



**FINAL REPORT ON IDB MANAGEMENT'S ACTIONS TO ADDRESS ICIM COMPLIANCE REVIEW
REPORT RECOMMENDATIONS ON SÃO JOSE DOS CAMPOS URBAN STRUCTURING PROGRAM**

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I. BACKGROUND

- 1.1 On June 19, 2017, the Board of Executive Directors of the Bank considered and approved the Report of the Chairperson of the Policy and Evaluation Committee (PEC) related to the Compliance Review Report regarding the "São José dos Campos Urban Structuring Program (BR-MICI006-2011)" (Document MI-21-6), presented by ICIM in a session of the Policy and Evaluation Committee held on May 16, 2017. The Committee members were supportive of the seven recommendations offered by the ICIM, three of which were case-specific, while the other four were general. The Committee also appreciated the clarifications provided by Management regarding the ICIM report.
- 1.2 The ICIM report's main findings were:
 - a. Regarding the Involuntary Resettlement Policy (OP-710), IDB Management failed to comply with the provisions set forth in this Policy by: (i) not conducting adequate consultation with a representative sample of persons affected; (ii) not establishing concrete and appropriate compensation and rehabilitation options; and (iii) failing to comply with the requirements for a final resettlement plan.
 - b. Regarding the Environment and Safeguards Compliance Policy (OP-703), IDB Management failed to comply with the provisions set forth in this Policy by: (i) considering that the environmental and social impacts that would be generated were local and short-term, and not ensuring that effective mitigation measures were in place for the specific impacts expected; (ii) failing to ensure the provision of all the environmental assessments required for the Program; and (iii) failing to verify that the consultations conducted had been adequate and that those impacted by the Project were informed.
 - c. Regarding the Access to Information Policy (OP-102), the Bank failed to comply with the obligation to disclose the environmental and social information of the Project in a timely manner.
- 1.3 Annex I provides an update on Management's progress on implementing the recommendations detailed in section IV of document MI-21-6.

II. STATUS OF IMPLEMENTATION OF RECOMMENDATIONS

- 2.1 The recommendations implemented focused on two areas of action: at project level, they related to the disclosure of environmental and social information; and at the IDB corporate level, they focused on strengthening capacity for applying IDB social safeguard policies, with regard to: (i) application of policies to involuntary resettlement processes involving vulnerable groups; (ii) methods for validating whether consultation and citizen participation processes are robust enough to meet Bank standards; and (iii) consideration of such factors as the negative impact that the passage of time can have on the success of a project and the benefits that can be obtained by developing preventive action measures for scenarios such as changes in government or in national or local processes for approving Bank-financed projects; and improving the application of access to information policy.

A. Access to information

2.2 All environmental and social reports for this Project were disseminated on the website of the Bank and the municipality on or before November 7, 2017, several of which are in Portuguese. Clarifications pertaining to the amended loan scope have also been posted on IDB's website. All documents can be found in the following sites:

a. IDB's External Website:

- i. <http://www.iadb.org/en/projects/project-description-title,1303.html?id=BR-L1160>,
- ii. EIA Vol. 1&2: <http://www.iadb.org/Document.cfm?id=EZSHARE-1387798691-7>
- iii. EIA Vol. 3: <http://www.iadb.org/Document.cfm?id=EZSHARE-1387798691-8>
- iv. RIMA: <http://www.iadb.org/Document.cfm?id=EZSHARE-1387798691-10>

b. Município de São José dos Campos:

- i. los términos de referencia para la contratación del EIA-RIMA_
http://www.sjc.sp.gov.br/media/536027/anexo_01_pt_cetesb_n%C2%BA_29713ie.pdf
- ii. los estudios ambientales que contienen el diagnóstico y las alternativas de la vía, su impacto ambiental, y la legislación correspondiente;_
http://www.sjc.sp.gov.br/media/536013/eia_volume_i.compressed.pdf
http://www.sjc.sp.gov.br/media/536016/eia_volume_ii.compressed.pdf
- iii. el programa de compensación ambiental_
http://www.sjc.sp.gov.br/media/536459/programa_de_compensacao_ambiental.pdf

B. Community consultation

2.3 The representatives of the community were informed, via written communication dated January 3, 2018, that the resettlement of families from Banhado and construction of the Banhado road are no longer being financed by the IDB.

