Appraisal Environmental and Social Review Summary
Appraisal Stage
(ESRS Appraisal Stage)

Date Prepared/Updated: 01/08/2020 | Report No: ESRSA00308
## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>LATIN AMERICA AND CARIBBEAN</td>
<td>P170682</td>
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<table>
<thead>
<tr>
<th>Project Name</th>
<th></th>
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<tbody>
<tr>
<td>Southern Brazil Urban Resilience Program (SUL RESILIENTE)</td>
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<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
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<tr>
<td>Urban, Resilience and Land</td>
<td>Investment Project Financing</td>
<td>1/13/2020</td>
<td>3/24/2020</td>
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<table>
<thead>
<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
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<tbody>
<tr>
<td>Banco Regional de Desenvolvimento do Extremo Sul (BRDE)</td>
<td>BRDE</td>
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</tbody>
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### Proposed Development Objective(s)

The Project Development Objective (PDO) is to promote urban resilience in selected municipalities in Southern Brazil to address natural disaster and extreme climate-related events.

### Financing (in USD Million)

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>125.00</td>
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### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

### C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Project will support access to financing (via the creation of a credit line) for selected Southern Brazil municipalities to prevent, mitigate and/or prepare for disaster and extreme climate events, and therefore enhance their resilience. Eligible investments to be financed will include several integrated physical infrastructure and/or technical assistance. Achievement of the PDO will be measured with the following key indicators:

(a) People benefited from improved or new resilient infrastructure, of which female;
(b) Southern Brazil municipalities supported by the Project; and
(c) Increased municipal capacity to manage and mitigate disaster risks.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The project will support interventions in the three states of the Southern Region of Brazil: Paraná, Santa Catarina and Rio Grande do Sul. The territorial area of this region equals 563,802 km² and its population counts for 29.6 million inhabitants (85% in urban areas and 15% in rural areas). The urbanization of the region started in the second half of the 19th century, when an abundant contingent of European migrants arrived in search of opportunities in the countryside. In consequence of this background, Southern Brazil is characterized by having few large cities (e.g. Curitiba and Porto Alegre, capitals of Paraná and Rio Grande do Sul, with populations of nearly 2 million and 1.5 million, respectively), coupled with a strong network of middle-size and small cities (IBGE, 2019). Thus, only 7 percent of the municipalities have more than 50,000 inhabitants and 15% more than 20,000 inhabitants. About one third of the people living in South Brazil lives in large urban centers.

The Southern region presents the best socioeconomic indicators in the country. The region counts for 14.4% of the national population. The average household income per capita in 2017 (BRL 1,788) was 18% higher than in the country. The parcel of the regional population living in households with average per capita monthly income higher than two minimum wages (equal to 23.2%) is 43% above the country’s (16.2%). Labor informality is 29% lower than in the country (29.1 and 40.8%, respectively). Poverty rate is 52% lower than in the country (12.8 and 26.5%, respectively). The parcel of the population living in households that faces restrictions in at least three aspects of life (access to education, social protection, adequate housing, sanitation and communication) in the region is 38% below the average in the country (9.8 and 15.8%, respectively). Inequality is also lower within the region than in the country (Gini Index equal 0.477 and 0.549, respectively [IBGE, Síntese de Indicadores Sociais 2018, Rio de Janeiro, 2018]. The regional population living in at-risk areas faces severe socioeconomic conditions: low family incomes, poor access to water and sanitation services and occupation of irregular urban settlements. Children under 5 years of age count for 8.7% of this population and the elderly count for 9.7%; 8.6% of the people living in at-risk areas do not have access to water, 19.7% to sanitation, and 1.5% to adequate destination of solid waste [IBGE, População em Áreas de Risco no Brasil].

However, the Southern Region of Brazil faces increasing challenges related with rapid urbanization and natural disasters. It is exposed to a variety of events, vulnerable from both social and economic perspectives. The region is recurrently affected by floods, flash-floods, droughts, landslides, windfalls, among other disaster events. Effects from disasters events and climate change are expected to grow in the region, resulting in more frequent and intensive hydrometeorological events that, combined with unregulated urbanization and insufficient infrastructure, elevate the exposure and vulnerability, thus generating higher disaster impacts.

According to Brazil’s Disaster Information Integrated System (S2ID), 8,428 disasters were classified and reported by the Civil Defense in the three Southern States between 1991 and 2017, resulting in 459 deaths, 1.87 million people displaced or made homeless, and a total of 36.87 million people affected. Estimated costs of the damages caused in the housing and infrastructure sectors by natural disasters that occurred between 1995-2014 were estimated above 8 billion Brazilian Reais (Relatório de Danos Materiais e Prejuízos Decorrentes de Desastres Naturais no Brasil 1995-2014). Furthermore, between 2010 and 2017, 76.7% of the 1,191 municipalities in the Southern region reported situations of emergence in decorrence of floods [Brazilian Integrated System of Information about Disasters], the region counts for 16.5% of the critical municipalities monitored by CEMADEN (144 municipalities), and 8.5% of the
population living in at risk area of the country (more than 700,000 people) are found in the South. They count for 2.6% of the regional population [IBGE, População em Áreas de Risco no Brasil, Rio de Janeiro, 2018]. Although, in Brazil, municipalities play a key role in coordinating and executing DRM-related activities, the small southern cities have very limited financial, technical and management capacities to keep up with the needs of a growing population and to address problems such as urban sprawl and climate / disaster externalities. They lack Disaster Risk Management knowledge, human resources and institutional capacity to implement resilience cross-cutting policies. They also lack in financial resources for investment to mitigate disaster risks and promote resilience. The market offer for financial resources to small municipalities in the form of credit lines in Brazil is very much sectoral (i.e. habitation, drainage, road paving) and doesn’t promote the cross-sectoral vision intrinsic to resilience projects.

The proposed operation addresses these interconnected challenges and aims to support municipal investments in disaster risk mitigation and urban resilience. Building on BRDE’s local knowledge and regional outreach among Southern Brazil municipalities, the Project intends to primarily reach (but not be limited to) small and medium municipalities facing significant disaster risks in Southern Brazil, which struggle in accessing credit and usually do not have the incentives (nor the capacity) to tackle climate-specific issues. The Project will provide access to both Technical Assistance and finance for capital investments for municipalities to implement targeted, efficient and/or integrated investments.

