossils, and other cultural property artifacts during construction as a number of important physical cultural resources have been recovered in Ceará. Appropriate chance finds procedures would need to be adopted in the event of such discoveries.

Capacity Building: The capacity building interventions (procurement of training materials, scholarships and teacher training) envisioned are unlikely to generate any adverse environmental impacts or risks since they will not have a physical footprint given that the activities are limited to face-to-face learning events involving classroom based teaching. The learning will not involve laboratory work, hazardous, chemical or medical waste generation, field site testing or any other type of learning modules that might present an environmental risk.

2.1.2 Early Childhood Development Program (*Minor to Moderate Risk and Adverse Impacts*)

PforR financing will be used for construction of 150 new Early Child Education Centers that combine day care centers and preschools following a standard engineering plan. It will also support an existing training program for crèches and pre-school teachers, ECD coordinators and principals. The PforR will also support implementation of social protection programs at the municipal level for the extreme poor with children aged 0 to 6 years by expanding co-financing of PAIF.

Civil works: As part of the Early Childhood Development program, government will finance construction of 150 new Early Child Education Centers using a standard state approved engineering plan. The location of the new centers has not been determined and may not be known until implementation. However, it is clear that the construction will take place in urban and peri-urban areas already converted from the natural state. As such, construction will not affect natural habitats, forests or protected areas. Within the municipal urban and peri-urban area where the construction will take place, it is not yet known whether the centers will be constructed on public land or involve land acquisition and whether the acquisition of existing buildings will be those located on public or private land.

The environmental effects of these civil works are expected to be moderate. Since the PforR lending instrument prohibits support for Category A type activities, construction of new centers will be limited in

scale to ensure that any and all adverse impacts can be readily managed and mitigated through diligent application of standard mitigation measures for this type of construction as well as through adoption of appropriate and comprehensive early site screening, assessment, management and supervision of all construction activities.

A moderate increase in noise and air pollution as well as construction waste generation is likely to impact the immediate environment around the sites selected for construction of the new centers during the construction phase only. Moderate to high traffic disruptions may also occur in the immediate vicinity of the construction sites. The specific nature, extent and location of these impacts will be assessed once the state-approved engineering designs and site requirements for these centers are analyzed by the ESSA team and will be reflected in the final version of the ESSA report.

For construction waste, government will need to ensure proper collection, transport and final disposal at a suitable site for all construction waste and appropriate management and disposal of solid waste generated by the center once operational. At this time, no medical or hazardous waste is expected to be generated by the moderate scale construction of the centers.

Additional considerations regarding potential adverse environmental impacts and risks associated with this type of investment include impacts of physical connection to the electricity grid and impacts of connecting the new centers to the municipal water and sewage services network. Again, these are all expected to be site specific, time bound and generate minor to moderate impacts that can be readily mitigated through standard civil works construction methods. There is also the possibility of discovering archaeological objects, fossils, and other cultural property artifacts during construction as a number of important physical cultural resources have been recovered in Ceará. Appropriate chance finds procedures will need to be adopted in such cases.

Capacity Building: Program support to expand coverage of social protection programs for the most vulnerable will involve implementation of social protection programs at the municipal level for target families with children aged 0 to 6 by co-financing the PAIF.

In terms of potential adverse environmental impacts and risks, since the PAIF program is implemented in existing CRAS across the state, no new construction is envisioned nor will PforR support involve any physical rehabilitation or refurbishment works. The PAIF program consists of pure capacity building inputs that do not generate adverse environmental impacts other than minor solid waste generation collected at existing CRAS following standard municipal protocol and transported and disposed of at appropriate final disposal sites.

The social protection programs involve soft inputs at existing facilities. As such, no physical footprint is expected in terms of generating potential adverse environmental impacts or risks other than minor production of solid waste that will be handled through the municipal waste management systems in terms of collection, transport and disposal at an appropriate end site.

2.1.3 Water Quality Program (*Minor to Moderate Risk and Adverse Impacts*)

The PforR operation will support a number of expenditure programs aimed at improving water quality in Ceará.

It is important to note that for the ESSA considerations under this theme, the environmental diagnostics in the earlier Bank and Inter-American Development Bank (IDB) financed projects indicated that the State of Ceará lies within the “drought polygon” characterized by having the vast majority of its physical space within the semi-arid zone, with elevated temperature throughout the year (25 to 30 degrees C), seasonal

rivers and irregular rainfall with high variance (500 to 1.800 mm per year). Ceará is the only state in Brazil without permanent rivers, 90% of Ceará's territory is on crystalline rock formations and groundwater is limited with high salt content. The long permanence associated with the extended non-renewal periods of water in reservoirs has led to serious issues with eutrophication. As such, many of the efforts supported under this theme are aimed at addressing these constraints with respect to the State's water security and water quality concerns.

The PforR will support expenditure programs in the following areas:

Development of water security plan for strategic watersheds: research, analytical work, environmental testing and monitoring to identify: (i) the main causes of degradation of water quality in three strategic watersheds; and (ii) structural and non-structural interventions needed to improve water quality in these watersheds. This will lead to the development of a water security plan, the first steps of which the program will implement through (i) the setting up of an executive group within the water security committee and (ii) state-wide public consultations.

Strengthening solid waste management: Strengthening solid waste management by preparing state-level, regional and watershed-level solid waste management plans and by implementing soft measures (no works or activities that have a physical footprint) to improve coverage and effectiveness of the solid waste management services provided in the three aforementioned watersheds, including reviewing the legislative framework for solid waste management, and evaluating the efficiency of public sanitation services and the application of tariffs in regulated sectors.

Increase in number of connections to existing sewerage networks: support connection of 14,628 households to the existing sewage network, of which 10,588 will be in Fortaleza and 1,656 in other municipalities of the Metropolitan basin, 1,044 in the Acaraú basin and 1,340 in the Salgado basin.

Strengthening hydro-environmental prediction and monitoring: Activities involve integration of weather and climate forecasting into water resources management; ii) expansion, modernization and maintenance of the state's hydro-meteorological monitoring network (including via upgrading of meteorological radar and data collection and transmission network); iii) hydro-environmental mapping of the three strategic watersheds; (iv) monitoring of pollution, conservation units and protected areas, and (v) a review of water resource management monitoring and supervision.

Research and Analytical Work: The potential long-term environmental benefits of the proposed set of research and analytical efforts are vast and significant, leading to measurable and profound improvements in municipal and state water quality and environmental health.

Given that the interventions are limited to preparation of strategies, plans and programs, the activities are not expected to generate a physical footprint nor any direct adverse environmental impacts or risks.

Of course, the potential indirect adverse impacts that will ultimately result from implementation of the state and municipal solid waste management plans, in particular, will be significant and far reaching since they will likely include open dump closure procedures and establishment of sanitary landfills in those municipalities that do not have landfills at present. (It is important to emphasize that the PforR will not support construction of sanitary landfills or closure of open waste dumps). Both of these activities have important site specific and cumulative implications with respect to environmental effects, both positive and adverse. However, since the ESSA is limited to assessing the potential environmental effects of the PforR operation, the impacts likely to arise indirectly from these interventions lie beyond the scope of the assessment.

Potential environmental effects associated with the capacity building activities supported under this theme are unlikely to be adverse since they are soft inputs that do not have a physical footprint. Rather, support for such efforts are far more likely to result in significant environmental benefits through decreased environmental pollution and degradation, increased environmental health, preservation and conservation of important habitats and biodiversity as well as significant improvements in water quality over a long term horizon.

Civil works: The PforR will support civil works planned under the government's water quality program. These efforts are actually a continuation of long-term support financed through the first and second SWAps and the IDB's SANEAR Project. Building on these earlier IL investments, PforR support will be used for expansion of existing municipal sewage systems. It is expected that expansion in coverage of these municipal sewage systems will ultimately contribute to long term improvements in water quality across the three target watersheds.

Construction of new *household sewage connections* will involve minor works on private property to install new sewage connections to individual houses from the street to the house in select districts across the state. Sewage connections will only be financed in those cities where an existing public sewage system exists and for which minor works are required to extend services to the household level. All works will be on the land owner's private property and are only expected to generate minor, site specific, time bound and readily mitigated construction phase impacts at the works site. Each connection takes approximately 3 days to install. During these three days, the main adverse impacts are likely to be minor to moderate soil disturbance, minor floor demolition inside each house, minor to moderate increase in local traffic disruption, limited noise and air pollution during construction and construction waste accumulation that, if not handled and disposed of properly, could result in localized environmental pollution.

However, in the unlikely event that the sewage connections fail, there would be an increase in local environmental pollution at or near the level currently observed in the vicinity of the households that are not yet connected to the municipal sewage system. Another adverse environmental impact that may occur is a moderate to high increase in domestic effluent to sites of final treated sewage disposal due to the increase in number of households connected to the municipal network in each of the three target watersheds if the sewage is not fully treated to acceptable levels established by government. The specific impacts of this would need to be fully assessed prior to Appraisal.

Since all new sewage connections will involve only privately owned land at each house, it is not expected that this activity will result in loss or conversion of natural habitats or in changes in land and resource use. There is a small chance that chance finds of physical cultural property may occur. This would need to be handled appropriately through diligent application of chance finds procedures.

The main environmental benefit associated with improved sewage management practices is reduced local and regional environmental pollution and habitat degradation, improved environmental health and over the long term, improvements in water quality in the target watersheds.

