



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Uruguay	LATIN AMERICA AND CARIBBEAN	P170360	
Project Name	Montevideo Urban Resilience Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social, Urban, Rural and Resilience Global Practice	Investment Project Financing	1/1/2020	3/31/2020
Borrower(s)	Implementing Agency(ies)		
Intendencia de Montevideo	Intendencia de Montevideo		

Proposed Development Objective(s)

The Development Objective is to enhance urban resilience and improve living standards in the Pantanos River Basin in Montevideo.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>125.00</b>

**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]**

Country Context. Uruguay has enjoyed robust economic growth since 2002. Nevertheless, despite this positive national picture, a key remaining challenge is to meaningfully impact on the living standards of the chronically poor and marginalized. Uruguay has reduced household poverty from 29.6 percent in 2007 to 7.9 percent in 2017. However, certain social subgroups are systematically missing out on the benefits of prosperity. Female-headed households are twice as likely to be poor than those in male-headed households, and the Afro-descendant population has a poverty rate of 20 percent – more than twice the national average. Montevideo, which accounts for two thirds



of GDP, has one of the highest poverty rates of the country (13 percent in 2014) and harbors pockets of some of the poorest and most vulnerable communities.

Climate change will further exacerbate social inequalities and contribute to growing vulnerability. With projected variations in precipitation, flood risks are expected to increase, exacerbated by deficiencies in drainage systems. Uruguay has adopted a range of policies in its attempt to promote social inclusion and boost resilience, but institutional capacities to effectively execute them fall short.

**Sectoral and Institutional Context.** Although cities in Uruguay are not growing overall, informal settlements are expanding, particularly in peri-urban areas. Under this context, lack of planning, enforcement of regulations and reckless construction in these areas helps perpetuate precarious living conditions. Poverty and spatial segregation problems are particularly acute in Montevideo. The number of households with Unmet Basic Needs can rise to up to 60% in some neighborhoods. One key example of a spatially segregated and degraded urban area is the Pantanoso River Basin (the Basin) that expands across two Municipalities within the City of Montevideo.

The Government of Montevideo (IMM in Spanish) has prioritized the development of the Basin in Montevideo as a flagship effort to impact positively on the living conditions of poor and marginalized Uruguayans. The Program for the Integral Transformation of the Pantanoso River Basin (PTICP in Spanish) is a wide-reaching urban rehabilitation and regeneration program. The PTICP seeks to act as an umbrella for wide-ranging interventions that address the following key themes: (i) improving the living standards and ensure equal access to quality public services; (ii) protecting the fragile urban river and wetland ecosystem through increased recreational and educational use; (iii) generating jobs and other local economic development that attracts new investors; and (iv) connecting the Basin more effectively with the rest of the city and improving local identity and perception.

The Project seeks to co-finance the PTICP, and would be structured in five components. This structure enables the Project to address the interlinking dimensions of physical, social, and economic resilience that Montevideo's territorial development plan for the Basin seeks to generate, and the key institutional gaps that must be addressed to handle the complexity of this type of multi-sectoral project. Specific type and location of investments under each component will be identified during Project preparation, with extensive stakeholder engagement and in close collaboration with IMM and co-financiers.

Component 1 would implement a series of structural investments that will address the precarious living conditions of some of the most vulnerable households in the Basin, by providing quality sustainable housing and improving basic infrastructure. The component would support the ongoing Montevideo's V Urban Sanitation Program and the Five-year Housing Plan.

Component 2 would seek to establish critical service delivery improvements and address gaps where households are slipping through the social safety net. The strategy would focus on maximizing the impact of existing policies and sectoral strategies and defining an inter-institutional approach to improve effectiveness in reducing social exclusion (with support from activities conducted under Component 4). The specific households to be supported would be defined through a social assessment that will establish prioritization criteria during Project preparation.

Component 3 would combine vocational support to inhabitants with generation of local economic activity and investment to improve employment prospects within and outside the immediate territory. Any public or private



investment in local facilities, such as the technology and industrial park, should create positive social externalities in the form of new jobs and other benefits.

Component 4 would support and build the capacity of the institutional arrangements that have been established to implement the PTICP. It would focus on supporting mechanisms for horizontal integration across policies and interventions, and vertical coordination between the roles of national, city level and municipal governments.