D. 2. Borrower’s Institutional Capacity

The Southern Regional Development Bank (BRDE) is a state-owned development bank operating in South Brazil (Paraná, Santa Catarina and Rio Grande do Sul States). As the Financial Intermediary (FI), BRDE will be responsible to implement the project in compliance with the Environmental and Social Standards of the World Bank’s Environmental and Social Framework. A list of exclusion investments, a set of project eligibility criteria and environmental and social risk management procedures will be applicable to all municipal subprojects to ensure that they promote desired integrated disaster risk management and urban development approach and achieve development outcomes that are materially consistent with the objectives of the World Bank’s Environmental and Social Framework. BRDE will be responsible to (i) maintain an appropriate level of staff (about one coordinator and one team member per state) or (ii) hire (under Component 3) individual staff or firms in a temporary basis to perform daily activities related with the management of environmental and social risks of the subprojects. BRDE will be the sole responsible to provide periodic reports to the World Bank on environmental and social risk management matters related with the financed municipal subprojects. Based on the overall nature of the proposed sub-projects, the World Bank Task Team will select samples to both monitor and evaluate performance and compliance against negotiated environmental and social risk management measures.

The World Bank Task Team undertook an assessment of BRDE’s Environmental and Social Management System (SARAS as per its Portuguese acronym). It shows that the most elementary requirements set in ESS 9 – Financial Intermediaries – are in place. BRDE’s Board of Directors and Administrative Council endorsed an environmental and social policy in 2014. An action plan to enable the implementation of this policy was approved in 2015. A coordination and a committee of social and environmental responsibility were established with clearly defined roles and responsibilities in 2016. Following this policy and action plan, BRDE abides to national and local laws and regulations. BRDE also follows processes and procedures for screening all its subproject against an exclusion list, which is based on IFC’s publicly available exclusion list. For the Project, the exclusion list has been expanded to adhere better to the requirements of the Environmental and Social Standards. It also has clearly established processes and procedures for screening and categorizing subprojects’ environmental and social risks and impacts. Furthermore, external communication mechanisms (including a grievance redress mechanism) are also in place and fully operational. BRDE also provides for a safe and healthy working environment, having set an Ethics Code and having in place channels to
address labor related complaints. In compliance with Federal Law 12,527/2011 and Complementary Law 105/2001 (on bank secrecy), BRDE keeps an Ombudsman Office, a website portal of Transparency and an Ethics Channel for internal use only. These actions are consistent with the requirements of ESS 9, paragraphs 14, 17, 19 and 25. Finally, BRDE had already carried out an assessment of its Environmental and Social Management System and is already improving its procedures for identification, assessment, management and monitoring of environmental and social risks and impacts as well as enhancing its organizational capacity and competency. These improvements are underway as part of an ongoing cooperation between BRDE and the French Development Agency (AFD), through which BRDE hired a consultancy to improve and pilot-test its Environmental and Social Risks Management System (SARAS). The improvements include the definition of new procedures and standard electronic forms for: (i) screening, analyzing and adopting a categorization system for subprojects with clearly defined environmental and social risk categories, (ii) defining an Environmental and Social Risk Management Plan (including all envisaged mitigation measures needed), and (iii) monitoring and evaluation of the implementation of this Plan throughout the subproject’s life cycle. Additional environmental and social requirements have been agreed upon to deal with subprojects that have a substantial environmental and social risk classification. The track record of BRDE shows no non-compliance and/or legacy issues with Brazil’s environmental and social regulatory framework.

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

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Substantial

Through BRDE’s intermediation, the Project will finance municipal subprojects aimed at promoting urban resilience to natural disasters. An overall assessment of the potential environmental and social risks and impacts of the eligible typology of construction works and technical assistance activities has been carried out by BRDE. Their potential adverse environmental and social risks and impacts are expected to be temporary, site specific, reversible and preceded. The subprojects will be implemented mainly in modified habitats (urban and peri urban areas), and most impacts during the implementation phase can be properly mitigated. The project is not likely to result in significant impacts on the environment.

The main environmental risks are related to the construction stage of the resilient infrastructures. They may include inter alia: (i) increased noise levels and production of dust and debris leading to alteration of air quality; (ii) soil movement; (iii) watercourses crossing and potential silting of watercourses and drainage; (iv) risk of groundwater contamination; (v) reduction of vegetation cover in the directly affected area; (vi) interference in legally protected areas; (vii) solid waste disposal; (viii) increased number of trucks and other heavy vehicles related on local street network and possible increased risk of traffic accidents; (ix) local traffic interruptions and congestion; (x) increased in determined pollutant emissions leading to alteration of air quality; and (xi) proliferation of synanthropic fauna (including rodents, bats, pigeons, scorpions, spiders, insects, etc.). In addition, channels and draining infrastructure can be engineered to convey floodwater and debris quickly downstream and the local benefits of this approach must be balanced against the possibility of increased flooding downstream. Some subprojects may also require the conversion of natural vegetation within urban and/or peri-urban areas around water springs and river banks. Although these areas are protected under the Brazilian Federal Law 12,651/12, intervention within them are allowed for public interest works and the direct impact of the interventions rather than damage will contribute to improve the ecosystem services they provide.
The most impactful subprojects – such as those interfering with APPs for water systems, flow or drain control – will need authorization or licenses from state environmental agencies and require specific permitting, mitigation and regeneration measures. In Southern Brazil, these licensing agencies have adequate institutional capacity for environmental management, monitoring and enforcement of the regulatory framework and their licensing process is based on a broad and robust legal framework that rules all activities that may have environmental impacts. These agencies rely on online systems that include technical, administrative, monitoring and inspection modules and ensure the enforcement of the legislation. In these states, 95% of the municipalities have organized administrative structures to inspect, regulate and coordinate actions related with the environment.

Considering the potential environmental impacts from urban flow and extreme events, the subprojects may have net positive impacts on the local ecosystems, controlling the stability of the stream channels, reducing runoff from urban areas, and compensating the urbanization trends to increase both the flood volume and the flood peak.

The environmental risk classification takes into account: (i) the typology of subprojects with the most significant risks, their location, scale, nature, and magnitude; (ii) the uncertainty about the nature and scope of the subprojects; (iii) BRDE’s lack of previous experience in working with the ESS; (iii) the variable institutional capacity for environmental and social risk management of the sub-borrowers; and (iv) the institutional capacity of environmental agencies. The environmental risk is rated Substantial.

Social Risk Rating

Substantial

The Project is a FI operation that will prioritize small municipalities and is expected to have a transforming impact on the mid and long-term on the capacity for disaster risk management and urban planning, ultimately avoiding uncontrolled urban expansion and occupation of hazards areas without proper provision of disaster risk mitigation and public services.

The municipal subprojects have not been selected yet. The infrastructure works included in these subprojects may bring temporary, site-specific, reversible adverse social impacts during the construction stage to neighboring communities – such as: increased levels of noise and dust and other disturbances for the neighboring communities; increased traffic of heavy machinery and potential increase of traffic or other accidents harming workers and neighboring communities; increased demand on public services and impacts on economic activities; land acquisition and the potential encounter of previously unknown cultural heritage due to excavation works. To address these impacts, the Borrower developed an Environmental and Social Risks and Impacts Management Manual that combines features of its own system (SARAS) with additional measures required by the relevant World Bank’s Environmental and Social Standards. This Manual includes an exclusion list that makes ineligible all subprojects for which environmental and social risk are classified as High.