Investments under this theme will also involve expansion, modernization and maintenance of the state's hydro-meteorological monitoring network. For the most part, the physical works are small units that have an extremely limited physical footprint. Most units are located on public land, though some are placed on private land with voluntary approval of the land owner, who in some instances participates in collecting data for government. The adverse environmental impacts and risks associated with these activities are expected to be minor, site specific, time-bound and easily managed through standard application of state approved environmental assessment and management procedures.

2.2 Environmental Assessment and Management System

This section details the assessment of the capacity of Program institutions to effectively implement the environmental management system as defined in the rules, procedures and implementing guidelines relevant to the PforR operation. Aspects of this assessment examine (i) adequacy of institutional organization and division of labor and the likelihood that objectives of the applicable environmental management systems can meet their goals; (ii) adequacy of institutional capacity (staff, budget, availability of implementation resources, training) to carry out defined responsibilities under the applicable Program system; (iii) effectiveness of inter-agency coordination arrangements and, (iv) performance of the implementing agencies in ensuring that the rules and procedures are being followed.

Implementation of the state environmental agenda is the responsibility of SEMACE and CONPAM. CONPAM coordinates and articulates strategic actions, while SEMACE undertakes core policing activities (enforcement, licensing, inspection and environmental monitoring), forest management authorizations, pesticide commercialization records and cadastres, protected area management and environmental education.

In recent years, CONPAM has reached important institutional strengthening objectives such as: approval of the State Environmental Education Policy and its regulatory instruments; approval of the State System of Environmental Conservation Units and its regulatory instruments; organizational restructuring of CONPAM and SEMACE; improvement of staff composition, with the expansion and upgrading of physical infrastructure of the two organizations; structuring the state vehicle inspection policy; expanding the dialogue with the private sector; expansion of COEMA's capacity as interlocutor between state and society; increased efficiency in the use of environmental compensation funds; validation of state solid waste policy; modernization of SEMACE's and CONPAM's information systems; internalization of environmental policy through decentralization; update of the state forestry policy; and regulation of state policies on climate change and combating desertification.

The array of legal and institutional policies, guidelines and instruments² for the protection of the environment in the state is comprehensive and well structured. This has allowed state action on virtually all issues of the broad environmental agenda, including having anticipated the solid waste management and water resources regulatory initiative of the federal government. Some gaps exist and are being addressed. For example, the legal frameworks for sanitation and solid waste management policy are in the early stages of development. One issue that merits a closer look is that of the division of licensing responsibilities between the state and municipalities. This was recently addressed by Complementary Law 140/2011, and is currently the subject of discussion in COEMA with respect to the definition of what is a local impact.

Some of the most important problems refer to operationalizing environmental legislation on the ground. In the context of the PforR, there is a noted deficit of environmental control of water bodies. The issues relate in many cases to conflicting land use and the impact of different land use activities on water quality.

² Applicable Environmental Policies, Laws and Guidelines are readily available at the Brazilian Government's portal (www.mma.gov.br/) including the most recent updates and status of all relevant legislation regarding environmental assessment and management in Brazil. The portal includes the Federal legal and regulatory framework for a number of areas relevant to the PforR operation, including: general environmental assessment, water, protected areas, biodiversity, sustainable cities, climate, territorial management and socio-environmental responsibility. Detailed information on the 2010 Solid Waste policy can be found at this site: Política Nacional de Resíduos Sólidos do Brasil. Lei 12.305, de 2 de agosto de 2010. (www.planalto.gov.br/ccivil_03/ato2007-2010/2010/lei/112305.htm). State environmental legislation can be found at the state government portal (www.Ceara.gov.br).

The responsibility for managing land use and associated impacts lies with the environmental management system (SEMACE) and with the water resources management system (COGERH and SRH), whose supervisory role should be supplemented by municipalities (urban and environmental monitoring sectors). Despite significant progress made by the state in the expansion of permanent technical staff, there are clear deficits in the number of technical staff assigned to enforcement. Available staff are fewer than what is required given the importance and size of what needs to be inspected.

Environmental control and the equivalent for water resources should be under the responsibility of permanent public servants. The expansion of the capacity to control depends to a great extent on the expansion of the number of public servants hired competitively and with a structured job and wage plan in order to reduce the risk of attrition which has been relatively high. The importance of permanent public servants also refers to the creation of an organizational culture of environmental management, which can only be built through important investments in education and training of technical staff. This will lead to building an interdisciplinary team.

It bears mentioning that tensions exist between the actions to support family agriculture promoted by SDA and standards in place to protect the environment of the reservoirs, which should be the subject of agreements between state organizations.

The process of institutional building at the municipal level is impressive, which could be the basis for significant improvements in the medium term. The major weakness lies in human and financial resources, despite undeniable progress in the last ten years. Only 30% of the municipalities had more than two permanent employees in environmental agency in 2009.

Spending on municipal environmental management, although concentrated, reaches a significant proportion compared to state spending. Despite this scenario, limited importance is given to spending on environmental compliance.

In terms of track record relevant to this PforR, the ESSA team noted that the two SWAp loans and the SANEAR II Program financed an increase in the water and sewerage connections to households across Ceará. The three investments in this area applied an Environmental and Social Management Framework (ESMF) to guide the environmental assessment, management and mitigation work associated with minimizing the adverse environmental impacts of the investments.

The SANEAR II Program EIA examined specific aspects of the proposed sanitation program, which included expansion of the existing municipal sewage network to households operating outside the grid in the Metropolitan and Acaraú watersheds. The EIA noted that the SANEAR II Program investments would generate both positive and adverse impacts with the most significant impacts being social related to resettlement and compensation for loss of resources. The EIA included an Environmental Control Plan with guidelines for sewage works. And, the program's Operations Manual included environmental screening procedures, assessment requirements and procedures for different types of infrastructure investments. CAGECE was responsible for overall environmental monitoring during the construction phase and operation of the facilities and systems associated with the sewage connections.

External environmental and social audits were contracted to evaluate the adequacy of the environmental framework in addressing actual impacts of SANEAR II. An area identified in need of enforcement was implementation of environmental buffer zones around water reservoirs, as required in the Operational Manual.

Ultimately, the audits confirmed that CAGECE was deemed to have the institutional capacity to adequately supervise the environmental and social aspects of the sewage network household connection

investments, though more regular monitoring would be beneficial to ensure compliance of the investments with the environment and social guidelines expected especially in the interior sections of the state. Such gaps still exist, but can be readily addressed through Bank implementation support through the Program’s Implementation Support Plan.

For both SWAp, the EA classification was a Category B given that no major infrastructure investments were supported by either program. The environmental and social assessment for the SWAp concluded that the main environmental impacts from the sewage connection activities would be related to temporary localized impacts, as described above for the investments associated with PforR support. And, in addition to the ESMF, the SWAp II invested US\$100,000 through its TA component to strengthen the environmental management departments in the state of Ceará. Application and monitoring of the ESMF by CAGECE under both SWAp was found to be satisfactory in terms of addressing and complying with the Bank’s core environmental safeguard considerations.

Furthermore, it is important to note that CAGECE operates sewage services in 150 of the 184 municipalities in the State. In the three target watersheds, 7 cities in the Metropolitan watershed, 14 cities in Salgado and 16 cities in Acaraú do not have a municipal sewage network. These cities will be excluded from the set of PforR supported investments as only those cities with existing municipal sewage networks will receive support to extend the network to new households operating off the grid at present.

The effectiveness of the Sewage Treatment Stations in the municipalities where the sewage connections will take place is deemed adequate. And, CAGECE has confirmed that the stations have sufficient capacity to handle the planned network expansion planned under the PforR.

CAGECE is the lead agency in a number of recent development programs to expand the sewage networks³. As such, this agency has extensive experience with implementing this type of civil works and with applying and complying with the associated Bank and other donor-partner safeguard policies and instruments applicable to these civil works. The track record indicates adequate compliance and application of appropriate mitigation measures with minor gaps due to insufficient or weak capacity in some municipalities.

2.3 Summary of System Assessment

Core Principle 1: General Principle of Environmental and Social Management
Applicability: Overarching across all of the Program’s thematic areas
Summary findings – It was found that the state has the institutional capacity and an adequate regulatory framework to undertake the necessary environmental and social due diligence with respect to the potential impacts the program may cause. The weaknesses identified refer to insufficient staff at the state level and insufficient and weak staff at the municipal level. The state is strengthening this capacity with a structured

³ Programs involving extension of municipal sewage networks that have been recently implemented in the State of Ceará include: Projeto Alvorada – supported by Federal and State government, expansion of the sewage networks in 31 municipalities; PROURB with World Bank and CAGECE to extend sewage networks in 44 municipalities; Pro-Saneamento II with FGTS and Caixa Econômica to extend municipal sewage networks across the state; PRODETUR/NE with the Banco do Nordeste, BNDES and laDB; PMSS II to modernize the sanitation sector in the state, support from World Bank and Caixa Econômica; PASS Comunidade Ativa including household sewage connections among other investments related to sewage collection and treatment. Special focus targeting most vulnerable/poorest households in 18 locations across the state; and, Programa de Saneamento Básico Rural do Estado do Ceará – KfW and Federal Government.

capacity building program which the PforR will support.

Strengths:

The Program's long term vision is well aligned with State Government's vision for a sustainable future.

The State Government's strategy includes explicit treatment of environmental and social management objectives in its design.

The Program is designed to support ongoing state government expenditure programs that are well received and not deemed controversial. The initial risk screening exercise did not identify any governance or corruption issues.

The PforR operation is designed to support the State's Environmental Sustainability theme that includes a number of tangible measures aimed at improving the State's environment and enhancing and expanding social inclusion programs.