The Project responds to the World Bank's criteria for working with upper middle-income countries. In particular, it seeks to contribute to regional and global public goods by demonstrating an effective horizontal institutional strategy to achieve resilience in a specific territory. It will address critical institutional gaps that have so far limited the capacity of the Government to implement such a strategy. In addition, the Project would contribute specifically to the three pillars of the Country Partnership Framework (CPF). It would contribute to building resilience to economic and weather vulnerabilities (CPF Pillar One) by supporting IMM to implement a territorial approach to resilience, as part of national commitments to growth and inclusion. The natural assets of the Basin will be integrated as key contributors to resilience within the same, further bolstering Uruguay's reputation as a clean and green economy. Given the demographics of the Project area, with the poorest population being predominantly young, the Project will also contribute to the refocus on the social compact on the young (CPF Pillar Two) by addressing social exclusion of some of the most marginalized young people in Uruguay and breaking barriers to social mobility. Finally, through its focus on local economic development, the Project will contribute to the overall competitiveness of Montevideo (CPF Pillar Three) through supporting local institutional capacity.

The Project will support institutional strengthening with emphasis on integral urban development. Specific activities to be financed under the Project are yet to be defined but are expected to include technical assistance, initial clean-up and restoration of the baseline situation and infrastructure works. The works to be financed will be subject to a closer definition as the Project preparation proceeds, but they are expected to cover environmental clean-up, sanitation and river basin and wetland restoration on one hand, and basic infrastructure at the neighborhood level on the other hand. The latter will improve access to water supply, sanitation, drainage, electricity, public lighting, gas, and paved roads, enhancement of public spaces and access to health and education services.

#### **D. Environmental and Social Overview**

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]  
The Basin is located in the center-west of Montevideo and covers an area of 66 km<sup>2</sup> with 40 percent urban, 22 suburban and 38 percent rural areas. It is characterized by low levels of social and community capital, lack of public infrastructure and green spaces, limited connectivity, and poor housing standards and education and employment opportunities.

Environmental challenges include poor air and water quality, degraded landscape, flood risk, and levels of pollution exceeding regulation limits. Lack of adequate solid waste management further impacts resident's quality of life as solid waste is dumped in and around the stream from informal settlements, surface runoff and industrial activity, yet issues with industrial waste have recently reduced. There has also been an increased frequency and intensity of extreme weather events that have altered the hydrodynamics of the watercourse and drainage patterns. Economic activity in the Basin is varied with coexisting rural production and logistical and industrial land use. Despite current



sector-specific efforts to develop the area, the lack of coordination across government functions has resulted in sub-optimal outcomes.

Approximately 190,000 people live in 63,000 homes in the Basin (around 15 and 13 percent of the total population and homes in Montevideo). Around 20 percent live in informal settlements and 2,000 homes are exposed to flooding and environmental hazards and are in need of resettlement. According to a 2016 household survey, 15 percent are low income, compared to 8 percent city-wide. In the floodplain, the percentage rises to 21. The people benefiting from social programs is also significantly higher in the Basin area: 30 percent benefits from Asignaciones Familiares del Plan de Equidad (Montevideo 14 percent), 9 percent of Tarjeta Uruguay Social (4 percent), and 5 percent of TUS Doble (2 percent). Other social indicators tell a similar story: the average number of years of education is significantly lower in the Basin, with 57 percent of the population having low levels of education (around 9 years).

Homes closest to the stream consistently underperform on a range of other different socio-economic indicators: 12 percent of all homes lack at least one basic housing characteristic, e.g. a cooking space, proper construction material for the roof, floors or walls, or are overcrowded. The population is mostly young and the dependency ratio is very different from the city average. While for Montevideo there are an average of 52.9 dependents per 100 potentially active persons, within the Basin the average is 56.9, and in its most neglected pockets, such as Cantera del Zorro, it rises to 87.

Unemployment amongst women and young people is much higher than the city average. In Cantera del Zorro the employment rate of men is 66.8 percent, close to the Montevideo average, while it is 30.9 percent for women. Likewise, while the unemployment for men is 8.4 percent, female unemployment is almost the double, 14.9 percent. The difference is more pronounced if considering those who declare household chores as an activity: only 0.5 percent of men and 27.5 percent of women. Vocational training is needed to improve employment opportunities, including in small-scale artisanal industries. Various existing facilities have the potential to foster local productivity, generate private investment, and rebuild local identity, including an agricultural wholesale market (UAM), a new center for agricultural and food production entrepreneurship (PAGRO), and a technology and industrial park (PTI).