Subprojects may also require land acquisition and have minor adverse impacts related with involuntary resettlement, mostly in response to the need of preventative relocation of people living in areas at risk of floods or landslides. In response to this risk, the Borrower prepared a Resettlement Policy Framework and it was agreed that all subprojects that involve resettlement (unless the risks and impacts of such resettlement are minor – which has been defined in the Manual as projects only requiring acquisition of vacant plots of bare land, or having exclusively partial impact on assets, or physically displacing up to 200 people) will be classified as High risk and, consequently, ruled out.

Subprojects may also be proposed by municipalities with the presence of Indigenous Peoples. In response to this situation, the Borrower prepared an Indigenous Peoples Policy Framework and it was agreed that all subprojects having adverse risks or impacts on Indigenous Peoples and falling under the circumstances requiring free, prior and informed consent would be classified as High risk and, consequently, ruled out.

Subprojects may have impacts on the neighborhoods during the construction stage: increased traffic road and accidents, temporary disturbance in the provision of public services, adverse impacts on community health. The
Manual includes a list of measures and programs (including a program of communication, signaling and warning) to mitigate such impacts. Due to its potential size, construction works are not expected to demand a large number of workers and/or cause labor influx risks.

The Project is expected to have an overall positive social impact. Project’s benefits will derive from its contribution to strengthen the municipal capacity to promote urban resilience, to reduce exposure and vulnerability to disaster risks and to reduce human and economic impacts from disaster events, improving the social welfare for communities exposed to disaster risks in Southern Brazil. The project will focus on areas highly exposed to natural hazards. The implementation of subprojects will reduce exposure and vulnerability to disasters in the intervention areas an the international literature indicates that the poor (particularly women, children, the elderly and disabled people) who are over-represented among those living in areas at-risk of natural disasters, disproportionately affected by disasters, and the least able to cope with their consequences.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This Environmental and Social Standard is relevant The Project is Financial Intermediary (FI) with the Regional Development Bank of Southern of Brazil (BRDE). BRDE will open a window in its portfolio for financing the delivery of resilient infrastructures able to cope with extreme natural events (floods and geotechnical risks) as well as institutional capacity building for municipalities to deal with disaster risk management and urban planning. Under this window, BRDE will finance municipal subprojects on a demand-driven basis. These subprojects will combine structural and non-structural investments targeted at enhancing the capacity of borrowing cities to prevent, mitigate and prepare for natural disaster and extreme climate-related events, but will not be known during Project preparation. Therefore, it will be possible to trace the specific FI subprojects financed with the support of the proposed operation.

These municipal subprojects will be implemented mainly in urban and peri-urban areas. The project focus on improving or building traditional, innovative and integrated solutions to mitigate natural disaster and climate-related risks (floods, flash floods, landslides and other erosion processes). These solutions include linear parks, macro and micro-drainage, dredging, slope stabilization, plumbing, margin recovery, water management (storage, recycling, infiltration, evapo-transpiration), riverbank protection, coastal erosion contention, reforestation soil conservation, de-canilization, paving and qualification of urban and rural roads, sanitary exhaustion, solid waste collection, housing and relocation of families located in risk areas.

Most FI subproject activities would be developed in modified habitats and most impacts during the implementation phase can be properly mitigated. Their main social and environmental risks and impacts are: (i) increased noise levels and production of dust and debris leading to alteration of air quality; (ii) soil movement; (iii) watercourses crossing and potential silting of watercourses and drainage; (iv) risk of groundwater contamination; (v) reduction of vegetation cover in the directly affected area; (vi) interference in legally protected areas; (vii) solid waste disposal; (viii) increased number of trucks and other heavy vehicles related on local street network and possible increased risk of traffic accidents; (ix) local traffic interruptions and congestion, (x) increased in determined pollutant emissions leading to alteration of air quality; (xi) proliferation of synanthropic fauna; (xii) inconvenience and discomfort to the neighboring population due to increased noise and vibration levels; (xiii) temporary disturbance in normal frequency of public services – such as waste collection – and interference with public utility networks; interference with the
functioning of commerce activities; (xiv) temporary influx of workers; (xv) expropriation and involuntary resettlement; and (xvi) chances finding interference with archaeological and cultural heritage. These risks and impacts vary according to the type of subproject and will be assessed on a case-by-case basis.

Considering the potential environmental and social impacts from exposure and vulnerability to natural disasters (particularly urban flooding and landslides) as well as of extreme events, these subprojects may have net positive impacts on the local ecosystems, controlling the stability of the stream channels and reducing runoff from urban areas. They will reduce human and economic impacts from disaster events and improve social welfare for communities exposed to disaster risks. As the Project will prioritize small municipalities in the Southern region, where it is expected to have a transformational impact on the mid and long-term on their capacity for disaster risk management and urban planning, ultimately avoiding uncontrolled urban expansion and occupation of hazards areas without proper provision of disaster risk mitigation and public services. They may also contribute to avoid that small cities of the Southern region reproduce the urban growth patterns that many cities have experienced in Brazil in the past decades – i.e. uncontrolled urban expansion and occupation of hazards areas without proper provision of disaster risk mitigation and public services – that lead to their exposure and vulnerability to natural and climate related hazards. Finally, they may enhance the municipal capacity to invest efficiently on the protection against natural hazards.

As mentioned, the World Bank Task Team carried out an assessment of BRDE’s Environmental and Social Management System (SARAS) which shows that the most elementary requirements set in ESS 9 – Financial Intermediaries are in place. An environmental and social policy endorsed by senior management is in place. Following this policy, BRDE abides to national and local laws and regulations. BRDE also follows processes and procedures for screening all its subproject against an exclusion list, which is based on IFC exclusion list. It also has clearly established processes and procedures for screening and categorizing subprojects’ environmental and social risks and impacts. Furthermore, external communication mechanisms (including a grievance redressing mechanisms) are also in place and fully operational and the provides for a safe and healthy working environment, having set an Ethic Code and channels to address labor related complaints. Finally, BRDE is improving its procedures for identification, assessment, management and monitoring of environmental and social risks and impacts as well as enhancing its organizational capacity and competency.