PforR supported activities are expected to yield significant benefits for future generations through increased economic growth and job creation in key sectors, reduced poverty, improved education and social protection, improved overall environmental conditions and increased social inclusion of vulnerable communities.

Federal and State practice includes standard early consideration of EA in Project design for the types of civil works planned under the PforR.

The PforR thematic areas benefit from long term Bank and other donor partner engagement, including previous successful experience with the typologies of investments and interventions envisioned for PforR support.

Robust and comprehensive Federal and State EA policies and guidelines. And, availability of robust analytical tools to assess cumulative EA impacts.

According to state managers, the government has accomplished important steps to strengthen the institutional ground for environmental policy: they increased SEMACE permanent staff through public contests, restructured SEMACE and CONPAM, approved state environmental education and protected areas policies, enhanced partnerships with public and private actors, strengthening the state environmental council, more efficient resource spending and allocating, reviewing SWM policy successfully, information and technology systems, creation of interagency fora (such as the Water Security Committee and recently created

Gaps:

ESSA field interviews confirmed weak institutional capacity in certain sectors and in certain municipalities to enforce existing environmental and social management systems for select civil works.

Resistance to permit establishment of sewage connections in a large number of households in target municipalities.

Political commitment to implement the recommended environmental measures may be weak or inconsistent across the municipalities.

Weak inter-institutional coordination (SEMACE and CAGECE or COGERH). (SEMACE, COGERH, SDA)

Despite recent improvements in resources and capacities, environmental management activities at state level are still weak in some areas, such as inspection, monitoring and control. This is due to (i) lack of technical staff, (ii) poor coordination of existing technical staff and resources allocation among state agencies, and (iii) exploitation of environmental issues for political purposes.

Watershed Committees are weak on technical and political realms, weakening social participation on water resources management.

Different views among state agencies regarding the role of the municipalities in environmental and water resources management (CONPAM is willing to transfer responsibilities, COGERH's president sees them as a risk).

Strong government capacity building programs and investments exist to ensure effectiveness of EA decentralization efforts. Nevertheless, up to now, these efforts are restricted because they do not address the core capacities for municipal environmental policy management: permanent civil servants (crucial to enforcement activities) and support for technical and operational resources. Municipalities have built local organizations, councils, and rules, but very few have spending capacity and means to hire a permanent staff endowed with adequate skills.

<p>Pesticide Interagency Working Group).</p> <p>Strong incentives and policies exist to support decentralization efforts for environmental management at the municipal level.</p> <p>Institutional familiarity of applying EA within a broader development context.</p> <p>The state government has extensive experience with World Bank operations in the sectors included in the PforR</p>	
<p>Opportunities:</p> <p>There is an opportunity to strengthen and amplify this cooperative cooperation among state and municipal agencies around the environmental management agenda among key agencies involved in the PforR.</p> <p>State government has already built important knowledge management assets for environmental protection (e.g., FUNCEME agenda). PforR represents an opportunity to enhance it for environmental purposes.</p> <p>Municipal authorities must complete the municipal SWM plans by 2014. It is an important opportunity to promote cooperative arrangements among State agencies and Municipal agencies for implementation of the national SWM policy. Federal and state Public Prosecutors (Ministério Público) are likely to support this kind of initiative.</p> <p>Local governments are leading actors on some of the policy areas PforR addresses (environmental management and sanitation, especially SWM municipal plans, sanitation municipal plans, inter-municipal consortia for SW disposal, inspection activities). Strengthening their capacities is crucial to the effectiveness of the policies supported by PforR.</p>	<p>Risks:</p> <p>The ESSA exercise did confirm a moderate to high risk to Program continuity given the upcoming State elections in 2014.</p> <p>If the newly elected state government does not support current government expenditure programs selected for inclusion in the PforR operation, there is a risk that the state government would close the program(s) thus jeopardizing the ability of the state to achieve the agreed results and DLIs.</p> <p>The current State government, CMU and team are working closely to determine concrete steps to reduce and mitigate this risk.</p> <p>The risk of unforeseen conflicts arising from involuntary resettlement procedures for construction of new vocational schools and weak enforcement of environmental protection.</p>

<p>Core Principle 2: Natural Habitats and Physical Cultural Resources</p>
<p>Applicability: Limited to specific thematic areas with construction of civil works (e.g., vocational centers, ECD centers, household sewage extension works, hydro-met stations)</p>
<p>Summary findings: The project will have limited if any effect on natural habitats and physical and cultural resources. There is a weak enforcement capacity which will be mitigated with the Bank's implementation support.</p>

<p>Strengths:</p> <p>These construction activities will likely generate limited adverse effects on natural habitats and physical and cultural resources since the civil works are limited in nature, scope, scale and number per municipality and will have a small physical footprint that facilitates appropriate siting in urban and peri-urban areas that have already been developed, thus avoiding adverse impacts on natural habitats and physical cultural resources.</p>	<p>Gaps:</p> <p>Weak institutional capacity to adopt and enforce chance finds procedures in basic infrastructure construction is the main gap.</p>
<p>Opportunities: NA</p>	<p>Risks</p> <p>Inability to apply practical and operationally feasible early screening practices for chance finds during construction of civil works may lead to adverse impacts on physical cultural resources.</p> <p>The risk is deemed to be minor if the Borrower applies appropriate site screening procedures for chance finds procedures in the early screening practices for site selection. This can be ensured through the planned Bank implementation support program for the PforR.</p>

2.4 Social Benefits, Impacts and Risks

2.4.1 Overview of key issues

There are three key elements across the areas of intervention that are important to highlight:

(i) Extending Benefits to Vulnerable and Marginalized Groups

Ethnicity and gender are important factors to consider to better understand poverty and vulnerability in Ceará. Afro-descendants (19%) and Indigenous Peoples (25%) are over-represented among the extreme poor at State level (13% state average). The percentage of people with a declared income below a fourth of the national minimum wage is higher among afro-descendants (8%) and Indigenous Peoples (9.5%). Women in general, but particularly indigenous and afro-descendant women, are also more likely to be among the extreme poor.⁴ Education services and social protection programs have significant gaps in their outreach to Indigenous Peoples (IP) communities, Quilombolas as well as the more remote rural areas. Among these groups, information about existing programs remains limited as does access to CRAS for example. This situation points to the importance of strengthening the existing outreach strategy for these vulnerable and marginalized groups to ensure that they are able to access program benefits equitably.

⁴ 2010 Census data indicates that the percentage of women with a declared monthly income below a fourth of the minimum wage was 20.2% for Ceará on average (compared to 9.5% of men) and 21.49% among afro-descendant women (compared to 11% of afro-descendant men) and 18% among indigenous women (compared to 10.2% among indigenous men)

Regarding gender, consultations carried out for the preparation of the ESSA with key agencies and the *Coordenadoria de Políticas Públicas para a Mulher* (Office for Public Policy on Women's Issues, which is part of the Governor's office) have indicated a strong focus on gender mainstreaming across the key State Programs supported by the PforR. The above-mentioned *Coordenadoria* has as its mandate, a focus on working with State level institutions to ensure adequate attention to gender issues across all newly developed programs and policies. Recent areas of emphasis have been: (i) the dissemination of information on women's legal rights (at Federal, State and Municipal level) with a focus on the Lei Maria da Penha (on Violence Against Women); (ii) dissemination of information regarding access to services aimed at women at State and Municipal (including directories of women's associations at State level and specialized services for women victims of violence); and (iii) implementation of analytical pieces on women at risk/particularly vulnerable (the latest publication focuses on Women in Prison in Ceará State). While the *Coordenadoria* does not have a specific budget for program implementation, consultations carried out with key agencies (SEDUC, STDS and CAGECE) confirmed a strong emphasis on gender mainstreaming in the program areas supported.

- **Regarding SEDUC**, there has been a strong focus on ensuring the enrolment of women trainees in TVET programs. Women have consistently outnumbered men in these training programs and gender disaggregated data on enrolment and completion is systematically/consistently collected.
- **STDS'** focus on developing an outreach strategy for vulnerable and marginalized groups through CRAS acknowledges the needs to develop a stronger focus on ensuring that female headed households, women at risks (particularly women victims of violence) are able to effectively access services. This is a core element of STDS overall approach.
- **CAGECE's** sanitation program includes specific activities to address the needs of vulnerable groups and households. As further described below, this approach provides access to sewage systems at highly subsidized rates for poor and marginalized households. Female headed households are specifically targeted under this program to ensure they are covered by CAGECE services in spite of potentially lower incomes.

(ii) Attempts to provide culturally appropriate basic services in IP areas on the part of the State Government have a significantly longer history than the outreach to Quilombolas. Dedicated education services (*Escolas Indígenas*) and health services have been put in place although they have a number of shortcomings/deficiencies. As noted for Quilombolas the fact that social assistance programs rely on demand on the part of potential user is a significant challenge for these marginalized communities. The point was again reiterated by FUNAI that IP groups are often not aware of the services available and are reluctant to approach state institutions.

- (iii) The location of specific investments/civil works is not yet known for all three core areas.

Potential impacts in terms of land acquisition and involuntary resettlement cannot, therefore, be precisely estimated at the time of writing. As outlined above, given that OP 9.00 precludes the use of the Program for Results Instruments for Category A investments, impacts are expected to be limited and readily addressed through the mitigation measures put in place through the ESSA Action Plan. There are two important issues to consider here in terms of potential negative impact or social risk as follows:

- (a) Given the differences between World Bank policy and procedures and the approach followed by the State of Ceará in terms of compensation for individuals with no legal title to land, it will be important to ensure that early screening of the footprint of the proposed investments takes place. There are some precedents at State level where additional compensation (beyond what is set out in National legislation) has been provided to affected households (particularly those with no legal titles). A

mechanism will need be put in place as part of the ESSA Action Plan to ensure that a similar process is followed, if needed, for civil works carried out under the Program for Results.