In 2016 the IMM developed a Resilience Strategy including the PTICP aimed at increasing the quality of life of the Basin population by reversing socio-spatial segregation and improving environmental quality. It is a wide-reaching rehabilitation program to combat poverty through innovative finance, social mobilization and territorial development, employing nature-based or other sustainable solutions.

#### D. 2. Borrower's Institutional Capacity

The IMM implements the PTICP to improve the opportunity of excluded groups in the Basin in accessing a dignifying housing environment through increasing citizen's ability to participate in public spaces by improving connectivity through integrating the city and the metropolitan areas, providing marginalized groups access to a dignifying housing market and investing in social, educational, and economic interventions that will more effectively integrate the Basin with the rest of the city. This process takes place in a context where several other municipal and national programs are being implemented in the Basin, making interinstitutional coordination a requirement for successful Project implementation.

Uruguay has adopted a range of policies for eliminating spatial segregation, including actions for improving access to water and sanitation infrastructure, securing land tenure and providing adequate housing for poor residents. The country's accumulated experience can be grouped in four areas: (i) legal frameworks for spatial distribution policies



(e.g. Ley 18.308/200 de Ordenamiento Territorial y Desarrollo Sostenible, Estrategia Nacional de Acceso al Suelo Urbano, 2018); (ii) programs for expanding access to housing (Plan Quinquenal de Vivienda 2015-2019, Fondo de Garantía de Crédito Hipotecario, Fondo de Garantía de Alquileres, Fondo Nacional de Vivienda and Fondo de Garantía de Desarrollo Inmobiliarios); (iii) comprehensive actions for managing urban land (Programa de Mejoramiento de Barrios, Plan Juntos, Plan Nacional de Relocalizaciones); and (iv) initiatives for improving urban mobility. All these processes interact with other several social inclusion programs that the national government is implementing, creating a situation where challenges related to inter-institutional coordination can become a barrier to implementation.

The IMM Planning Department (PD) has been heading the Pantanoso Interinstitutional Executive Committee (CEIP), created in 2018, to lead the integration of policies and programs affecting the Basin with participation of the national, city and municipal governments. Early interventions have already been designed and several governmental interventions are in place. Institutional capacity gaps have been identified that limit the capacity of the IMM to implement the PTICP. Key institutional challenges relate to: (i) achieving meaningful linkages between national social policies and their implementation in the Basin; (ii) linking spatial risk analysis and resilience planning functions with mainstream land administration and territorial planning; (iii) limited functions adopted at any level of government to maintain or restore ecosystems services in urban areas; (iv) managing community engagement on social inclusion and resettlement processes; coordinating between different levels of government (particularly with municipalities); (v) involving private sector actors; and (vi) developing innovative financing strategies.

Specific institutional arrangements for the Project implementation are still to be defined. Once confirmed, and before Appraisal, the Bank will assess the Borrower capacity to manage environmental and social risks associated to the Project and will agree on any institutional strengthening process that might be needed to ensure successful implementation. In particular, given the potential scale of resettlement processes associated to the Project, the Bank will carry out an assessment of IMM’s capacity for managing these processes. Potential need for/value added of independent experts to advise on remediation of contaminated sites and/or resettlement, identification and assessment of alternatives, and management of risks and impacts will be considered as the Project preparation proceeds, and/or third-party monitoring of planning and implementation of the Project interventions. Any capacity development measure agreed will be incorporated in the Environmental and Social Commitment Plan (ESCP).

Public Disclosure

**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC) High**

**Environmental Risk Rating High**

The proposed intervention of integrated urban upgrade works in the Pantanoso River Basin is expected to result in positive environmental impacts that would mark a critical difference with the baseline conditions. The Environmental Risk is rated High at Concept Stage when the final Project activities remain to be defined and the baseline situation is complex with presence of many informal dumpsites on one hand and wetland areas on the other, some of them having been subject to heavy waste dumping. Further, a number of precarious housings have been built on top of dumpsites, and waste material is source of livelihood for many of the targeted beneficiaries. The PTICP aims at halting the process of environmental degradation and promoting wetland restoration, and the Project design is expected to integrate nature-based solutions to upgrade vulnerable areas while making them more climate resilient. Clean-up



activities of dump and other contaminated sites could result in negative environmental and social impacts if not properly managed, while negative environmental impacts of the proposed civil works are expected to be temporary and site-specific in nature. Consequently, the Project will need a strong Environmental and Social Management Framework (ESMF) to guide the preparation of management plans to avoid, minimize, mitigate or, as a final recourse, compensate negative impacts and to maximize value added of positive impacts, once the executive designs of the different infrastructure works to be financed by the Project have been completed. Borrower capacity will need to be assessed at a later stage, when the final Project design is confirmed and the team assigned to manage environmental risks is defined.