Additional environmental and social requirements have been agreed upon to deal with subprojects that have a substantial environmental and social risk classification. These measures were included in the Project’s Environmental and Social Risks Management Manual and will be implemented in all subprojects that involve (a) resettlement, (b) adverse risks or impacts on Indigenous Peoples, and (c) adverse risks or impacts on the environment and biodiversity, community health and safety, labor and working conditions and/or cultural heritage. These measures have been set to apply the relevant requirements of all World Bank’s Environmental and Social Standards for IFP operations. Initially, these additional measures will only apply to the window for financing the delivery of resilient infrastructures within the broader BRDE’s portfolio. Under this window, subprojects classified as high risk will not be eligible for financing. A project exclusion list will also be set in the legal agreement and all subprojects will be screened against it. The Manual includes guidelines for the preparation (as needed) by the sub-borrowers of a Program of Control of Environmental and Social Risks of Construction Works, comprising: (i) a wastewater management subprogram; (ii) a degraded areas recovery subprogram; (iii) a emergency response subprogram; (iv) a vegetation suppression subprogram; (v) a vector-disease control, pest management and synanthropic fauna monitoring subprogram; (vi) a cultural heritage monitoring and preservation subprogram; and (vii) a communication, signaling and alert subprogram.
An exclusion list was agreed with during project preparation and set in the Project’s Environmental and Social Risk Management Manual (and will be inserted in the loan agreement). It rules out high risk municipal subprojects, including interventions that interfere with critical habitats, have significant adverse impacts related with physical displacement and restrictions on land use as well as on Indigenous Peoples, and works related with new or existing dams for example.

Following the World Bank Environmental and Social Framework (ESS 1, footnote 5), when supporting technical assistance activities, BRDE will: (i) review the proposals of technical assistance activities and define their environmental and social risk category; (ii) review the terms of reference, work plans or other documents defining the scope and outputs of these technical assistance activities, ensuring that they are drafted so that the advice and other support provided is consistent with the World Bank Environmental and Social Standards; and (iii) require that the Sub-borrowers (a) apply environmental and social risk management measures as relevant and appropriate to the nature of the envisaged risks and impacts of the Technical Assistance activities and (b) promote broad stakeholder engagement and participation in a manner proportionate to the direct, diffuse and induced social and environmental impacts and downstream implications envisaged as potential outcomes of the technical assistance activities.

ESS10 Stakeholder Engagement and Information Disclosure

This Environmental and Social Standard is relevant. A Stakeholder Engagement Plan (SEP) was developed by the BRDE, submitted to the Bank and disclosed prior to Project Appraisal. In compliance with the requirements set in ESS 9 – Financial Intermediaries with regards to stakeholder engagement (paragraphs 24-27) and ESS 10, BRDE will require their Sub-borrowers to carry out stakeholder engagement in a manner proportionate to the risks and impacts of their FI Sub-projects. As the exact sub-borrowers of this FI operation and location of their subprojects are not known yet and will not be known before implementation, the SEP takes the format of a framework approach (in accordance with ESS 10, paragraph 18) and outlines general principles that BRDE’s sub-borrowers will take to: (i) identify key stakeholders related with activities under their subprojects; (ii) plan the engagement process; (iii) undertake relevant consultations with affected people and other interested stakeholders as well as to provide them relevant information on the project and its potential environmental risks and impacts; and (iv) define the channels and procedures that will ensure that affected parties and other key stakeholders will be provided with an accessible, inclusive, efficient and non-retaliatory grievance redress mechanism.

In addition, the SEP also sets the principles and guidelines to be followed by BRDE to engage with the key stakeholders of the Project as a whole. Consultations on the Project’s design, its potential environmental and social impacts and mitigating measures have already been undertaken by BRDE with municipal and state authorities, environmental and disaster risk management agencies in the three states of the Southernmost Region of Brazil. The SEP describes these consultations. The SEP also relies on BRDE’s existing channels for transparency and grievance redressing.

Organizational capacity and commitment. In line with the requirements of ESS 10 and the Brazilian regulatory framework (Federal Law 12,527/2011 on access to information and Complementary Law 105/2001 on bank secrecy), BRDE has clearly defined roles, responsibilities, authority and assigned personnel for the implementation and monitoring of stakeholder engagement activities. Its Ombudsman Office, Transparency Unit and ethic commission are accountable for these activities. They are responsible for: (i) answering public enquiries in a timely manner as established by the Brazilian regulatory framework; (ii) lodging, processing, redressing external complaints as well as monitoring and reporting this grievance redress mechanism; and (iii) assessing, responding and taking remedy actions with regards to internal complaints.
Grievance Mechanism. Public enquiries and requests for information external can also be lodged through the Transparency website Portal (http://www.brde.com.br/transparencia/) e-mail of the Transparency Portal (transparencia@brde.com.br). External complaints can be lodged through a toll-free number (0800-600-1020), the Ombudsman Office’s website and an e-mail address (ouvidoria@brde.com.br). Requests for information and complaints are processed and answered in ten working days. Internal complaints related with the behavior of BRDE staff and work and labor relationships are dealt with by BRDE’s Ethic Commission, which is composed of six elected members of BRDE’s regular staff by their employees. These grievance redress and transparency mechanisms will be assessed by the team during project preparation and measures may be proposed (as needed) to strengthen them.

External Communication and Information Disclosure. The Ombudsman Office and the Ethics Channel publicly disclose bi-annual reports. The website portal of Transparency publicly discloses reports on an annual basis. In addition, since 2006, BRDE publicly discloses annual reports on socioenvironmental sustainability aspects of its operations, which are publicly available through the website http://www.brde.com.br/socio-ambiental/relatorios/. A section on the environmental and social performance of the FI subprojects will be included in the semi-annual progress reports of the FI to the Bank. BRDE will use these channels to disclose information about the subprojects and the management of its environmental and social risks and impacts. BRDE will include a section on environmental and social risk management under the project in its annual socioenvironmental sustainability reports. BRDE will also use its External Communication channels (the website-based portal of Transparency) for communicating on environmental and social matters related with the Resilience Window and its subprojects as well as the Project’s ESMF and ESCP. In addition, BRDE may convene annual meetings with key stakeholders (its Board of Directors, its Administrative Council, associations of mayors, municipal and state environmental protection and disaster risks management agencies) to share information on the progress of project implementation and get feedback. Finally, BRDE’s Transparency Unit will be responsible for responding public enquiries related with social and environmental aspects of FI Sub-projects it receives and BRDE’s Ombudsman Office will respond the complaints it receives. BRDE will require its Sub-borrowers to disclose any FI Subproject-related documents required by the application of the World Bank Environmental and Social Standards.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

This Environmental and Social Standard is relevant. Labor management procedures have been detailed by the client. Project workers will include BRDE staff and direct workers, civil servants at the municipal level, contracted workers for the construction works and primary supply workers. Project activities will not rely on people employed or engaged in providing community labor. As municipal subprojects have not been defined yet, it is impossible to estimate the contingent of workers involved in Project’s activities.