- (b) While there are few instances of clearly demarcated IP and Quilombola land in Ceará, there are a number of such land claims currently in process. In addition, gaps have been identified in the licensing process – in terms of exchange of information between the institution responsible for issuing construction licenses and FUNAI (similarly limited exchange of information with INCRA is likely). The screening process for civil works, will, therefore, need to take this into consideration with a system established for checking the location of the specific investments with both FUNAI and INCRA.

(iii) The PforR includes support for strategic plans for Water Quality and Solid Waste Management.

These elements of the program are expected to have positive medium and long term social impacts through the improvements in water quality, more sustainable use of natural resources for rural livelihoods and improvements in health outcome they are expected to generate. In terms of the development of water security plans for strategic watersheds, the program will support research, analytical work, environmental testing and monitoring to identify: (i) the main causes of degradation of water quality in three strategic watersheds; and (ii) structural and non-structural interventions needed to improve water quality in these watersheds. The PforR will support the implementation of the first steps of the water security plan: (i) the setting up of an executive group within the water security committee and (ii) state-wide public consultations. It will be important that the consultations for the development of Water Management Plans be informed by: (i) a stock taking of the social impacts of potential restrictions in the use of water resources in consultation with the Watershed management committees; and (ii) the development of an appropriate framework for mitigation/compensation measures for households who may be negatively affected by changes in land-use patterns following the current Forest Code (which affords legal protection to small holders relying on water resources in protected areas (APPs) for livelihood activities.

2.4.2 Skills Development Program

The program has adopted two DLIs to track results achieved in the Skills Development thematic area: (i) number of agreements with private companies to contribute equipment or training; and, (ii) approval of private sector development strategy. The program will support civil works and technical assistance.

Civil works, vocational centers will be acquired, refurbished and newly constructed to support the expansion of the vocational training program. Rehabilitation and refurbishment of existing centers (or of Middle Schools that will be adapted for vocational education) are expected to have limited adverse social impacts, with existing buildings currently located on public land. Health and safety regulations in place at the State level are considered adequate. Inspection capacity could be further strengthened to ensure full compliance with regulations and it will be important to establish an effective monitoring mechanism for civil works carried out under the PforR. In terms of building standards the designs used for the construction of the current network of vocational training centers did not take into account issues of accessibility by people with disabilities. There have, however, been recent requests by the State's Planning Secretariat to adapt 18 of the 38 vocational training centers currently in use to the needs of people with disabilities. Standard designs for new construction will include features to ensure accessibility by people with disabilities.

As discussed, the location of the 8 new training centers to be constructed is not yet known (whether these will be built on private or public land and whether construction will involve land acquisition and/or involuntary resettlement). The review of land acquisition and resettlement procedures at State level have indicated that these are generally adequate to avoid and where needed mitigate potentially adverse impacts. As noted, the legislation that regulates expropriations and involuntary resettlement (Decree

1941/3365⁵) sets out the broad principles for cash compensation to be provided for property that will be lost. However, under the Decree, compensation is not made available for people with no legal title to property; and (ii) livelihood restoration activities are not implemented for affected households, differing from World Bank policy. Some large scale investments at Ceará state level (that affect large numbers of low income houses often with no legal titles), or Federal Programs implemented through *Caixa Econômica* (such as PAC) have established systems to partly address these two issues.⁶ The specific adjustments to be made, and potential compensation provided to renters/squatters are negotiated on a case by case basis when it comes to State level Investments. Following consultations with implementing agencies and given the gap noted between State level policies and World Bank policy, it was agreed that: (i) a thorough screening of proposed sites for the construction of civil works would be conducted (this has been included in the ESSA Plan of Action); and (ii) any sites that would require resettlement activities would be screened out and alternative locations identified. Given the limited scope of civil works and the fact that so far all potential locations identified are on vacant and public land, this was found to be the most operationally sound strategy.

Capacity Building: The state government's technical and vocational training program is aimed at skills development and enhancement, job readiness and economic growth through private sector development. The program is designed to meet private sector demand for technical and specialized job skills.

Consultations held with Indigenous Peoples Groups and associations representing Quilombolas confirmed the importance of including a specific training module to improve the cultural sensitivity and awareness of teaching staff. Given the State's emphasis on reaching out to vulnerable and marginalized groups specialized offices linked to the Governor's Office (such the Offices for the Promotion of Racial Equality, for the Defense of Human Right and Gender Equality) have recently been established. While these offices have no budget for the implementation of specific programs (beyond awareness raising activities), their mandate is to work in coordination with State level initiatives to ensure that the specific needs of vulnerable groups are adequately addressed. It will, therefore, be important that the design of the specific activities under the technical and vocational training program be carried out jointly/or be thoroughly reviewed with key staff from the Governor's Office in particular: (i) to ensure that information on training activities is provided to groups identified as most vulnerable (ii); and that training programs teaching staff included a dedicated module on cultural sensitivity and respect for diversity. (Information collected on enrollment by gender show that women have outscored men among trainees since 2008).

2.4.3 Early Childhood Development Program

In this area, the proposed program will support the expansion of government's social protection programs financed by the state's anti-poverty fund (FECOP), in particular, the *Programa de Atendimento Integral às Famílias* (PAIF), offered at the family protection Social Assistance Centers (Centro de Referência de Assistência Social, CRAS⁷).

⁵ http://www.planalto.gov.br/ccivil_03/decreto-lei/del3365.htm

⁶ Involuntary resettlement issues in Federal Programs such as PAC are regulated by specific program guidelines that require the preparation of a Programa de Trabalho Social and involve comprehensive social mobilization and the preparation of an accompanying social program (using a minimum of 3.5% of the total investment value). The latter includes the provision of temporary rental assistance and household relocation in new housing sites - preferably close to the current place of residence. While not extensive additional support is also provided for livelihood restoration with vocational training courses made available to affected households. Follow-up by a social worker is provided in the six months following relocation to address issues that might arise in the new home (including payment of utilities – often a new expense for resettled households, potential conflict with neighbors regarding maintenance issues for example). The Secretaria de Estado das Cidades is currently implementing PAC in the **Maranguapinho and Cocó rivers** using this approach.

⁷Centros de Referência de Assistência Social (CRAS) are public unit of social assistance located in areas of vulnerable population. Their objective is to strengthen families and communities at the local level through basic social protection services. Fortaleza has 24 CRAS distributed among the six Executive Regional Secretariats

The program will also fund government's day care and pre-school activities implemented by SEDUC and aim to increase coverage and quality of learning in these facilities for poor families with children aged 0 and 6. Funding will be used for construction of 150 new day care centers and preschools equipment, furniture and other inputs for schools.

Civil works: potential social impacts generated by the expansion of the day-care center network are similar to those already highlighted above regarding the construction of Technical and Vocational Training (TVET) facilities envisaged. Standard designs for day-care centers include sanitation facilities accessible to people with disabilities⁸. A similar procedure to that outlined above will be followed for the screening of potential construction sites. SEDUC's capacity to manage this element of program implementation has been discussed above. No civil works are envisaged in support of CRAS.

Capacity Building and Outreach to Vulnerable and Marginalized Groups: CRAS cover designated geographic areas and are directly managed by municipalities with technical support from the State Government. The program will support the expansion of CRAS services to an additional 81 municipalities. The majority of CRAS are currently located in urban areas and limited outreach services are presently available. Consultations with the *Secretaria de Estado para a Assistência Social*, indicated that there are plans at State level to improve CRAS' capacity to provide services to vulnerable groups (including women heads of households) and to provide specialized services (prevention and treatment of drug addiction for example). As outlined above, social protection programs currently rely on the information available through the *Cadastro Único* as well as on the "direct demand" of potential beneficiaries that seek support at CRAS. In addition, to issues of accessibility for vulnerable groups in rural areas, consultations with stakeholders so far indicated that limited information is currently available for IP and Quilombola groups on the types of social assistance support available. The key bottleneck in accessing social assistance and early childhood education services for these vulnerable groups (confirmed during the consultation process carried out in August) is the absence of out-reach ("*busca activa*") services. Of the existing network of CRAS there are 3 such centers who focus on support to IP Groups and 4 that target Quilombola communities. To ensure that isolated rural communities and ethnic minorities can benefit equitably from the proposed expansion of social protection services, the ESSA Action Plan includes: (i) the development of an appropriate communication strategy to support the proposed expansion of the CRAS and day care center network and ensure that information on services and benefits is widely available outside urban areas; (ii) ensure that additional outreach activities (working with center-based staff) are undertaken to seek out particularly vulnerable and marginalized groups in isolated areas. This is in line with the current policy/programming line for both Social Assistance and Early Education Services. This will be particularly relevant for IP and Quilombola groups given the level of mistrust of government institutions highlighted above. Working in partnership with communities and community associations will, therefore, be particularly critical to ensure access to targeted communities and that services are provided in a culturally acceptable and sustainable manner.

2.4.4 Water Quality Program

Capacity Building measures supported under the program include **supporting the development of Solid Waste Management Plans** at Municipal, State and Regional SWM Plans.