**Social Risk Rating**

High

The Social Risk is rated High given the social risks associated to the proposed intervention in the Pantanos river basin that mostly relate with the complexity of the baseline situation, which will require resettlement of up to 2,000 households, dispersed throughout the basin. Although the primary objective of the resettlement is to provide access to improved housing solutions to households currently living in vulnerable conditions, its implementation will require systematic and comprehensive consultations and social management to provide equitable and transparent support and minimize any adverse impact on the livelihood of the affected people. Social risks also include potential interference generated by urban crime and violence affecting the Project implementation area. The referred risks will be mitigated through the implementation of activities under Components 2 and 3 of the Project and through the preparation of a solid Environmental and Social Assessment (ESA), a Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAP), once the executive designs of the different infrastructure works to be financed by the Project have been completed. Borrower capacity will need to be assessed at a later stage, but before Appraisal, when the final Project design has been confirmed and the team assigned to manage social risks has been defined. Once both steps have taken place, the Bank will assess the capacity of the Borrower to manage social risks associated to the Project, in particular on those related to ESS5, and will agree on any institutional strengthening process that might need to take place to ensure successful implementation. Any capacity development measure agreed with the Borrower will be incorporated in the Project's ESCP.

Public Disclosure

**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:**

ESS1 is relevant as the Project is expected to involve a diverse set of physical interventions to be implemented in the targeted areas, some of which (interventions and targeted areas alike) will be identified later during Project preparation and others during implementation. Therefore, it is still too early to estimate the actual size of the targeted areas. The physical interventions are expected to include (i) housing and basic infrastructure works under Component 1 and (ii) works related with access to improved public services (waste management, education; early years and primary and secondary level, health services, physical meeting places, and multi-use sports facilities), improved urban facilities, connectivity and local identity (green spaces including wetlands and a lineal park to conserve and increase biodiversity), and facilities to foster local economic development (a landmark facility, increasing connectivity within the length of the Basin and with the rest of the city, including a cycle lane and conservation of cultural heritage) under Component 3. Environmental clean-up and sanitation can be needed under



both components, are expected to be complex and can involve hazard risk, while the basic infrastructure works are expected to be medium-sized and/or small in scale.

The works will imply different levels of environmental and social (ES) risk and impacts, mainly negative during the construction and positive during the operational phase, while the Project area is highly sensitive particularly in social terms. The initial environmental clean-up activities could also generate negative ES impacts in case not properly managed. The “without-project” situation implies high environmental/health risks to targeted residents of the Pantanos River Basin, while the “with-project” situation will require carefully planned and conducted environmental clean-up and solid environmental management to prevent and mitigate potential negative impacts of the subsequent civil works.

During the last decades, Uruguay has experienced urban and socioeconomic changes that have resulted in residential segregation and social segmentation. In this sense, certain groups of the population (e.g. Afro-descendants and people with disabilities), based on a common characteristic, tend to cluster on some regions across the country, and particularly across the capital city of Montevideo. Spatial segregation can create poverty traps by strongly limiting urban and social mobility and reflects on the effects of segregation on crime and violence, social cohesion and in entrenching prejudices and deepen isolation. Uruguay has been implementing policies to tackle this issue, focusing on improving housing access and quality, land use and urban mobility and the Project will support these kind of interventions. Once the Project’s implementation area is defined, the ESA will include an analysis of the main characteristics of the population to identify minorities and other historically excluded groups, and will also incorporate a strategy to make sure the Project presents an opportunity for their development.

To manage the ES risks and impacts, IMM will develop an Environmental and Social Management Framework (ESMF) that will include an Environmental and Social Assessment (ESA) to establish the baseline situation and identify the type of impacts and the measures to manage them in line with the mitigation hierarchy to support the design, construction, and operational phase of the works. The ESMF will define the requirements and standards for assessment of future proposed sub-projects, including preparation of assessments and the procedures to be used for clearance, consultations and other means of public participation, disclosure, etc.; and will establish the entry points of ES considerations throughout the works cycle. A special focus will need to be given to the complex ES baseline situation that will require an integrated approach to create critical ownership and collaboration by the beneficiaries. The works to be financed will be subject to a closer definition as the Project preparation proceeds.