BRDE – the financial intermediary – regularly screens its clients and suppliers with regards to compliance with the Brazilian labor law. All municipal sub-borrowers, contractors and primary-suppliers will be required to comply with this legislation and the Project’s written labor management procedures. The municipal sub-borrowers will be responsible for overseeing the contracts with constructors and primary-suppliers and ensure they comply with the Brazilian labor legislation and the requirements of ESS 2. Constructors and primary suppliers will be selected exclusively among those with a good record in matters related with labor management – specially those related with potential risks of child labor, forced labor and serious safety working environments.
The labor management procedures ensure that contracted/primary-supply workers (as well as the direct workers engaged with the Project and subprojects) will not be exposed to forced labor or unhealthy and unsafe occupational conditions. They will neither be discriminated on any basis (sex, race, ethnic identity, religion, etc.), nor recruited among children below 16 years of age. In addition, a Child over the minimum age and under the age of 18 will not be employed in a manner that is likely to be hazardous. Project workers will be provided with clear and understandable information and documentation on the terms and conditions of their employment as well as on their rights related with working hours, wage, overtime, compensation and benefits. They will be paid on a regular basis and informed of the conditions under which deductions from payment of wages are allowed by the national law and the labor management procedures. Project workers will receive written notice of termination of employment and details of severance payments in a timely manner. They will also be informed on their rights to join workers' organizations.

BRDE staff working on the Project and civil servants working in the sub-projects, whether full-time or part-time, will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. It is worth mentioning that BRDE follows a corporative code of ethics (publicly available at http://www.brde.com.br/wp-content/uploads/2018/07/codigo_conduta.pdf), which is based on principles of non-discrimination and equal opportunity, no-harassment, freedom of association, safety and health at the work place, avoidance of child labor and forced labor. This code of ethics also provides BRDE’s workers with accessible means to raise workplace concerns without retaliation (BRDE’s Ethic Commission – as defined by BRDE code of ethics, chapter XIX). Labor and working conditions within BRDE have been assessed during preparation and they meet the requirements of ESS 2.

Occupational health and safety measures will be implemented by each contractor (as well as BRDE and its sub-borrowers) to: (i) address potential hazards to project workers, eliminate workers’ exposure to hazardous conditions and substances; (ii) provide eating, resting and hygiene facilities appropriate to the circumstances of the work as well as personal protection equipment; (iii) provide training of project workers appropriate to their tasks and duties as well as on emergency prevention and preparedness and response arrangements to emergency situations and proper conduct in relation to local communities. The contractors will be required to organize and carry out daily dialogues about Health and Safety in the work place, also addressing regularly issues related with the conduct that workers shall keep with the local population.

All bidding processes documents will include information on the Labor Management Procedures and other environmental and social risk management instruments compiled in the Manual to ensure that contractors are aware and comply with their requirements. All bidding processes documents will require the contractors make available a grievance redress mechanism to their employees. All sub-loan agreements will make clear reference to BRDE’s grievance redress mechanism.

A grievance mechanism will be provided for the municipal servants and contracted workers to raise workplace concerns and to report work situations that are not safe or healthy. All accidents and incidents related with the work places will be timely reported to the client and the World Bank as well as to the Brazilian authorities as required by the Brazilian legislation.

All these measures – required by both the Brazilian Labor Law and the Labor Management Procedures prepared by the client in compliance with ESS2 Labor and Working Conditions – will be included in the contract of all construction firms hired by the project.
This Environmental and Social Standards is relevant because construction works of resilient infrastructures may have temporary direct adverse environmental impacts related with pollution and degradation of natural resources (air, soil, water). Many works can generate pollution by the use of oil and gasoline in equipment, air pollution by emissions, water pollution by land movement and increased sediments and turbidity. A Guide for the preparation of Resource Efficiency and Pollution Prevention and Management Program have been detailed by the client. It aims to anticipate the main environmental measures in response to risks and impacts, in the form of a guide for the production of the Plans by the municipal sub-borrowers. The guidelines are general, since the subprojects to be financed are not defined in this phase and their specificities and implementation context are not available. The Program will comprise three Plans, without prejudice to others that may be necessary to respond to specific risks and impacts of the subprojects to be financed that cannot be envisaged at this stage. These plans are: (i) the Environmental Construction Plan; (ii) the Liquid Effluent Management Plan; (iii) the Solid Waste Management Plan; and (iv) the Pest Management Plan.

The Environmental Construction Plan provides technical directions to ensure that environmental and social impacts of construction works are the least as possible, including measures for erosion control, waste and effluents management, and noise, vibrations and air pollution control. It also comprises guidance for overseeing and monitoring the works and the primary suppliers, promoting workforce training, and addressing EHSGs aspects. The Liquid Effluent Management Plan and the Solid Waste Management Plan will define the ways wastewater and solid waste generated by the works will be collected, treated and finally disposed. These plans also propose measures to improve the consumption of raw materials, water and energy. They propose good practices on how to (i) prevent and mitigate the pollution of natural resources, mainly soil and water, when handling hydrocarbons (oil and gas) for equipment and machinery as well as hazardous and non-hazardous waste and (ii) avoid or reduce the use of prohibited pesticides at the national level and those prohibited in the international lists that are applicable, prepare and implement integrated pest management plans as appropriate. An accounting of Greenhouse Gases emissions is not proposed under this Project because of the dispersed nature and small magnitude of the municipal subprojects that will be financed.

**ESS4 Community Health and Safety**

This Environmental and Social Standard is relevant. Focusing on directing resources to resilient infrastructure delivery to cope with extreme natural events, municipal subprojects will contribute to reduce community exposure and vulnerability to floods and geotechnical risks. Therefore, its overall impact on community health and safety is expected to be positive.

However, there are some risks related with community health and safety during construction works, which include: the increase in noise levels and production of debris, soil movement and consequent air pollution by particulate materials, the increase in the circulation of trucks and heavy machinery that can lead to traffic accidents and impair traffic and road safety, and the spread of diseases related with synantropic fauna.


The main objective of PRAD is to implement, through actions of recovery of specific Degraded Areas, procedures for the deactivation of works and environmental recovery in the supporting areas used in the subprojects, so that the balance of environmental processes is restored and the previous use of the areas is restored or new uses are enabled. The specific objectives are: the restoration of the balance of environmental processes previously operating
in destabilized areas as a result of the implementation of the subproject; the control of eventual erosive processes generated by the works and prevention of future processes, minimizing the potential impacts in terms of land destabilization, sediment generation and silting up of the drainage network; the reorganization or implementation of the drainage system; the resumption of the original use of the affected areas, either by lining them with herbaceous plants, landscape restoration or the recomposition of native vegetation.

The general objectives of Erosive Process Control Plan are the adoption of structural engineering measures aimed at preventing the development of erosive processes and the instability of slopes and slopes, the use of control devices that minimize the risk of soil contamination by fuel or lubricating oil leakage from equipment and machinery and the prediction of emergency actions to contain possible leaks and the remediation of affected areas.

The Communication, Signalling and Alert Plan aims to ensure safety conditions for the worker and the population around the working sites. The works for the subprojects may change the local traffic routes, interrupt some roads and/or creating traffic detours. This plan aims to avoid accidents and disturbances to the neighboring communities. The Plan seeks to meet the need to keep the population informed about the sub-project, highlighting the interferences that may occur directly or indirectly in the daily life.