New measures that may be introduced in terms of Solid Waste Management following the proposed capacity building activities are likely to have an impact on livelihood activities of extremely vulnerable waste-pickers where open dump sites currently exist and will be discontinued. Capacity building activities focusing on livelihood "conversion"/restoration for these groups will be an important component of the program and in line with State Policy In addition, the development of Waste Management Plans will take

into account any significant changes in the pricing of Solid Waste collecting fees and service users' ability to pay assessed. Current legislation on Solid Waste Management at Federal and State⁹ level provides a strong basis for these activities requesting that partnerships be established with waste-pickers associations and opportunities created to ensure they are able to actively participate in solid waste recycling. Furthermore, additional consultations with CONPAM indicated that the State level plan on Solid Waste Management has undergone a process of public consultation. It follows national legislation that requires that such plans include a "social inclusion component". One of the key focus areas of the plan is the stronger role given to regions and Waste-Pickers cooperatives (currently 14) at regional level.

The development of Water Security Plans and the support to improving institutional coordination aims to address challenges in coordination among the agencies responsible for economic development and environmental and natural resources management. This element of the Ceará PforR aims specifically to address contradictions between programs that support rural productive inclusion (and allow fish farming in reservoirs or grazing in riparian zones) and measures to improve water quality in strategic watersheds. This will be partly achieved through: (i) the formation of an inter-agency Water Security Committee to coordinate among the various bodies whose activities have a bearing on water quality; (ii) review of the classification of strategic watersheds (to determine permitted uses); and (iii) improvements in participatory watershed management by strengthening local stakeholders' involvement in the Watershed Committees. In addition, these measures will be further supported by Implementation of the Rural Environmental Cadastre – in which rural properties are required to register their land with the federal government demonstrating that they are in accordance with the law in terms of their legal reserve and protected areas obligations. The PforR will support the municipalities in the state with the necessary technical backstopping for this latter activity. A rapid field visit undertaken as part of the ESSA preparation to the reservoirs serving the Metropolitan Area (Pacajus and Eixão das Águas) indicate current use by small-scale fishing, access to water by livestock as well as housing in the urban areas (the latter in Itatinga). The ESSA preparation time-frame did not allow for a detailed surveying, mapping of the areas to be targeted by better enforcement of environmental regulations. As noted above, it will therefore be important that a detailed assessment be carried out to inform the development of the Water Management Plans including extensive consultations with potentially affected communities (including through the Water Management Committees) to develop alternative solutions. These have been further discussed during the consultation process undertaken in August 2013 and these measures included in the design of the Water Quality Component itself. The program will include consultations for the development of Water Management Plans: (i) a stock taking of the social impacts of potential restrictions in the use of water resources in consultation with the Watershed management committees; and (ii) the development of an appropriate framework for mitigation/compensation measures for households who may be negatively affected by changes in land-use patterns following the current Forest Code.

Civil Works: expand existing municipal sewage systems to an additional 14,628 households in select municipalities in the Metropolitan, Salgado and Acaraú watersheds. Civil works would take place to connect individual households to the network (small works that are expected to be completed over a three day period per household). Small construction work would take place on private property and protocols put in place would ensure that any damage caused to existing structures would be appropriately repaired (in a timely manner) or adequate compensation provided to affected households. As with the civil works elements under Components 1 and 2 there are some additional measures to be included in the ESSA Action Plan to ensure that households without legal title are adequately compensated.

In addition, the establishment of new sewage connections involves additional costs for households that currently use septic tanks. Assessing households' ability and willingness to pay will continue to be

⁹National Policy on Solid Waste (Law 12.305/2010), and the State Solid Waste Policy (Law 13.103/2001)

important for implementation of the program to ensure its feasibility and sustainability. Currently, CAGECE's practice (under the SANEAR program) is to: (i) provide connections free of charge to vulnerable families and to provide additional support to these same families for the construction of bathrooms; and (ii) use subsidized fees for sewage services for vulnerable families (approximately half of the regular charges). This approach would be continued under the PforR funded sanitation program.

Within CAGECE, the social unit working with SANEAR program has extensive experience with both resettlement/land acquisition and social marketing (the most relevant element for the proposed program). While the approach followed in SANEAR has not been extended to other State programs so far,¹⁰ trained staff is available at CAGECE to support possible sanitation interventions under the proposed Program for Results. The experience with resettlement under SANEAR was relatively small-scale with 122 low income households provided with support between 2009 and 2012. Importantly the SANEAR team is currently doing a review of the costs of the approach followed under the program - which may lead to further discussions on its replication to broader CAGECE operations¹¹. In addition, a social team with the Environmental Sustainability Department is currently active and providing support to households newly connected to the sewage network¹². Finally, complaints regarding CAGECE's activities can be channeled to an ombudsperson through an 800 number. Outreach services at construction site that households can use to register complaints more directly exists only in Federal programs.

2.5 Social Assessment and Management System

OP/BP 9.00 requires that land acquisition and loss of resources or access to resources are managed in a manner that avoids or minimizes displacement and that affected people are compensated and assisted in improving or at least restoring their livelihoods and living standards. This section assesses the legal and regulatory framework for land acquisition and compensation in Brazil and the State of Ceará as it applies to the selected State program interventions supported by the PforR.

The legislation that regulates expropriations and involuntary resettlement (Decree 1941/3365¹³) sets out the broad principles for cash compensation to be provided for property that will be lost. Basic differences with World Bank policy are: (i) the lack of compensation for people with no legal title to property; and (ii) the absence livelihood restoration activities for affected households. Some large scale investments at Ceará state level (that affect large numbers of low income houses often with no legal titles), or Federal Programs implemented through *Caixa Econômica* (such as PAC) have established systems to partly address these two issues.¹⁴ The specific adjustments to be made, and potential compensation provided to renters/squatters are negotiated on a case by case basis when it comes to **State level Investments**. Should the State consider providing compensation or assistance to households with no legal title a specific legal decree would need to be issued to enable this exception to national legislation, a process that is coordinated/overseen by the *Procuradoria Geral do Estado* (PGE). As noted above, given the limited scope of the civil works proposed under the program all potential construction areas that would require

¹⁰ The unit does provide support to Federal programs (PAC in partnership with Secretaria das Cidades)

¹¹ Initial figures were provided to the team and are available for consultation.

¹² In addition, this unit carries out more general Environmental awareness raising activities in schools, information dissemination of CAGECE activities ("Conhecer a Nossa CAGECE program)

¹³ http://www.planalto.gov.br/ccivil_03/decreto-lei/del3365.htm

¹⁴ Involuntary resettlement issues in Federal Programs such as PAC are regulated by specific program guidelines that require the preparation of a Programa de Trabalho Social and involve comprehensive social mobilization and the preparation of an accompanying social program (using a minimum of 3.5% of the total investment value). The latter includes the provision of temporary rental assistance and household relocation in new housing sites - preferably close to the current place of residence. While not extensive additional support is also provided for livelihood restoration with vocational training courses made available to affected households. Follow-up by a social worker is provided in the six months following relocation to address issues that might arise in the new home (including payment of utilities – often a new expense for resettled households, potential conflict with neighbors regarding maintenance issues for example). The Secretaria de Estado das Cidades is currently implementing PAC in the **Maranguapinho and Cocó rivers** using this approach.

resettlement will be screened out. As also indicated above all areas currently surveyed for construction are vacant public land.

The Demarcation of Indigenous Lands is regulated/protected by the Federal Constitution, Federal Decree 1775/96 (“Estatuto do Índio”), and Portaria 303/12 (Advocacia Geral da União). As with Indigenous Communities, the recognition of Quilombola groups’ right to land plays a key role in addressing their historical marginalization. The Decree N° 4.887/20th November 2003 lays out the principles and procedures for the demarcation of Quilombola land.¹⁵

Land demarcation for Indigenous Groups¹⁶ is a slow process, with currently 26 areas in Ceará State requesting demarcation process, only one recognized, four identified as indigenous and awaiting the outcome of the necessary analysis. FUNAI¹⁷ considers that the Decree that regulates the demarcation of indigenous lands (1775/96) and sets out key steps and deadlines is not followed in practice. It points to its own lack of resources/capacity to respond as an important obstacle.

The fact that there are a number of requests for official recognition/demarcation of indigenous and Quilombola land currently on-going and at different stages of processing creates an important complication during the licensing process for investments requiring land acquisition. Currently there is no system (or comprehensive/clear information) that checks requests for licenses against IP/Quilombola land claims. Conflicts with IP groups/Quilombolas may therefore emerge as investments proceed and competing land claims emerge as construction works are about to commence. A recent example of the risk involved is provided by the **Pecem Zone 6 investment where land for the construction of the proposed refinery by Petrobras was claimed by an indigenous group in Caucaia**. PGE and the *Comissão de Desapropriações* are in the process of negotiating an agreement with IP groups affected with land now purchased at a separate location for the resettlement of the IP group in question.

Comissão de Desapropriações (Lei Complementar 56-2006). As outlined above, the commission handles the negotiation with households to be expropriated. It began functioning 2009/2010. It has eight members of staff (a multi-disciplinary team of lawyers, sociologists, engineers) is therefore not able to carry out field visits/supervision of expropriation or resettlement processes. Execution of agreements reached - payment of cash compensation or resettlement activities – is undertaken by the Secretariat responsible for the public works and/or private investor (with whom payment amounts are **negotiated**¹⁸ and agreed upon). Supervision of any resettlement activities agreed is undertaken by SEMACE (using environmental legislation).

