

PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION AND
INVESTIGATION MECHANISM

BR-MICI006-2011

CASE CLOSURE

SÃO JOSÉ DOS CAMPOS URBAN STRUCTURING PROGRAM

(BR-L1160)
(2323/OC-BR)

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In accordance with the Access to Information Policy, this document is being made publicly available simultaneously with its distribution to the Board for information.

ELECTRONIC LINKS

1. Case record in the MICI Public Registry
<http://www.iadb.org/es/mici/complaint-detail-2014,1804.html?ID=BR-MICI006-2011>
2. Compliance Review Report for loan 2323/OC-BR for the "São José dos Campos Urban Structuring Program" (MI-21-6)
<http://www.iadb.org/document.cfm?id=40874458>
3. Report of the Chairperson of the Policy and Evaluation Committee (MI-21-7)
<http://www.iadb.org/document.cfm?id=40873506>
4. Transition Plan (MI-48-1)
<EZSHARE-154217523-2190>
5. Progress Report on IDB Management's Actions to Address ICIM Compliance Review Report Recommendations on São José dos Campos Urban Structuring Program (loan 2323/OC-BR) (MI-21-8)
<http://www.iadb.org/document.cfm?id=EZSHARE-1661042374-3229>
6. Final Report on IDB Management's Actions to Address ICIM Compliance Review Report Recommendations on São José dos Campos Urban Structuring Program (loan 2323/OC-BR) (MI-21-9)
<http://www.iadb.org/document.cfm?id=EZSHARE-1661042374-3253>

ABBREVIATIONS

Bank or IDB	Inter-American Development Bank
Board of Executive Directors	Board of Executive Directors of the Inter-American Development Bank
Management	The Bank Manager(s) responsible for the São José dos Campos Urban Structuring Program (loan BR-L1160) or their delegate(s)
MICI Policy	Policy of the Independent Consultation and Investigation Mechanism (document MI-47-6)
MICI Operation	Independent Consultation and Investigation Mechanism IDB operation 2323/OC-BR, "São José dos Campos Urban Structuring Program (loan BR-L1160)"
Program	São José dos Campos Urban Structuring Program (loan BR-L1160)

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I. BACKGROUND

- 1.1 On 10 June 2011, the Independent Consultation and Investigation Mechanism (MICI) received a Request pertaining to the “São José dos Campos Urban Structuring Program,” a sovereign guaranteed loan operation approved by the Board of Executive Directors on 12 May 2010. The Program involves urban interventions and projects in various sectors of public investment in the city of São José dos Campos, state of São Paulo, Brazil, including the construction of two new roads, the creation of green spaces, the resettlement of a community living in an irregular settlement (favela), and municipal institution-strengthening activities.
- 1.2 The Requesters¹ alleged that the Program could result in potential adverse socioeconomic impacts for the families, as well as potential adverse environmental impacts.
- 1.3 The Request was declared eligible for the Consultation Phase on 22 August 2011, in accordance with the Policy Establishing the Independent Consultation and Investigation Mechanism (document GN-1830-49). The Consultation Phase began in May 2014, after the agreement had been signed in the Habitar case.² The process ended without an agreement in May 2015, as the Requesters decided to withdraw, believing that the conditions were not right for continuing the dialogue.
- 1.4 Meanwhile, in December 2014, the Board of Executive Directors approved the new MICI Policy, which entered into force immediately and required a Transition Plan for active cases stemming from Requests received under the previous policy.
- 1.5 The Transition Plan, approved on 4 February 2015, established that, if agreement was not reached in the Consultation Phase process, the Requesters could request transfer to the Compliance Review Phase, and the case would be processed in accordance with the December 2014 MICI Policy.
- 1.6 In response to the Requesters’ wishes, the Request was transferred to the Compliance Review Phase on 14 August 2015. The investigation process began in mid-June 2016, once the governance structure under the current MICI Policy had been established, and the Compliance Review Panel appointed. The MICI finalized the Compliance Review Report in March 2017 and submitted it to the Board of Executive Directors for consideration.

II. COMPLIANCE REVIEW REPORT

- 2.1 In its Compliance Review Report, the MICI found that Management had failed to comply with several requirements of the Involuntary Resettlement Policy (OP-710), the Environment and Safeguards Compliance Policy (OP-703), and the Access to Information Policy (OP-102).³

¹ The original Request is available for consultation in the MICI Public Registry, which can be accessed from the Electronic Links section of this document.

² The MICI Public Registry for case BR-MICI004-2011 for the “Low-income Neighborhood Improvement Program – Habitar Brasil,” is available [here](#). The Requests in the two cases had been submitted jointly, but were processed separately by the MICI.

³ The public documentation on the case is available for consultation through the MICI Public Registry, which can be accessed from the Electronic Links section of this document.

- 2.2 Taking into consideration the MICI's findings regarding noncompliance with the Relevant Operational Policies and the particular circumstances of the case, especially the fact that the two components under which noncompliance occurred had been removed from the scope of the Program, so the Bank was no longer involved in implementing those components, the MICI submitted the following seven recommendations to the Board of Executive Directors for consideration:

Recommendation 1	Post all program documents subject to mandatory disclosure on the Bank's website, preferably in Portuguese.
Recommendation 2	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.
Recommendation 3	Distribute the Compliance Review Report among Bank staff, with a special focus on those responsible for the design, execution, and supervision of operations.
Recommendation 4	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.
Recommendation 5	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.
Recommendation 6	Ensure the availability and disclosure of the Relevant Operational Policies in the Bank's four official languages.
Recommendation 7	Instruct Management to ensure that the MICI has expedited, direct access to all operational files relevant to the MICI's mandate.

III. DECISION OF THE IDB BOARD OF EXECUTIVE DIRECTORS AND SUBSEQUENT ACTIONS

- 3.1 The Policy and Evaluation Committee (PEC) of the IDB Board of Executive Directors met on 16 May 2017 to consider the Compliance Review Report, praising its quality and endorsing the seven recommendations made by the MICI. On 19 June 2017, the Board of Executive Directors considered and approved the PEC Chair Report recommending endorsement of the seven recommendations contained in the Compliance Review Report.
- 3.2 At that time, the Board of Executive Directors did not instruct Management to develop an Action Plan in consultation with the MICI (see paragraph 47 of the MICI Policy) or ask the MICI to monitor implementation as provided in paragraph 49 of the MICI Policy. Management was only instructed to adopt the recommendations made in the Report.

- 3.3 The MICI reports that Management has delivered two progress reports⁴ on implementation of the recommendations to the Board of Executive Directors for approval, one in March 2018 and another in late August 2018. For the sake of transparency, the MICI has sent these reports to the Requesters and released them to the public through the Public Registry, with Management's concurrence, but this has not involved any monitoring activities by the MICI.

IV. CLOSURE OF CASE PROCESSING BY THE MICI

- 4.1 In consideration of the foregoing, the Board of Executive Directors is notified that the MICI will close case file BR-MICI006-2011 regarding the São José dos Campos Urban Structuring Program (loan BR-L1160), once this report has been released to the Requesters, Management, and the public.

⁴ The Progress Report and Final Report on IDB Management's Actions can be accessed from the Electronic Links section of this document.