Emergency Response procedures will be detailed by BRDE’s sub-borrowers for the following scenarios: (i) fires affecting forest areas, local communities and/or sub-project facilities; major accidents affecting workers and/or local communities; (iii) explosions during transport or use of explosives; and (iv) leakages/spills of hazardous products, oils or contaminants.

Technical responsibility for project design and implementation is taken by engineers and architects and is regulated by federal legislation regarding the competency of professionals.

Community health and safety aspects as well as universal access aspects will be included in all construction contracts. Proposals of municipal subprojects will be screened against exclusions set in the legal agreement, which will include subprojects that require the construction, operation and maintenance of large dams and all other dams (regardless of size or retention capacity) that could cause safety risks in the selected municipalities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This Environmental and Social Standard is relevant. As municipal subprojects have not been identified yet, a Resettlement Policy Framework (RPF) was prepared by BRDE during preparation to address the gaps between the Brazilian legislation and the requirements of ESS 5. It was disclosed and consulted prior to appraisal as part of the Project’s Environmental and Social Risk Management Manual – which comprises the features of BRDE’s Environmental and Social Management System with the additional measures taken to enhance its capacity to meet the requirements of the World Bank’s Environmental and Social Framework.

This RPF sets principles, guidelines and procedures that will be followed by BRDE’s sub-borrowers whenever their subprojects require land acquisition, lead to restrictions on land use or cause adverse impacts related with involuntary (physical and/or economic) resettlement. The RPF addresses issues related with the process of preparation and implementation of Resettlement Action Plans (RAP), the potential adverse impacts that can be envisaged given the typology of subprojects to be financed by Project, the criteria of eligibility of different groups of affected people and the compensation alternatives, measures to be taken whenever subprojects lead to restriction on land uses, organizational responsibilities, consultation and grievance mechanism, and methodologies for assessing the losses and for monitoring and evaluation RAP’s implementation.

The municipal subprojects will be screened to prioritize those that do not lead to significant adverse impacts related with land acquisition, restriction on land uses and involuntary resettlement. Municipal subprojects that may have
minor impacts related with involuntary resettlement (namely: fewer than 200 people will be adversely physically and/or economically displaced and/or less than 10% of their productive assets are lost) will apply the relevant requirements of this ESS as described in the Project’s RPF. Municipal subprojects that would require more than minor impacts as described here, would not be eligible for financing.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This Environmental and Social Standard is relevant because FI subprojects will support civil works for the construction of resilient infrastructures on modified habitats that could impact springs and river banks, which are classified as Permanent Protected Areas (APP) and legally protected by the Brazilian Legislation (Federal Law 12,651/12). Most FI subproject activities will be developed in urban and periurban altered areas, but some of the resilient infrastructures may interfere with Permanent Protected Areas (APPs) or require suppressing natural vegetation in drainage basins and riparian forests, which are known for its role in maintaining local biodiversity, acting as corridors for animal migration and influence on limnic bodies through the deposition of particulate and dissolved organic matter and nutrients via mineralized accumulated litterfall. Most impacts during the implementation phase can be properly mitigated.

APPs within urban areas will be subjected of Municipal Land Use Plans (Planos Diretores) and would require specific permitting, mitigation and regeneration measures. In rural areas, according to the Brazilian Legislation, the Borrower would have to request previous authorization from the State Environmental Agency to convert natural vegetation and implement activities involving conversion or degradation of natural habitats. Some of the urban and peri-urban Permanent Protected Areas may be affected by some ancillary works around them. These Permanent Protected Areas provide relevant ecosystem services and may have significant biodiversity value. These aspects will be determined by the environmental and social impact assessment required by ESS 1. A mitigation strategy will be defined and implemented as appropriate to avoid, minimize, mitigate or compensate adverse impacts.

Maintenance of escape areas for flood waters and execution of hillside containment infrastructure works can generate temporary and reversible adverse impacts on the environment such as increased sediments from land movement, and atmospheric pollution from smoke and particulate matter emissions and increased emission of greenhouse gases from the use of machinery. Reforestation in degraded areas and Permanent Protected Area (APP – defined in accordance with the Forest Code (Law 12.651), in which one of the primary functions is maintenance of water resources, may generate impacts that in the short term are adverse, such as (i) increased sediments from land movement, (ii) interference in natural habitats, (iii) atmospheric pollution from smoke and particulate matter emissions and increased emission of greenhouse gases from the use of machinery, (iv) increased erosion from soil movement, (v) increased water consumption for irrigation of seedlings, (vi) use of agrochemicals and pesticides.

To ensure that FI subprojects will be consistent with ESS6 guidelines, BRDE prepared the Project’s Environmental and Social Risk Management Manual, which assesses possible risks to modified habitats and includes: - Vegetation Suppression Plan -PSV; - Plant Coverage Recomposition Plan – PRCV; - Flora and Fauna Scarcity and Rescue Plan – PRSF.

The objectives of Suppression Plan are: (i) to ensure that plant suppression activities are carried out in compliance with legal restrictions and requirements established in the national regulatory framework and environmental licensing; (ii) to remove the minimum amount of native vegetation necessary to carry out the project; (iii) to follow the safety procedures of the worker involved in the activity; and, (iv) to provide for the joint execution of the activities of
scaring and rescuing the fauna as well as the rescue of the flora provided for in the Plan for the Scaring and Rescue of Flora and Fauna - PRSF.
The objective of Plant Coverage Recomposition Plan is to carry out forest recomposition in compliance with the requirements established in environmental legislation at the federal, state and local levels, ensuring mitigation or compensation for loss of habitats and biodiversity resulting from the implementation of the sub-project.
Finally, the objectives of Flora and Fauna Scarcity and Rescue Plan are: to ensure the performance of wildlife protection activities prior to the start of vegetation suppression; to effect the rescue of wildlife located in areas subject to vegetation suppression; to minimize the loss of individual fauna due to pedestrian collision; to ensure veterinary medical care for wildlife in the event of injury; - Perform germplasm collection of certain species required by legislation and/or environmental licensing; and to perform the salvage of specimens of flora defined by applicable legislation and/or environmental licensing.
These plans forbid the use of invasive species or non-native species as well as activities that produce adverse impacts on critical habitats. The procedures determine the need for developing site-specific assessments and guides the implementation of safeguard measures, adequately applying the Mitigation Hierarchy and following GIIPs and for verification of practices used by the primary suppliers (for instance, the supply of wood needed for construction works or the supply of native species seedlings for recovery of degraded areas).

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

This Environmental and Social Standard is relevant. Indigenous Peoples are present in the areas that may potentially benefit from the project. As FI Sub-projects have not been selected yet and will be chosen on a demand-driven basis, they may act in areas in which Indigenous Peoples are present.