Recent experiences where specific legislation was issued to enable greater support to households affected by investment programs were as follows:

- a. **Pecem** (harbor development and related investments – including the construction of an oil refinery and a steel manufacturing plant). The investment included the establishment of an inter-institutional group to review expropriations and provide additional assistance to lower income households. Compensation is being negotiated for households with no legal title. The support package proposed includes housing assistance (relocation to newly constructed housing and temporary rental assistance) and will be provided to households whose property in the area affected is assessed as less than R\$25,000. A total to 300 expropriations will be required for the refinery construction of which 34 have resulted in judicial action/litigation on the part of affected households.

¹⁵ Instituto Nacional de Colonização e Reforma Agrária (INCRA)

¹⁶ Important to note that there are also some instances of conflict people Quilombola and IP Groups over territories recently documented.

¹⁷ Fundação Nacional do Índio (National Foundation for Indigenous Peoples)

¹⁸ As outlined above there is no overall legislation or State policy that supports/guarantees assistance with resettlement of low income households.

- b. **VLT** (*Veículo Leve sobre Trilhos*): A similar approach with housing support (and temporary rental assistance will be provided to households affected by the VLT construction – including those with no legal titles. A specific decree has been issued by the State (2012) for this purpose framing the assistance to these households as “social compensation”.
- c. **There are no recent experiences with expropriations/involuntary resettlement in APPs.** The land use restrictions of Permanent Preservation Areas (APP) and Legal Reserves (RL) have been applied to private landholdings since 1965 and impose no access restrictions to natural resources. Activities under the PforR will comply with the Brazilian Forest Code and the Brazilian legislation on protected areas (SNUC - Law 9985 of 2000, Decree 4340 of 2002 and Decree 5758 of 2006). They will be carried out in accordance with addendum 2166-67 to the Brazilian Federal Law 4771/65, which allows for sustainable agroforestry activities in small rural properties as long as they do not change the overall character of the forest cover and do not alter ecosystem functions in the area, whereas allows larger landowners to compensate the productive use of areas in their landholdings that should be converted to APPs by establishing them in other areas. Accordingly to the Brazilian law, APPs and RL are not designated or treated as protected areas. Therefore, the Project will not affect the rights or welfare of landholders nor their dependence on, or interaction with, the forest.

FUNAI has 26 staff members that cover Ceará, Paraíba, Rio Grande do Norte, and Paraíba states. In Ceará there are two decentralized offices. Part of FUNAI’s responsibilities is the oversight of investments and activities that may affect indigenous land. The lack of land demarcation makes this task more challenging (number of complaints/requests for certification on the part of indigenous groups have been increasing). As outlined above the lack of clarity about IP land claims makes the licensing process more difficult (with a significant risk that investments that may affect areas undergoing a “demarcation” process may be unduly approved without the necessary consultations with IP groups). According FUNAI there have been recent instances where SEMACE has granted licenses for investments without doing their due-diligence regarding pending IP claims on land (Older investments in Gavião and Castanhão and more recently the Pecem example also discussed with PGE). IP groups are considered well organized by FUNAI with current associations being representative of existing groups: (i) COPICE (Coordenação das Organizações e Povos Indígenas do Ceará), (ii) OPRINCE (organização dos Professores Indígenas do Ceará), and (iii) AMICE (Articulação das Mulheres Indígenas do Ceará).

Land demarcation is a key issue for the main Quilombola Association in Ceará (CEQUIRCE).¹⁹ Dealing with the issue of Quilombola “cultural distinctiveness” is partly the role of Fundação Palmares (National level Foundation), which certifies the existence of “legitimate” Quilombos through a process that can take up to 6 months. Currently 37 Quilombos have been certified in Ceará and 22 started the process of land demarcation with INCRA. This institution is responsible for overseeing the preparation of files/records that support land claim and are ultimately signed off by the President’s Office. The process with INCRA is considered very lengthy and consultations indicated that relationships with INCRA (which has changed management recently) are currently tense.

Grievance Mechanisms

Coordenadoria dos Direitos Humanos (Governor’s Office – Coordinator for Human Rights). A “Núcleo” of Defensoria Pública exists at State level (focusing on housing) and a State-level Council on Human Rights²⁰ is currently being established. At the time of writing, 80% of the requests the Coordinator for Human Rights currently receives deal with land issues (both rural and urban). The Office

¹⁹ The association has a significant representation among Quilombola communities, and “recognizes” 54 of the approximately 70 Quilombos, which GABGOV estimates exist in CEARÁ. There is some contestation by CERQUICE of the legitimacy of Quilombos who are not members of their association (with claims that some groups have been set up to claim resources but are not truly Quilombolas).

²⁰ www.sejus.ce.gov

was established at the end of 2011 and is still working on establishing its outreach services. There is a strong focus on increasing awareness of human rights among the general population/communities through a Human Rights Education Program. A reference center will also be established to receive requests for information/assistance and provide referral to other State-level services. There is no dedicated State-level “help-line” to make reports or lodge complaints but rather a national level “100-number.”

Controladoria Geral do Estado (CGE) - Sistema de Ouvidores. A network of “*Ouvidores*” (Ombudsman) has been established at State level for each of the Government Departments and for utility companies. In addition to the sectoral “*ouvidores*” who can receive complaints/requests for information directly, there is: (i) a dedicated help-line (155) with 40 operators working from 8 to 20.00; and (ii) dedicated outreach services provided at the main hospitals²¹. The CGE is currently implementing capacity building activities for its staff to improve the quality of services provided. There is a strong sense that it is important to provide further information on the *Ouvidorias* and stimulate demand for services. CGE is therefore also piloting awareness raising activities in schools. This is particularly relevant given the profile of Ceará with high level of illiteracy and strong history/culture of patronage politics. There were 2 important gaps noted that should be taken into account for the design of the ESSA Action Plan: (i) limited outreach at municipal level and (ii) specialized support/outreach to vulnerable and marginalized groups which are presently unlikely to seek the *ouvidores* services (rural poor, indigenous peoples, Quilombolas). Information on the trends/types of issues raised and recurrent complaints is analyzed and published every six months.²² It is also important to note that the state government is also implementing a “budget transparency initiative” with budget, expenditure, and fiscal performance indicators published on-line regularly (*Portal da Transparência* web page). There was openness/interest on the part of CGE to broaden the scope of their activities to support any specific needs of the proposed program in terms of Grievance Redress Monitoring Systems.

²¹ Requests for information, complaints received through the *Ouvidores* are expected to be answered within 15 days of being lodged

2.6 Gap Analysis

The ESSA analyzed social management systems for consistency with the sustainability standards of OP 9.00. The analysis identified where there are procedural and policy gaps with respect to OP 9.00 as well as performance constraints in carrying out social management processes.

Core Principle 3: Public and Worker Safety	
Applicability: Applicable to all civil works under the Skills Development and Early Education Programs.	
Summary findings: Safety standards are considered adequate. Compliance will be monitored during project implementation.	
Strengths: Current Federal Legislation and safety standards are considered adequate to guarantee worker safety.	Gaps: This area that will require attention during implementation with a monitoring system (including spot-checks of infrastructure to be put in place through PforR support).
Opportunities: N/A	Risks: Moderate risk that safety standards in place may not be fully adhered to without additional monitoring/inspection support. This can be addressed through Bank implementation support to the government. It does not require a specific set of activities under the ESSA Action Plan.

Core Principle 4: Land Acquisition	
Applicability: Applicable to specific thematic areas with construction of civil works, including technical and vocational center construction under the Skills Development Program, day care centers and preschools under the Early Education Program and household sewage extension works and hydro-met stations under the Water Quality Program.	
Summary findings: For those with legal titles the rules are clear and there are mechanisms in place to address land issues. The recent rewrite of the forest code permits for small land holders to not be restricted to natural resource use. The consultative process presents an opportunity to open a dialogue with local communities on protected areas. In addition, all potential construction sites that would require land acquisition will be screened out through an initial assessment and alternative locations identified.	
Strengths: Construction activities will be small-scale and with limited negative impacts. For households with legal titles there are well established procedures to determine and provide compensation in the case of land acquisition/involuntary resettlement as well as solid grievance redress mechanisms that can be built upon for purposes of the program IP groups are well organized and networked. While there are challenges in accessing information on pending land for the demarcation of indigenous lands on the part of licensing bodies the establishment of a	Gaps: No compensation is foreseen for households with no legal title to land/assets. All potential construction sites that would require land acquisition will be screened out through an initial assessment and alternative locations identified.