C. Information Dissemination within IDB and Distribution of the Compliance Review Report

2.4 In June 2017, a workshop with teams from ICIM, HUD and ESG was held to present the findings and recommendations of the Compliance Review Report. Also, in the first semester of 2017, workshops were organized with RND, HUD, ENE, TSP and WSA to present the main findings of the approved compliance verification reports.

D. Improving consistency in the application of disclosure requirements

2.5 Procedures and processes for ensuring that the applicable environmental and social documentation is disclosed have been in place and fully functional since the IDB's Access to Information Policy (OP-102) became effective on January 1, 2011. The new convergence functionality "Environmental and/or Social Document Disclosure" established on June 30, 2017 has been very effective in ensuring compliance with the disclosure requirements established in the Environment and Safeguards Compliance Policy (OP-703) and the Access to Information Policy (OP-102).

E. Clear procedures in the case of significant delays in the execution of projects involving resettlement

- 2.6 ESG has prepared a technical operational guidance note on resettlement and economic displacement to help strengthen and ensure consistency in the application of requirements under OP-710. The note includes procedures in the context of projects with significant delays on updating information necessary for the planning and executing of resettlement activities and for communicating developments to the project affected people. The objective of this clarification is to ensure that when projects experience delays in execution, the resettlement plan is up to date, reflecting any developments or changes that may have occurred.

F. Ensure the availability and disclosure of the Relevant Operational Policies in the Bank's four official languages

G. The translations of the relevant Operational Policies in Portuguese and French have been completed and are now available on the website of the Bank. Instruct Management to ensure that the ICIM has expedited, direct access to all operational files relevant to the ICIM's mandate

- 2.7 Direct and timely access is already available. Staff are aware of their obligations to provide the ICIM with full and timely access to operational files relevant to ICIM's mandate.

ANNEX I.

Final PROGRESS REPORT ON IDB MANAGEMENT'S ACTIONS TO ADDRESS ICIM COMPLIANCE REVIEW REPORT RECOMMENDATIONS ON SÃO JOSE DOS CAMPOS URBAN STRUCTURING PROGRAM

ICIM Recommendation	Proposed IDB Action	Expected Completion Date	Status Report
Post all program documents subject to mandatory disclosure on the Bank's website, preferably in Portuguese.	Publish program documents on São Jose dos Campos and Bank's websites.	Q3 2017	Completed.
Inform the community, in whichever way deemed most appropriate, that the resettlement of families from Banhado and construction of the Banhado road are no longer being financed by the IDB.	Send formal letter to community leaders detailing that the resettlement of families from Banhado and construction of the Banhado road are no longer financed by the IDB.	Q1 2018	Completed.
Distribute Compliance Review Report MI-21-6 among Bank staff, with a special focus on those responsible for the design, execution, and supervision of operations.	Organize workshops with operational staff to present and discuss findings from compliance review report.	Q2 2017	Completed.
Explicitly state in the implementation guidelines for the Access to Information Policy that disclosure of resettlement plans is mandatory in all operations involving involuntary resettlement and stipulate the time frame for such disclosure.	Launch new functionality in Convergence for "Environmental and/or Social Document Disclosure."	Q2 2017	Completed.
In the case of significant delays in the execution of projects involving resettlement, establish clear procedures for anticipating needs and swiftly implementing mitigation measures, including dissemination of timely information to groups to be resettled, updating of diagnostic assessments, and any necessary review and/or adjustment to key environmental and social management plans for the operation.	Incorporate into the technical clarification that ESG is preparing for IDB specialists information about involuntary resettlement.	Q2 2018	Completed. An Internal operational guidance on physical and economical displacement has been developed.
Ensure the availability and disclosure of the Relevant Operational Policies in the Bank's four official languages.	Translate the relevant Operational Policies to Portuguese (Q4 2017) and French (Q1 2018) and make it available on the Bank website.	Q2 2018	Completed.
Instruct Management to ensure that the MICI has expedited, direct access to all operational files relevant to the MICI's mandate.	Grant ICIM access to all operational files relevant to the MICI's mandate.		Completed.