Most of the adverse impacts will be site-specific, temporary, non-irreversible and readily mitigated. These include e.g. alteration of everyday urban movement, contamination by particulate matter, gaseous emissions, noise and vibration related to the movement and operation of vehicles and machinery, soil excavation, waste generation of different types, issues with workers and/or public health and safety, and accidental damage to objects of personal value. Currently, it is expected that the ESMF be finalized by Appraisal. In addition, an Environmental and Social Commitment Plan (ESCP) will be prepared to include any additional action that is agreed upon to be carried out during Project implementation to ensure adequate management of all ES aspects associated to the Project.

**Areas where “Use of Borrower Framework” is being considered:**

The Project will not make use of the Borrower's E&S Framework but will comply with all applicable legal requirements.



### ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant for the Project, given the social complexity of the area, where active and broad stakeholder engagement and information disclosure will be critical to establish the necessary buy-in by the affected and other interested parties. The respective actions will be instrumented through a strong Stakeholder Engagement Plan (SEP), for which IMM is conducting mapping of the stakeholders. The SEP will incorporate agreed actions to consult on and communicate the ES risks and impacts of the Project and an action plan for participatory activities along Project preparation and implementation. Actions will also aim at strengthening IMM's Grievance Mechanism (GM) to make sure it is relevant and targeted to the affected and other interested parties of the Project. As part of the ESA process and the first steps in preparing the SEP, IMM has initiated conduction of consultations with Project beneficiaries and other interested parties, including relevant public service providers, NGOs, and private sector present and active in the area. The ESMF will document the results of the consultations and incorporate participants' views in its design as pertinent. In addition, outreach activities to be implemented by the IMM will serve to disseminate the Project to the public.

### 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

ESS2 is relevant as the Project will involve direct and contracted workers, yet in limited number. Given the context of the implementation area, the involvement of community workers is highly expected, and a special effort will be given to promote it during both the Project preparation and implementation. IMM will develop a document on the Labor Management Procedures (LMP) applied to the direct, contracted and community workers.

In addition, IMM staff (government civil servants) will be involved in diverse activities of the Project preparation and implementation, but they will not be subject to the LMP. Appropriate occupational health and safety (OHS) measures related to the foreseen works under the Project will be applied to all types of Project workers.

If there are any actions needed to ensure enough capacity of the IMM to meet the relevant ESS2 requirements, the Bank will support IMM to organize the necessary capacity building. OHS measures will be designed and implemented to address: (a) identification of potential hazards to Project workers, particularly those that may be life threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) training of Project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations; and (f) remedies for adverse impacts such as occupational injuries, deaths, disability and disease.

LMP will be built on the related IMM and other national legislation and existing manuals for works, while potential gaps with the requirements stated in ESS2 will be assessed (e.g. on terms and conditions of employment; nondiscrimination and equal opportunity; worker's organizations; protection of the work force; aspects of occupational and community health and safety, including emergency preparedness and response). In addition, IMM will develop a GM for direct and contracted workers to raise and manage workplace concerns. The GM will be developed based on the existing institutional systems and supplemented as needed with Project-specific



arrangements. At least an advanced version of the LMP and the GM will be developed and published before Appraisal. The final version of both documents will need to be in place before the employment of the first direct, contracted or community workers.

### ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant as the Project will require close attention to pollution prevention and management due to the challenging baseline situation marked by heavy presence of diverse waste material accumulated during decades, which has served as terrain to construct precarious housing and is an important source of informal livelihood and used even to hide illegal activities. On the other hand, the PTICP and possibly a part of the specific Project works will focus on determining and executing measures to initiate and later maintain a critical river cleaning and restoration plan.

The complex social and environmental dynamics around waste material, which based on the available information thus far is mainly municipal, construction waste and abandoned car wrecks. Presence of contaminated sites in the Project area will be analyzed during the next preparation stage through a technical assessment that will be financed by the IDB on the existing informal landfill sites within the Basin to prioritize sites for conducting an analysis of management alternatives to reduce sanitary and environmental risks to acceptable levels. It is also necessary to consider that positive impacts may diminish or reverse if ongoing contamination and informal landfill operations continue in/move to other parts of the Basin. It is also to be noted that the current landfill capacity of the City of Montevideo presents challenges. The Basin-level and in-country capacity to manage toxic and hazardous waste will be assessed as relevant as the Project preparation proceeds.