<p>simple screening mechanism in coordination with FUNAI would be able to easily address this issue</p> <p>The land use restrictions of Permanent Preservation Areas (APP) and Legal Reserves (RL) have been applied to private landholdings since 1965 and impose no access restrictions to natural resources. Activities supported by the project will comply with the Brazilian Forest Code and the Brazilian legislation on protected areas (SNUC - Law 9985 of 2000, Decree 4340 of 2002 and Decree 5758 of 2006). They will be carried out in accordance with addendum 2166-67 to the Brazilian Federal Law 4771/65, which allows for sustainable agroforestry activities in small rural properties as long as they do not change the overall character of the forest cover and do not alter ecosystem functions in the area, whereas allows larger landowners to compensate the productive use of areas in their landholdings that should be converted to APPs by establishing them in other areas. Accordingly to the Brazilian law, APPs and RL are not designated or treated as protect areas.</p>	
<p>Opportunities:</p> <p>The consultation process to be put in place for the development of Water Management Plans will constitute an important entry point for a dialogue with communities in or near protected areas to: (i) generate greater awareness of sustainable water use practices; and (ii) to develop alternative (more sustainable) land-use solutions.</p>	<p>Risks:</p> <p>Capacity to manage resettlement activities in APPs is limited and relies heavily on sanctions, rather than on prevention or the development of alternative solutions in consultation with communities.</p> <p>While there are few demarcated IP areas and Quilombos there are a number of claims currently being processed. It will be important to screen proposed sites for construction (once defined) to determine whether they may fall under this category (and to ensure that adequate consultations are then undertaken). The limited extent of civil works means that this risk is low.</p>

Core Principle 5: Indigenous Peoples and Vulnerable Groups	
Applicability: Applicable to all three elements of the program covered under the PforR instrument.	
<ul style="list-style-type: none"> • Summary findings: In spite of identified risks the institutional framework in place with: (i) dedicated units focusing on Human Rights, Racial Equality and Gender Mainstreaming within the Governor’s Office; and (ii) an acknowledgment among key agencies covered under the program of the need to strengthen outreach to vulnerable groups – means that the activities outlined in the ESSA Action Plan are expected to create solid opportunities for the extension of key services to vulnerable groups. 	
Strengths: Active IP network and a Quilombola movement beginning to organize itself at State level. Enabling environment with key units established at the level of the Governor’s Office with a focus on Human Rights, Racial Equality and Gender Mainstreaming for example.	Gaps: Significant gaps in terms of access to services on the part of indigenous groups and Quilombolas. Slow process of demarcating IP and Quilombola land leading to a significant level of frustration among these groups.
Opportunities: Opportunity to extend services (social protection and education) to underserved groups through the establishment of specific outreach strategies under the ESSA Action Plan. Willingness on the part of <i>Secretaria de Estado da Assistência Social</i> to develop approaches to reach these marginalized groups. This Secretariat has a special Coordination Office to address these issues as outlined above.	Risks: Significant levels of mistrust of Government on the part of IP groups and Quilombolas. Some competing land claims from different groups may generate some degree of social conflict between groups as well. The key risk in terms of access to basic services is to exacerbate existing social exclusion by failing to extend services to more remote areas, IP Groups and Quilombos.

Core Principle 6: Social Conflict	
Applicability: Potential for social conflict is limited given the current scope of the program and key elements have been outlined above. In particular, regarding competing land claim from IP and Quilombola groups there is some potential for exacerbating social exclusion/mistrust of government on part of IPs and Quilombolas if specific outreach strategies for Social Protection and Education services are not put in place. The additional measures and consultations put forward as part of the ESSA are expected to be sufficient to address these risks.	
Strengths: NA	Gaps: NA
Opportunities: NA	Risks: NA

2.7 Cumulative and Induced Effects

The area of influence of the proposed operation, including the area of influence in terms of cumulative and induced impacts, is defined as the State of Ceará.

The expectation is that construction of the municipal household sewage connections, hydro-met stations, early child development centers and vocational training centers will not result in significant adverse cumulative or induced impacts due to the fact that each municipality will benefit from a limited number of investments under each theme and may only benefit from one or two of the thematic investments.

In addition, all civil works will be constructed in developed urban and peri-urban areas in each municipality. It is highly unlikely that these minor to moderate civil works will take place in the same

vicinity or physical footprint of another Program investment within each municipalities or target watershed. As stated above, the individual sewage connections will all take place within the physical footprint of each household and draw on an existing municipal sewage structure. As such, the sewage connections will only impact the immediate environment around each individual household and occur in a time bound period during construction on private property to connect each house to the municipal sewage system. And, rehabilitation and maintenance of existing structures will not generate adverse cumulative or induced impacts.

SECTION 3 ESSA INPUTS TO THE PROGRAM ACTION PLAN

3.1 Measures to Enhance Performance

The ESSA highlights opportunities available to government to strengthen existing environmental and social management systems applied to the expenditure programs supported by the PforR. The specific actions proposed to capitalize on these opportunities are presented in Table 3 as input for the Program Action Plan. These actions were discussed with civil society organizations (please see Annex I for a full list of participating organizations) and Implementing Agencies during the consultation process carried out in August. The Plan of Action includes the agreed-upon measures that will be periodically monitored by the World Bank team during Implementation Support Missions. Given the alignment between the proposed actions and the design of the programs as set out in the PforR and associated Technical Assistance no additional resources will be required. The activities below, however, specify the process (“How to”) that will be followed for the implementation of the programs. *The set of actions listed in the matrix below focus on the most significant gaps that require attention in order for the Program to achieve the expectations of OP 9.00.*

Table 3: ESSA Actions for Inclusion in the Program Action Plan

#	Risk	Action	Responsibility	Timeframe	Indicator
1	<ul style="list-style-type: none"> Education services and social protection programs have gaps in their outreach to Indigenous Peoples (IP) communities, Quilombos as well as the more remote rural areas, among whom information about existing programs remains limited as does as access to CRAS for example. This situation points to the importance of strengthening the existing outreach strategy for these vulnerable and marginalized groups to ensure that they are able to access program benefits equitably 	<ul style="list-style-type: none"> Development of an outreach strategy for IPs, Quilombos and remote rural areas for early childhood development. Inclusion of a specific training module (on culturally appropriate methodologies) in the teacher training program to be developed for TVET Regular collection and analysis of gender disaggregated data on TVET enrolment to 	SEDUC & STDS	<ul style="list-style-type: none"> 1st year of PforR implementation 	<ul style="list-style-type: none"> Percentage of IP, Quilombola children attending crèches or receiving home-based care increasing in line with overall PforR targets

		<p>reviewed as part of the PforR implementation support. Data is currently available and collected at State Level.</p> <ul style="list-style-type: none">• This approach was confirmed during the consultation process. It is in line with the current policy/program approach by SEDUC and STDS and will be carried forward as part of the Early Education Program using the current State Systems (<i>Coordenadoria para os Direitos Humanos, Igualdade Racial e Direitos das Mulheres e Gênero</i>). In line with World Bank policy the development of the outreach and “busca activa” program elements will be based on detailed consultations with indigenous groups and Quilombolas, to ensure their support for the design prior to its roll-out.			
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2	<ul style="list-style-type: none"> • Location of civil works is not known and: (i) there are differences between land compensation at State level and WB policy; and (ii) While there are few instances of clearly demarcated IP and Quilombola land in Ceará, there are a number of such land claims currently in process. In addition, gaps have been identified in the licensing process – in terms of exchange of information between the institution responsible for issuing construction licenses and FUNAI (similarly limited exchange of information with INCRA is likely). 	<ul style="list-style-type: none"> • (i) Early screening of the footprint of the proposed civil works (in coordination with FUNAI); and (ii) screening out of sites that would require resettlement activities and identification of alternative locations for construction. • Current resources allocated at State Level for this process are considered sufficient to effectively carry out the screening process 	IPECE, PGE, SEDUC, STDS, CAGECE	<ul style="list-style-type: none"> • 1st year of project implementation (before the start of any civil works) 	<ul style="list-style-type: none"> • Early screening completed (IPECE) and results shared with key implementing agencies; (
3	<p>Water Security Plans may result in some additional restrictions of natural resource use. In spite of adequate legal protection (Forest Code) the capacity gaps noted during the ESSA regarding enforcement will require that additional attention be paid to developing alternative solutions for affected communities</p>	<p>Stock-taking of the social impacts of potential restrictions in the use of water resources in consultation with the Watershed management committees; and (ii) the development of an appropriate framework for mitigation/compensation measures for households who may be negatively affected by changes in land-use patterns (the Forest Code affords legal protection to Households without legal title in land with World Bank policy). These activities have been included in the design of the Water Quality Program itself.</p>	CIDADES/ CAGECE, SRH/COGE RH, CONPAM& FUNCEME	1 st year of PforR implementation	<p>Water security plans for three strategic watersheds include adequate measures to address the impacts of potential further restrictions on natural resource use (in consultation with affected communities)</p>

4	While the state has the ability to undertake the activities proposed, some institutional and capacity weaknesses exist that require a closer accompaniment from the project.	(i) Support to inter-institutional coordination through specific activities identified in the formulation of the Strategic Environmental Assessment and the Water Security Plan; (ii) provide expert advice and support to monitoring, supervision and enforcement of environmental action; (iii) Design and establish a broad communication campaign through EXT support	(i) Members of the Water Security Committee; (ii) CONPAM& FUNCEME, SRH/COGE RH, CIDADES/ CAGECE; (iii) CONPAM/S EMACE/CO GERH/CAG ECE	1 st 2 years of project implementation	(i) Establishment of inter-agency group for water security; Number of households with adequate connection to sewage system (as measured by optimization index) (ii) Number of municipalities trained and involved in a participatory water quality monitoring program (iii) Index of environmental enforcement quality
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Additional measures to address minor gaps have been embedded in the Program design, under the IPF component, and in the Implementation Support Plan for the PforR. The relationship between these three types of systems enhancing measures is as follows:

Program Design includes measures undertaken during Program preparation to identify appropriate DLIs and viable intermediate output and outcome indicators that measure and monitor progress in applying appropriate environmental and social management actions. Most of the Program’s results indicators reflect strong links to supporting strengthening and diligent application of robust environmental and social management actions and systems. Indeed, the majority of indicators and IPF activities are designed to provide incentives for improved environmental and social management measures and actions in the State of Ceará.

The **Program Action Plan** is comprised of a set of actions agreed with government that will be carried out once the Program is effective. Based on the ESSA findings, specific actions have been proposed for inclusion in the overall Program Action Plan (Table 3 above) in order for the Government to bridge the most significant gaps in the system as written and as assessed through the track record. As mentioned in the preceding sections, many of the minor gaps identified are already being addressed through the design of each State run program and through the PforR operation DLIs.