According to the last demographic census, 78,773 people have been self-identified as Indigenous Peoples in the Southern Region of Brazil. They count for 9.2% of the self-identified Indigenous Peoples in the country. By states, they count for just 0.2% of the population of the Paraná state and 0.3% of the population of the Santa Catarina state and 0.3% of the Rio Grande do Sul state. Between 2000 and 2010 (the latest official figures available), the Indigenous Peoples population in the region declined 1.2%. It increased in rural areas (2.3%) but felt 4.2% in urban areas. They are mostly of the Kaingang Indigenous Peoples, but also include the Guarani (Ñandeva and Mbya), the Xokleng and the Xeta Peoples. By states, 43.2% of these Indigenous Peoples live in the Rio Grande do Sul, 33.7% in the Paraná state and 23.1% in the Santa Catarina state. Half of them lives in Indigenous Lands.

There are 104 Indigenous Lands within the region: 46% in the state of Rio Grande do Sul (53.7% of the population); 28% in the state of Santa Catarina (50.6% of the population); and 26% in the state of Paraná (44.9% of the population).

In 16 municipalities at the Southern region, Indigenous Peoples comprise more than 10% of the population. They are: Nova Laranjeiras (19.9 % of the municipal population), Manoel Ribas (12.9 %) and Tamarana (12.1 %) in Paraná; Ipuaçu (50.5%), Entre Rios (20.5%) and José Boiteux (18.7%) in Santa Catarina; and Charrua (43.9%), Benjamin Constant do Sul (43.5%), Redentora (39.5%), São Valério do Sul (39.4%), Engenho Velho (34.1%), Cacique Doble (19.1%), Tenente Portela (14.6%), Gramado dos Loureiros (13.4%), Muliterno (11.4%) and Ronda Alta (10.1%) in Rio Grande do Sul. These are small-size municipalities. Tamarana is the largest one with a population of 14,548 people.

Brazil is a signatory of ILO Convention 169 and the Brazilian regulatory framework includes the provision of free, prior and informed consent whenever projects interfere with Indigenous Peoples and their lands and sets that compensatory measures are agreed whenever a project interferes with indigenous lands and livelihoods. The
Brazilian regulatory framework with regards to rights of Indigenous Peoples is considered mostly consistent with the requirements of ESS 7.

Proposed Additional Measures. If any of the municipalities where Indigenous Peoples are present applies and is benefited by FI subprojects, the relevant requirements of ESS 7 will apply to all activities that directly or indirectly interferes or benefits Indigenous Peoples. The special procedures set in ESS 7 will be followed as set in the Indigenous Peoples Planning Framework (IPPF) developed by the Borrower. The IPPF does an initial social assessment of the Indigenous Peoples presents in the South Region and sets procedures for carrying out social assessments, identify potential impacts of subprojects on Indigenous Lands, consultations with Indigenous Peoples, and monitoring and evaluation. Subprojects that involve the circumstances under which free, prior and informed consent is required will be classified as High risk and ruled off.

ESS8 Cultural Heritage

This Environmental and Social Standard is relevant. The municipal sub-borrowers will be required to consider any existing cultural heritage potentially impacted by project investments as well as “chance finds” from any excavation works or other activities. The Project’s Environmental and Social Risks Management Manual includes provisions to consider ESS 8 requirements in the screening, assessment, implementation and monitoring of all municipal subprojects as applicable. Considering the possibility of chance finds due to excavation, demolition, movement of earth, flooding or other changes in the physical environment due to construction works, the Project’s Environmental and Social Risk Management Manual also includes a Guide for the preparation and implementation of a Cultural Heritage Monitoring and Preservation Plan (applicable as needed). This Plan aims to prevent adverse impacts of project activities on unknown heritage of archaeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance. The Plan states that if previously unknown cultural heritage is encountered during project activities, the relevant authorities shall be notified of found objects or sites, the area is fenced-off to avoid further disturbance, an assessment of found objects or sites is conducted by cultural heritage experts, and project personnel and workers are trained in chance find procedures. These requirements are in line with the normative of the relevant Brazilian authority – the Institute of National Historical and Artistic Heritage (IPHAN), which rules over the property of prehistorical and archaeological heritage, its use and exploitation as well as chance find procedures.

ESS9 Financial Intermediaries

This Environmental and Social Standard is relevant. This is a Financial Intermediary operation with the Regional Development Bank of Southernmost Brazil (BRDE – Banco Regional de Desenvolvimento do Extremo Sul). BRDE was founded in 1961. BRDE is controlled by the governments of the states of Paraná, Santa Catarina and Rio Grande do Sul. BRDE will open a particular window in its portfolio for financing the delivery of resilient infrastructures able to cope with extreme natural events (floods and geotechnical risks) as well as institutional capacity building for municipalities to deal with disaster risk management and urban planning. The Project will support a specific window on resilience that BRDE will be open in its portfolio. Therefore, it will be possible to trace Project support to both a specific type of financing and specific subprojects.

Regulatory Framework – In 2014, the Brazil Central Bank issued Resolution 4,327/2014 of the National Monetary Council, which establishes guidelines with regards to the management of environmental and social risks that have to be observed by all finance institutions operating in the country. Resolution 4,327/2014 adheres to the principles of relevance (i.e., level of exposure to environmental and social risks of the institutions activities and operations) and
proportionality (i.e., the consistency between the Socioenvironmental Responsibility Policy, the nature of the institution and the complexity of its activities and financing services and products). It sets principles and guidelines to address socioenvironmental actions and the relationship between financing institutions and key stakeholders, encouraging their participation in the design of the corporative Socioenvironmental Responsibility Policy. It also states that this policy must be evaluated and updated (as needed) by the Board of Directors and Administrative Council of the financing institution, which are responsible for ensuring the implementation, monitoring and evaluation of the Socioenvironmental Responsibility Policy and assess the adequacy of the socioenvironmental risk management system. This socioenvironmental risks management system must include routines and procedures that enable the identification and previous evaluation of potentially adverse socioenvironmental impacts (including reputational risks), classification, evaluation, monitoring, mitigation and control over socioenvironmental risks.