The main activities planned under the consultancy include: (i) compiling and systematizing of the existing information to conduct a background analysis of the presence of polluting material in the area; (ii) carrying out a field survey (including interviews) to confirm the location of the structures (houses and other buildings) built on top of informal landfills and the informal landfills currently in use; (iii) designing and executing a surface and subsurface monitoring plan to determine the level of soil contamination in the identified areas; (iv) based on the results obtained and possible scenarios, analyzing of the possible alternatives for remediation and/or confinement depending on the current and planned land use in each site; and (v) determining for each land use scenario or alternative the proposed clean-up strategy and technology with the respective advantages and disadvantages, level of required cleanliness, and the implied implementation time and costs.

Additional to striving to take control of the informal landfills and flows of waste material, another consultancy is being likewise prepared with the objective to elaborate and apply integral management tools for the urban river and riversides through elaboration of a baseline study and pre-design of measures to increase the quality and value of the existing/potential ecosystem services of the Pantanosos River.

The main activities planned under the consultancy include: (i) compiling and systematizing of the existing information to conduct a background analysis of the thus far hydrodynamic modeling and monitoring of the environmental quality of the Pantanosos river; (ii) carrying out a field survey to identify the main sources of pollution that drain to the river and contaminate its area of influence; (iii) updating and complementing the existing monitoring plan of the Pantanosos river water quality and quantity in dry and wet periods; (iv) based on the plan, installing and running the



proposed monitoring equipment; (v) updating the existing hydrodynamic model and developing a model of the water quality considering the identified dynamics of the pollutants; and (vi) identifying the optimal structural and management measures necessary to improve the quality of the water body through an analysis of alternatives.

Regarding infrastructure solutions, the measures are expected to contemplate the possibilities of implementing both/either green (i.e. nature-based solutions) or gray infrastructure to enhance the resilience of the riverside system. The consultancy will analyze the benefits and beneficiaries and the necessary investment and operational costs of each measure and develop the pre-design of the selected measures. Regarding pollution due to the Project activities, the Project design is geared to have an overall strong and positive impact in reducing and managing diverse sources of pollution that degrade the surface and ground water and the soil. During the construction phase, site-specific, temporary, non-irreversible and readily mitigated negative impacts are likely in terms of air and potential land/water pollution and disturbance by noise.

Regarding hazardous materials present in the Project area, adverse impacts on human health and environment will need to be prevented, minimized and mitigated through careful assessment of the targeted locations and preparation and implementation of environmental clean-up and sanitation plans prior to starting any infrastructure works. An Integrated Pest Management Plan (IPMP) will be needed to control existing vectors with focus on rats. The ESA/ESMF will include a framework level IPMP, while the preparation and implementation of the final IPMP is expected to be contracted during Project implementation before beginning of the first infrastructure works.

Minimizing GHG emissions will be considered in terms of promoting efficient use of resources and preservation and restoration of urban ecosystem services. The Project is expected to harness particularly energy efficiency (EE) potential to help ensure energy security, reliability and affordability, resulting in GHG emission reductions. EE and water and material use efficiency standards will be incorporated in the design of all new housing units for resettlement and any housing improvement program will include energy and water saving measures. Further, the improvement of the electricity network and public lighting (including the use of LEDs) are expected to generate EE improvement and reduce transmission and distribution losses.

#### **ESS4 Community Health and Safety**

ESS4 is relevant as potential health issues related to management of hazardous waste will be assessed and addressed as needed to prevent community exposure to any associated risk. Most of the adverse impacts related to infrastructure works will be site-specific, temporal, non-irreversible and readily mitigated. In terms of community health and safety, they will include alteration of everyday urban movement, movement and operation of vehicles and machinery, potential issues with workers and accidental damage to objects of personal value.

Risks associated to labor influx are expected to be low since the majority of the works and activities to be financed by the Project will be carried out by local and community workers. Creation of specific sites for workers' accommodation is not expected given that the Project implementation area is close to the Montevideo Port and downtown, and the neighborhood is a highly populated area. Nevertheless, risk mitigation measures will be incorporated in all Environmental and Social Management Plans (ESMP), including the requirement for contractors to have a Code of Conduct and carry out specific training on healthy relations with local community, including a particular focus on preventing all forms of violence against women and girls.