The **Program Implementation Support Plan** is the structure of Bank implementation support to be provided to IPECE and other Program implementing agencies throughout the life of the PforR. This support will include: Reviewing implementation progress and achievement of program results; helping to

resolve implementation issues and to carry out institutional capacity building efforts; monitoring performance of Program systems, including implementation of the agreed Program Action Plan; and monitoring and evaluation of changes in Program risks as well as compliance with legal covenants. The World Bank Task team will work with IPECE and the main Program implementation agencies to structure the World Bank's Program Implementation Support Plan in the Program's environmental and social areas to be offered throughout implementation

3.2 Environmental and Social Risk Rating

Based on the ESSA findings, and agreed-upon risk mitigation and improvement measures, the environmental and social impacts risk rating of this PforR is deemed to be *moderate* if the identified gaps are not addressed and the set of ESSA actions in the Program Action Plan and Program Implementation Support Plan presented in Sections 8 and 9 are not implemented successfully.

Annex 1 – Consultations for the finalization of the ESSA and ESSA Action Plan

As outlined above, consultations during the ESSA preparation, were mainly conducted with line agencies and relevant offices attached to the Governor's Office (for issues of gender mainstreaming, human rights and ethnic minority outreach). Both FUNAI and Quilombola associations were consulted on key elements of the program. Further discussions and consultations on the ESSA Action Plan were undertaken in the month of August. They resulted in the final adjustments/validation of the four key activities proposed in the ESSA Action Plan as noted above. A summary of the outcomes of the consultations is provided below, together with the final list of participants.

Summary of Consultations on Social Issues

Five public consultation sessions on the Environmental and Social Systems Assessment have been held between August 27-29, 2013, in the municipalities of Juazeiro do Norte, Sobral and Fortaleza. These meetings convened 174 participants, including: public servants from different federal, state and municipal agencies; representatives from the private sector and civil society organizations engaged with water resources, environmental, gender, and youth agendas; representatives from Indigenous Peoples, Quilombola communities, rural workers, family farmers and waste-pickers associations.

During the consultations, a brief description of the main characteristics of the program have been described, the results of the analysis of the state's environmental and social systems have been presented and the action plan proposed to guarantee compliance with the World Bank environmental and social policies was discussed.

With regards to social issues, the main inputs collected from these meetings refer to:

- (1) *Targeting of the communication and outreach activities* – It was recommended that waste-pickers and dispersed and isolated rural populations (as well as Indigenous Peoples and traditional communities) as priority targets for the outreach and communication campaigns for promoting access to public/social services. It was strongly emphasized the poor access of these widespread and small rural communities to water resources and public policies. It was also emphasized the difficulties faced by small municipalities to organize waste-pickers cooperatives, which is a prerequisite of the Federal and State Policies on Solid Waste for accessing public financing to activities) in small municipalities.
- (2) *Cultural adequacy and respect for traditional social organization in communication and outreach strategies* – the recommendations included: (a) paying attention to social and cultural diversity and of making them culturally adequate; (b) taking into consideration both intra-group and intra-familiar diversity when, paying attention to the diversity of interests, needs, and life projects held by different members of the groups/families due to characteristics related with generation, gender, sexual orientation, etc.; (c) focusing interventions on individuals (rather than families) and making these interventions responsive to individual needs. In summary while groups validated the analysis and approach set out in the ESSA they also emphasized inter-group diversity (i.e IP and Quilombola Groups are not homogeneous).
- (3) *Mainstreaming social inclusiveness and respect for diversity as key principles of state interventions* – It was broadly endorsed the proposal of including specific training modules on culturally appropriate methodologies in the teacher training program to be developed for TVET. Additionally, it was recommended that awareness raising campaigns aiming to enhance the respect for diversity are promoted among all public servants to render them more sensitive, able

to understand, and respectful with regards to socio-cultural diversity and, consequently, to avoid, mitigate and overcome practices of “institutional discrimination”. It was also widely supported the measures related with the promotion of accessibility of disabled people to public facilities.

- (4) *Stakeholders/Beneficiary Participation* – The participants manifested broad support to all measures proposed that aim the expansion of the opportunities for (a) stakeholder/beneficiary participation in decision-making processes and (b) improving the dialogue/synergies between representatives from federal, state and municipal agencies and local constituencies when planning interventions related with management of water resources, solid waste and sewage systems. There was also broad support to measures proposed for screening of the footprint of the proposed civil works and for assessing the proper compensation due to people adversely affected by land acquisition and/or restriction of access to natural resources upon which their traditional livelihoods have relied.
- (5) *State overseeing* – It was recommended the development of systems for close supervision and monitoring by the state of all activities to be executed by (or in partnership with) municipalities. It was also strongly recommended the development of a gender sensitive system for monitoring and evaluation of the results of TVET on the access of graduates to the labor market.

Summary of Consultations on Environmental Issues

With respect to environmental concerns the main observations were as follows:

- (1) *Inter-institutional coordination* – there is a consensus that this aspect needs perfecting within the government at both state and sub-state level.
- (2) *Monitoring, supervision and enforcement* – it was recognized that despite having capable professional staff in the state agencies (CONPAM, SEMACE, SRH, COGERH, CAGECE) these are not enough to carry the considerable load. This in part occurs due to the fact that the municipalities have not assumed their environmental management responsibilities. It is expected that when this decentralization is fully implemented the current staffing of SEMACE, COGERH and CONPAM should be sufficient to carry the load of the bigger environmental concerns of the state. Currently SEMACE, for example, is being called on to provide licenses for small operations that are clearly the responsibility of the municipal environment authority. Unfortunately, there are to date only 7 municipalities that are emitting environmental licenses.
- (3) *Solid waste* – there is a consensus that the efforts of working on finding a solution for solid waste management in the state is well worth the effort. The solution of consortia, despite the difficulty encountered in agreeing on location of new sites has by and large been accepted. There is a clear concern throughout all regions consulted for the next step of implementation. Financial resources, which are not available through this program, are at the forefront of the municipalities.
- (4) *Sewage* is recognized as one of the main causes water pollution in the state. It still is controversial and used as a political soap box. There is one municipality where politicians are campaigning, recommending that the population should not be responsible for paying for sewage connections. There are a number of issues related to sewage that vary from region to region. Despite having a sewage network that covers a significant portion of the urban population there are very low levels of connecting to the existing network.

- (5) *Communication strategy* – There was a consensus amongst those consulted that a concerted communication effort would have positive results. The idea being to be an all-inclusive campaign that targets schools from the first grades through the broader general population.
- (6) *The concept of Vulnerability* should include the diffuse rural population and the concept of water scarcity (Water Scarcity Index). Given that there is a significant proportion of the population that is spread out throughout the interior of the state they should be included as a vulnerable group as their water is not guaranteed and depend to a large extent on water being delivered by truck.

Annex 2 – Participants in the consultations

Consultations with government agencies in Fortaleza

Name	Institution	Area/Theme	Contact
Gleydson Sobreira Amorim	EcoFor	Fortaleza landfill	
Kenealissan Henrique Gomes	Marquise	Fortaleza incinerator/autoclave	
Ivaldo Machado da Paixão	GabGov	Coordinator – Quilombolas	
Maria Tereza Bezerra Farias	CONPAM	Coordinator – Policies	
Maria Dias Cavalcante	CONPAM	Coordinator – Policies	
Elisabete Cruz Romao	SEMACE	Director Enforcement – DIFIS	
Glauca Norões	SESA	Vigilância ambiental	
Francisca Macedo Teixeira	SESA	GT Financiero	
Loiduina Virgina de Sousa	SESA	Vigilância ambiental	
Tereza Rosane Torres	SESA	Vigilância sanitaria	
Vera Camara Coelho	SESA	Policies	
Vanja Fontenele	Ministério Público	Prosecutor - Environment State Prosecutor	
Meneses Junior	SEMACE	Gerente - Forestry permits	
Cristina Medeiros	IPECE	Coordination	
Rennys Aguiar Frota	COGERH	Barragens/Watershed Mgmt.	
Joao Lucio	COGERH	Barragens/Watershed Mgmt.	
Paulo Lustosa	COPAM	Barragens/Watershed Mgmt.	
Maria dos Anjos Cruz	CEQUIRCE	Quilombolas Association	8596497541
José Renato dos Santos	CEQUIRCE	Quilombolas Association (State Level Coordinator)	8896562980
Francisco Silvino	CEQUIRCE	Quilombolas Association (Advisor)	85073063
Yedda Freire	SEDUC (COPEM)	Education – Coordinator for Diversity and Social Inclusion	8897020047
Maria Eneida Machado	SEDUC	Technical Assistant	31013934
Marcia Campor	SECUC	Coordination with Municipalities	31013942
José Castro Junior	SDA	CODEA Coordinator	31018083
Aricles Fernandes de Queiros	SDA	CODEA	31018083
Ivaldo Paixão	GabGov	Coordinator for Racial Equality (Quilombola issues)	(85) 34664969
Monica Barroso	Gab Gov	Coordinator for Gender Equality	(85) 88144659
Paulo Nunes	Controladoria Geral do Estado (CGE)	Executive Secretary	(85) 88998023
Rosangela Silva	CGE	Coordinator for Ouvidorias	(85) 31016611
Rita Dias	Sec. Cidades	Coordinator – Social Development and Sustainability	(85) 88195866
Marcelo Colares	Sec. Cidades	Coordinator – Rio Maranguapinho initiative	(85) 32075296

Participants in the Salgado watershed consultation

Participants in the Acaraú watershed consultation

Participants in the Metropolitana watershed consultation

Participants in the Metropolitana watershed consultation (cont')

Participants in the consultation with civil society