

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC1715

Date ISDS Prepared/Updated: 04/21/2006

I. BASIC INFORMATION

A. Basic Project Data

Country: Brazil	Project ID: P095013
Project Name: BR Municipal APL1: Cubatao - Guara	
Task Team Leader: Paula Dias Pini	
Estimated Appraisal Date:	Estimated Board Date: December 14, 2006
Managing Unit: LCSEN	Lending Instrument: Specific Investment Loan
Sector: General water, sanitation and flood protection sector (100%)	
Theme: Environmental policies and institutions (P);Pollution management and environmental health (P);Municipal governance and institution building (P);Other urban development (P);Other social development (P)	
IBRD Amount (US\$m.):	14.63
IDA Amount (US\$m.):	0.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER	9.75
<u>Financing Gap</u>	<u>0.00</u>
	9.75

B. Project Objectives [from section 2 of PCN]

To assist the Municipality of Cubatão in addressing key local bottlenecks constraining sustainable growth and development within the Baixada Santista, through targeted investments coupled with policies and planning capacity improvements.

C. Project Description [from section 3 of PCN]

The Carta Consulta, approved in March 2005, defines execution of the Guarã Vermelho Project in two stages, each of three years' duration. The first phase would require funding of US\$14.6 million and the second US\$12.3 million. The decision by the Federal Foreign Secretariat (SEAIN) to split the project into two stages was taken to ensure the municipal capacity to develop the project and is not related to fiscal constraints. The Carta Consulta has identified the following key activities.

1. Addressing development bottlenecks, focusing on key thematic areas: (a) Improve municipal policies and management tools to maximize development opportunities; (b) Develop

mechanisms to address key local bottlenecks hindering regional interests; and, (c) Develop a comprehensive plan to address territorial land-use conflicts associated with illegal occupation of the Atlantic Forest protected area and the Santos Estuary's mangrove.

2. Addressing economic, institutional, social and environmental conflicts in Vila dos Pescadores:

(a) Through investments: eliminate bottlenecks hampering the effective operation of infrastructure, including the railroad and oil pipeline; address acute conflicts with the Ministério Público and environmental agencies; address the area's critical social risks associated with the extremely hazardous living conditions through the provision of appropriate urban services and governmental presence in the area; resettle about 60% (~2,000) of the families currently inhabiting wetted mangrove areas, the railroad and the Petrobrás pipeline right-of-way. Provide appropriate solutions for harmonizing the Vila dos Pescadores settlement with the railroad duplication and operational safety requirements as well as protection of the oil pipeline; address acute conflicts with the Ministério Público and environmental agencies by reducing occupation of mangrove habitats and implementing restoration measures; address the area's critical social risks through the provision of appropriate urban services and governmental presence in the area; resettle about 60% (~2,000) of the families currently inhabiting wetted mangrove areas, the railroad and the oil pipeline.

Preliminary resettlement alternatives include:

i) New housing in four floor apartment buildings immediately contiguous to Vila dos Pescadores, financed by the State Housing Company (CDHU). Highly subsidized financing mechanisms adopted (monthly payment around US\$25.00 for 25 years, corresponding to US\$7,500 compared to construction costs estimated at US\$13,000). Due to the land scarcity, municipal regulation does not allow construction of one floor low income housing.

ii) Assisted cash compensation with each family receiving cash compensation for loss of housing. This process is facilitated by social workers to ensure cash is used to buy a house and that the house is of an appropriate condition. This approach enables: a reduction in the number of families living in the Vila dos Pescadores; reduces social stress by offering tailored resettlement alternatives; reduces investments costs; accelerates resettlement implementation; facilitates a dialogue with the Ministério Público and licensing. Cash amounts are based on costs of appropriate low-income housing alternatives in the market, which are less than the cost of constructing new apartments on land that typically requires costly solutions to the unsuitable foundations. Formal letter of credit alternatives are not appropriate since it requires buying through the formal market, in which prices are much higher. This approach would require the use government counter part funds. No cost for the resettled family. Mechanism already used by the Municipality of Cubatão, although the use of funds from the State, through CDHU is the municipality's first option. This approach is used by municipal governments throughout Brazil.

(b) Through technical assistance: adopt appropriate participatory methodology to facilitate implementation of the planning phase and civil works in view of conflicting territorial land-uses;

enhance social corporate activities in partnership with IFC, which is already engaged with Cubatão's industrial complex.

3. Addressing institutional capacity requirements: facilitate supporting mechanisms to ensure efficient project implementation and controls (fiduciary, technical, safeguard and M&E) through the existing municipal management systems. A semi-integrated Project Implementation Unit will be created using Municipal staff who will be supported, as required, by Consultants on specific technical issues.

D. Project location (if known)

Activities will be undertaken within the Municipality of Cubatao, State of Sao Paulo, Brazil.

E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

The proposed project will include all appropriate mechanisms and technical capacity measures to ensure full compliance with the Banks safeguard policies. The Client has successfully undertaken several similar resettlement programs involving families living in areas such as those of the project beneficiaries. The State Environmental Secretariat has stringent licensing requirements at the feasibility, technical design and implementation stages that comply with the Banks safeguard policies. Where necessary, the Client will be assisted by safeguard experts in order to improve institutional capacity during project preparation and implementation.

F. Environmental and Social Safeguards Specialists

Ms Maria Isabel Junqueira Braga (LCSEN)

Ms Paula Dias Pini (LCSEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
A full EA will be prepared prior to Project Appraisal in compliance with Bank safeguard requirements. The EA will be based on the feasibility studies and will address issues covered by the Natural Habitats and Forests policies. The State Environmental Secretariat requires a more detailed EA/EMP at the technical design and implementation stages that will compliment compliance of Bank safeguard policies.			
Natural Habitats (OP/BP 4.04)	X		
This OP requirements will be addressed by the full EA to be prepared prior to Project Appraisal.			
Forests (OP/BP 4.36)		X	
Pest Management (OP 4.09)		X	
Cultural Property (OPN 11.03)	X		
The EA will assess any potential impacts on physical cultural resources. The EMP will incorporate findings from the EA and specifically address requirements and procedures for discovery during implementation of the works.			
Indigenous Peoples (OP/BP 4.10)		X	
Involuntary Resettlement (OP/BP 4.12)	X		
A Resettlement Framework will be prepared prior to Project Appraisal, with more detailed Resettlement Action Plan/s prepared subsequent to completion of the detailed Technical Design.			

Safeguard Policies Triggered	Yes	No	TBD
The Municipality has successfully completed similar resettlement programs and intends to conduct an evaluation of these to inform and improve operational practices under this project.			
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	

Environmental Category: A - Full Assessment

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 06/30/2006
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS. The EA and Resettlement tools will be initiated following approval of the PCN. ToR for specialist studies have been issued by the Client. Preliminary versions of these two documents will be available at the QER stage. Final versions will be ready prior to Project Appraisal.

IV. APPROVALS

<i>Signed and submitted by:</i>	
Task Team Leader:	Ms Paula Dias Pini
<i>Approved by:</i>	
Regional Safeguards Coordinator:	Mr Reidar Kvam
Comments:	
Sector Manager:	Mr Abel Mejia
Comments:	

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