Traffic and road safety mitigation measures will be needed during construction phase and included in the work-specific ESMPs. During the Project preparation, IMM will also identify and, if needed, implement measures to address potential emergency events particularly related to works in the existing floodplains.

The ESS4 requirements will also be considered with regard to public works and infrastructure, including playgrounds and housing, to ensure safety and accessibility among other issues. The ESMF will guide the integration of said requirements as part of the sub-project assessment and preparation during Project implementation.

Potential need for conducting a Risk Hazard Assessment (RHA) as part of the ESA will need to be considered e.g. in terms of hazardous materials dumped in the Project area. When needed based on the results of the RHA, IMM will design and implement an Emergency Response Plan (ERP) in coordination with the relevant local authorities and the affected community, and will take into account the emergency prevention, preparedness and response arrangements put into place with the Project workers under ESS2. It will also organize related training for the Project workers and community members' as a preventive measure.

Use of security forces by contractors is not expected to be a concern. Guards are not used on work sites in any significant numbers beyond few gate keepers at construction sites and night guards to keep the equipment from "misappropriation".

Regarding ecosystem services, the Project is expected to have only positive impacts since various works and activities will be focused on restoring the river basin and the wetlands in the Project implementation area.

The Project is not expected to have any negative impact related to community exposure to health issues. The "without-Project" situation implies high community exposure to water-borne, -based, -related, and vector-borne diseases. The Project is expected to improve existing environmental conditions and help minimize the incidence of diseases.

As a part of the ESA, the IMM will identify, assess and evaluate the general and site-specific risks, and design and implement measures consistent with the mitigation hierarchy to reduce all potential negative impacts on the local communities mentioned above.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

ESS5 is relevant for the proposed Project as it is expected to involve resettlement of up to 2,000 households to locations that remain to be defined. The number of Project affected people is yet to be defined since the different infrastructure works to be financed by the Project haven't yet been defined and their executive designs will not be completed during the Project preparation.

At the moment, IMM is carrying out an assessment to identify ways to avoid and/or minimize the number of affected households. The assessment will be based on the hydraulic model and other technical inputs that will define the neighborhood-level infrastructure interventions. The primary objective of the resettlement processes will be to provide access to improved housing solutions to households currently living in vulnerable conditions. The



implementation of this process is expected to require systematic and comprehensive consultations and social management to provide equitable and transparent support and minimize any adverse impact on the livelihood of the affected people.

The referred risks will be mitigated through the preparation of a robust ESA and ESMF, a Resettlement Policy Framework and Resettlement Action Plans (RAPs) as the executive designs of the infrastructure works to be financed have been completed. The preparation of RAPs is expected to take place during implementation and documented in the ESCP, accordingly.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

ESS6 is relevant for the proposed Project, the main concern on the Project design as it currently stands being the clean-up and restoration of prioritized wetlands present in the Pantanosos River Basin.

Sub-component 2.2 on Improving urban facilities, connectivity and local identity will focus on the urban environment and improving local value and self-worth. Core to this effort is the protection and improvement of the network of green spaces and wetlands that run throughout the Basin, many of which have been subject to heavy human activity and consequent degradation, while some of the wetlands have even been subject to direct waste dumping and/or encroaching for construction of informal housing. The information currently available on the health of and species composition present in the wetland areas and overall in the existing green areas is still limited.

The City Government plans to improve connectivity along the Basin, and a recreational cycle/pedestrian path will be constructed to better unify the area through lineal parks and other nature-based solutions. In these lines, IMM has proposed establishing a Wetland Interpretation Centre as a landmark public facility to create awareness and bring visitors from other parts of the city. During Project preparation, the feasibility and appetite for this public facility, using citizen engagement techniques such as a public design competition, will be established.

The on-going Bank TA that support the implementation of the PTICP and the preparation of the Project is currently considering options to promote nature-based solutions to control frequent natural hazards present in the Project area such as flooding. To know the baseline status and enhance potential of the existing ecosystem services in the Project area with focus on the wetlands, an EA of the wetlands and riparian forests in the Basin will be financed by IDB with a focus on biodiversity, status of the ecosystems health and services and prepare a proposal for lines of action aimed at the recovery and valorization of the identified ecosystem.