BRDE’s Environmental and Social Management System – BRDE’s board of directors endorsed its umbrella Environmental and Social Responsibility Policy (ESRP) in 2014. The ESRP sets the principles of social and environmental sustainability followed by the institution and requires that all FI Subprojects be prepared and implemented in accordance with relevant environmental, social and labor laws and regulations. Brazilian regulations require that all activities that can have environmental and social impacts are screened for environmental and social risks and impacts as part of their environmental licensing process. In 2015, BRDE’s Board of Directors and Administrative Council also endorsed an action plan to enable the implementation of the policy, which is based on three pillars: (i) Management of the direct impact of its internal activities; (ii) management of socioenvironmental risks of its financing operations; and (iii) promotion of social and environmental products. In 2016, BRDE established the Coordination of Socioenvironmental a coordination (CRESA) and a Socioenvironmental Responsibility Committe. CRESA was early subordinated to the Superintendence of Planning and Sustainability. In compliance with Federal Law 12,527/2011 and Complementary Law 105/2001 (on bank secrecy), BRDE keeps an Ombudsman Office to receive and redress grievances, a website portal of Transparency (http://www.brde.com.br/transparencia/) and an Ethics Channel for internal use only, which rely on different channels for lodging complaints and follows the Brazilian legislation to redress them. These offices within BRDE also comply with the regulatory framework on access to information and publicly disclose their reports on an annual or biannual basis.

Assessments of BRDE’s SARAS – During preparation, the Task Team undertook an Environmental and Social System Assessment of BRDE’s SARAS) and the relevant regulatory framework. This assessment took into account an independent assessment of the maturity of the SARAS and concluded that it is satisfactory with regards to (a) socioenvironmental policy and (b) initial screening of socioenvironmental risks, but limited with regards to (c) previous experience, (d) socioenvironmental risk analysis e) socioenvironmental management, monitoring and evaluation and (f) institutional governance and internal resources as well as faulty with regards to (g) categorization of socioenvironmental risks. Gap-filling and capacity-building measures were agreed to ensure that: (i) all FI subprojects will be (a) screened against any exclusions set in the legal agreement, (b) categorized according to their potential environmental and social risks and impacts, (c) regularly monitored and reported in their environmental and social aspects and impacts; (ii) all legal agreements between BRDE and the sub-borrowers will set the measures needed to satisfy the requirements of the relevant World Bank’s Environmental and Social Standards; and (iii) all FI sub-borrowers will comply with the requirement to conduct a stakeholder engagement strategy. These measures will be proportionate to the risk category of each subproject and have been incorporated in the Project’s Environmental and Social Risks Management Manual (Manual). Improvements are being made and implemented in SARAS by BRDE in a pilot-basis in activities supported by the French Development Agency and it was agreed that the additional measures compiled in the Manual will be incorporated in SARAS.
C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways  
Yes

This policy was considered relevant given the types of civil work projects envisaged and the fact that Southern Brazil has international waterways. Its relevance will be determined when the target/beneficiary municipalities are chosen. A notification to the neighboring countries of Argentine, Uruguay and Paraguay has been prepared by the WB Team and will be sent with BRDE’s consent.

OP 7.60 Projects in Disputed Areas  
No

Not applicable.

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONS IDENTIFIED</th>
<th>TIMELINE</th>
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<tbody>
<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td></td>
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<tr>
<td>Public disclosure and consultation of the project’s Environmental and Social Risks and Impacts Management Manual</td>
<td>12/2019</td>
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<tr>
<td>and other E&amp;S risk management instruments with BRDE’s key stakeholders</td>
<td></td>
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<tr>
<td>Incorporating the environmental and social risks and impacts assessment matrices in BRDE’s new Environmental and Social</td>
<td>03/2020</td>
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<tr>
<td>Management System (SARAS)</td>
<td></td>
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<tr>
<td>Operationalization of BRDE’s new Environmental and Social Risks Management System (SARAS) – in final stage of designing</td>
<td>03/2020</td>
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ESS 10 Stakeholder Engagement and Information Disclosure

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<tbody>
<tr>
<td>Public disclosure of the final versions of the Project’s environmental and social risk</td>
<td>12/2019</td>
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<tr>
<td>management tools in BRDE’s corporative website (including the Stakeholder Engagement Plan)</td>
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<tr>
<td>Informative rounds with municipalities to disseminate the Project’s environmental and social</td>
<td>10/2020</td>
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<td>risk management tools</td>
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ESS 2 Labor and Working Conditions

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<tr>
<td>Public disclosure and consultation of the Labor Management Procedures with BRDE’s key</td>
<td>12/2019</td>
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<td>stakeholders</td>
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<tr>
<td>Guidance to BRDE’s sub-borrowers on the use of the LMP and oversight of labor procedures</td>
<td>10/2020</td>
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<td>during subproject’s implementation</td>
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ESS 3 Resource Efficiency and Pollution Prevention and Management

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<td>Guidance to BRDE’s sub-borrowers on the use of the Environmental and Social Risks and</td>
<td>10/2020</td>
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<td>Impacts Management Manual and monitoring of compliance with its rules during subproject’s</td>
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<td>implementation</td>
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ESS 4 Community Health and Safety
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<th>ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</th>
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<tr>
<td>Public Disclosure and consultation of the Project’s Resettlement Policy Framework with BRDE’s key stakeholders</td>
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<tr>
<td>Guidance to BRDE’s sub-borrowers on the use of the Project’s Resettlement Policy Framework, preparation, implementation and monitoring Resettlement Action Plans (as needed) during subproject’s implementation</td>
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<tr>
<th>ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</th>
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<tr>
<td>Guidance to BRDE’s sub-borrowers on the use of the Environmental and Social Risks and Impacts Management Manual and monitoring of compliance with its rules during subproject’s implementation</td>
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<td>Guidance to BRDE’s sub-borrowers on the use of the Project’s Indigenous Peoples Policy Framework, preparation, implementation and monitoring Indigenous Peoples Plans (as needed) during subproject’s implementation</td>
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<th>ESS 8 Cultural Heritage</th>
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<td>Guidance to BRDE’s sub-borrowers on the use of the Environmental and Social Risks and Impacts Management Manual and monitoring of compliance with its rules during subproject’s implementation</td>
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<tr>
<th>ESS 9 Financial Intermediaries</th>
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<tr>
<td>Designation of a responsible team in charge of the operationalization of SARAS</td>
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<td>Elaboration of a tutorial on SARAS</td>
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<tr>
<td>Capacity building workshops on SARAS targeted at BRDE’s operational team on SARAS</td>
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<tr>
<td>Monitoring and reporting to the World Bank on Environmental and Social aspects showing compliance with the environmental and social risks and impacts management instruments and the E&amp;S Commitment Plan</td>
</tr>
</tbody>
</table>

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

Is this project being prepared for use of Borrower Framework?  
No
Areas where “Use of Borrower Framework” is being considered:
The Borrower framework is not being considered for this operation in replacement of any standard.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Banco Regional de Desenvolvimento do Extremo Sul (BRDE)

Implementing Agency(ies)
Implementing Agency: BRDE

V. FOR MORE INFORMATION CONTACT

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Web: http://www.worldbank.org/projects

VI. APPROVAL

Task Team Leader(s): Emanuela Monteiro, Frederico Ferreira Fonseca Pedroso

Practice Manager (ENR/Social): Valerie Hickey Cleared on 05-Dec-2019 at 02:37:31 EST