The main activities planned under the consultancy include: (i) surveying and systematizing the existing information regarding wetlands and riparian forest in the Pantanosos River Basin; (ii) designing and executing a field survey of the identified target zones to generate primary information about biodiversity and the sanitary status of the different environments; (iii) based on the completed characterization of the current and potential land uses in the areas of ecosystem value, evaluating the physical and environmental conditions to develop a an action plan for each area to initiate a process of restoration and ecological rehabilitation of the ecosystems and recovering/strengthening their services in the medium and long term; (iv) preparing a proposed protocol for monitoring and surveilling the rehabilitation process to recover the targeted ecosystem services; (v) estimating the costs of the recommended actions, including the proposed monitoring protocol.



Depending on the results of the referred TA activities, the need for preparing specific Biodiversity Management Plans during the Project implementation will be determined in collaboration with the IDB. The ESA will be prepared to include adequate baseline information for designing the Project interventions and consider any critical actions that may be necessary, both regulatory or in terms of land protection and other investments needed for restoration/conservation of modified natural habitats and biodiversity if deemed relevant.

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

The outcome of the ES screening did not identify any potential risks and/or impacts relevant to ESS7.

**ESS8 Cultural Heritage**

ESS8 is relevant as the Project area includes some historical buildings that are expected to be restored to reinvigorate their cultural value and meaning for the local identity. In case related restoration work will be included for Project financing, IMM will collaborate with the appropriate authority to develop the necessary Cultural Heritage Management Plan.

Further, given that a number of excavations and construction processes are expected to take place, IMM will define and implement “chance find” procedures in the ESMF for any event where tangible cultural heritage is discovered during the implementation of the works. As the Project preparation proceeds, the ESA will be used to assess the relevance of ESS8 in further detail, and as applicable, additional management measures will be integrated in the ESMF or a Cultural Heritage Management Plans prepared.

**ESS9 Financial Intermediaries**

ESS9 is not currently relevant as the Project will not involve the use of Financial Intermediaries.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

No

Project activities will be carried out in the Pantanos River Basin, which is a tributary of the Rio de La Plata. However, OP 7.50 is not triggered before there is better clarity on the actual Project investments. In case triggered as the Project preparation proceeds, an exception could be processed under paragraph 7 c) of OP 7.50, since the Pantanos River runs exclusively in Uruguay.

**OP 7.60 Projects in Disputed Areas**

No

OP 7.60 is not triggered as the Project will not finance activities in disputed areas as defined in the policy.

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?**

Yes

**Financing Partners**

Public Disclosure



The IDB is also involved in supporting the PTICP implementation and an overall collaboration is already on-going. Whether a Common Approach would be applied will need to be considered and discussed in detail as the Project preparation proceeds, but there is no doubt it would be beneficial for IMM. As the IDB is in the process of updating its ES safeguards, it would seem probable that in case a Common Approach would materialize, the Bank ESF would be applied.

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

IMM will carry out an ESA as part of the ESMF preparation and will prepare the SEP and necessary LMP document, RPF and possibly a Cultural Heritage Management Plan and/or a Risk Hazard Assessment (RHA) prior to Bank Board Approval. At least advanced drafts of all these instruments will be prepared and disclosed for consultation prior to Appraisal, while completing and disclosing the final instruments that will incorporate potential inputs through the consultations can be given more time for not to compromise the scope and quality of the consultations.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

In addition to the instruments mentioned above, IMM will also prepare an ESCP prior to Appraisal. This document will include all actions IMM shall identify as necessary to manage the identified ES risks associated to the Project, but that are not required or are not possible to define before the Bank Board Approval. The instruments that will need to be prepared during the Project implementation include, inter alia, ESMP for all the civil works and RAPs on an as-needed basis once the works have been defined in sufficient detail.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

29-Nov-2019

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: Intendencia de Montevideo

**Implementing Agency(ies)**

Implementing Agency: Intendencia de Montevideo

Public Disclosure



**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s):	Jack Campbell, Santiago Ezequiel Arias
Practice Manager (ENR/Social)	Valerie Hickey Recommended on 28-Jun-2019 at 09:06:38 EDT
Safeguards Advisor ESSA	Noreen Beg (SAESSA) Cleared on 28-Jun-2019 at 12:54:55 EDT