



Project Summary Information

Date of Document Preparation: 06/06/25	
Project Name	Recovery and Trade-Facilitation Project in Guaíba, Rio Grande do Sul
Project Number	P000974
AIIB member	Brazil
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
Status of Financing	Under Preparation
Objective	To support the Municipality of Guaíba in the State of Rio Grande do Sul with post-flood reconstruction by rehabilitating and rebuilding critical trade-enabling infrastructure that strengthens connectivity with Asia and contributes to climate mitigation through low-carbon and sustainable urban investments.
Project Description	<p>This project is prepared alongside the Post-Flood Reconstruction Project in Cachoeirinha. In May 2024, devastating floods hit the State of Rio Grande do Sul in southern Brazil, causing extensive damage to infrastructure and displacing over 50,000 people. Municipalities of Guaíba and Cachoeirinha, located in the Porto Alegre metropolitan area, were particularly affected. Their economies are heavily dependent on international trade, particularly with Asia. The project aims to build back better damaged infrastructure, enhance flood resilience to prevent future flooding, and support infrastructure that will enable further trade-linked economic growth.</p> <p>Municipality of Guaíba</p> <p>The Resilient Guaíba program includes several components aimed at enhancing flood management and rebuilding critical urban and transport infrastructure. It will apply climate resilience standards and best practices and integrate nature-based solutions where possible. Based on the financing request, the program includes:</p> <p>A. Improving the Efficiency of Urban Drainage and Flood Protection (\$17.95 million)– improvement of existing flood protection infrastructure (e.g. dikes, pumps, water drainage system) and implementation of additional infrastructure to reduce flood risks.</p>

	<p>B. Construction of a Green Logistics and Industrial Area (\$13.00 million) – Infrastructure to support cross-border trade with Asia.</p> <p>C. Construction of urban infrastructure and transport access infrastructure (\$30.60 million) – rebuilding and expanding resilient transport and urban systems to improve access and connectivity.</p> <p>D. Climate Monitoring, Disaster Risk Management and Sanitation Improvement Program (\$4.70 million) – restoring basic infrastructure, implementing a climate monitoring program, and a risk management and emergency notification program.</p> <p>E. Program and Project Management (\$3.75 million) - Proportionally supporting all components.</p> <p>Each component will be further defined during the Project’s appraisal stage.</p> <p>Guaíba (pop. 93,000 inhabitants) is one of the most industrialized municipalities in the state, with key sectors including cellulose processing (primarily for export to Asia), auto distribution, elevator manufacturing, and other industries.</p> <p>While the Federal Government of Brazil allocated over USD 17 billion for recovery and reconstruction, significant gaps remain in the rehabilitation and reconstruction of damaged infrastructure. There is an urgent need to enhance climate resilience, improve disaster response, and ensure long-term sustainability.</p>
Expected Results	<p>As part of the project objective indicators, the proposed indicators include: (i) measuring the reduction in travel time along key trade routes; (ii) assessing the increase in the area under enhanced flood protection; and (iii) tracking the number of people gaining access to disaster (including climate-related) early warning services. Intermediate result indicators focus on key enablers of the project’s objectives and include: (i) the length of roads upgraded with climate resilience measures; (ii) the installation of new and improved drainage channels; (iii) the number of municipal employees trained in disaster risk mitigation and emergency response; and (iv) the establishment of a real-time hydrological and water quality monitoring system to strengthen early warning and preparedness.</p>
Environmental and Social Category	A

Environmental and Social Information	<p>Applicable Policy and Categorization: The Bank's Environmental and Social Policy (ESP) including the Environmental and Social Standards (ESSs), and the Environmental and Social Exclusion List (ESEL) will be applicable to this Project. An initial review has determined that ESS 1 (Environmental and Social Assessment and Management) is applicable for evaluating the environmental and social impacts of project activities. ESS 2 (Involuntary Resettlement) is also likely to be relevant, while ESS 3 (Indigenous Peoples) will not apply. The Project has been classified as Category "A" under AIIB's ESP due to the potential for significant environmental and social (E&S) risks during the construction and/or operational phases, necessitating comprehensive impact assessments and robust mitigation measures.</p> <p>Environmental and Social Instruments: Given the project's phased and multi-sectoral nature and the fact that subprojects are indicative, Guaíba Municipality will prepare an Environmental and Social Management Planning Framework (ESMPF). This framework will detail procedures for screening, assessing, managing, and monitoring potential E&S risks. It will also outline institutional roles, stakeholder engagement, grievance redress mechanisms, and requirements for information disclosure. Additionally, it will provide guidance on budgeting and scheduling the implementation of E&S measures. The ESMPF will be finalized and disclosed prior to project approval. Subproject E&S instruments providing more detailed analyses of E&S impacts and risks, and mitigation measures for individual subprojects will be prepared in accordance with the ESMPF following project approval.</p> <p>Environmental Aspects: The Project is expected to yield multiple environmental benefits including improved drainage, flood control, erosion protection, early warning and emergency response, and enhanced resilience to climate change impacts. There may be adverse impacts during construction including vegetation removal, soil erosion and compaction, reduced air and water quality due to dust generation and sedimentation respectively, pollution from spills and improper waste management, and biodiversity impacts. These impacts, specifically further sedimentation, deterioration in water quality and impacts on aquatic biodiversity, may extend to Lake Guaíba which is a key source of freshwater for Porto Alegre. Impacts will be mitigated in accordance with the ESMPF and relevant subproject E&S instruments. During the operations phase, there may be increased noise associated with the use of constructed/rehabilitated roads, and potential environmental impacts of industrial activities in the Industrial Area. Furthermore, new flood protection infrastructure may significantly alter the hydrology of the area and cause downstream impacts. Designs will be informed by detailed studies including relevant baseline surveys, and the necessary mitigation measures will be incorporated.</p> <p>Social and Gender Aspects: The project is expected to generate substantial positive social impacts by enhancing access to public services, creating jobs, and upgrading essential infrastructure like roads and parks. However, there may be temporary disruptions to local communities during construction, including noise, dust, and restricted access. These will be mitigated through dust suppression, noise control, and community engagement on construction timelines. While involuntary</p>
---	---

resettlement is not currently planned, if necessary, it will be managed in line with ESS 2, ensuring proper safeguards. Overall, the project aims to increase urban resilience, especially through better flood management in a historically flood-prone area. Additionally, both the construction and operational phases may pose risks such as gender-based violence (GBV) and sexual harassment. To address these risks, a GBV and Sexual Harassment Management Plan will be developed and incorporated into the ESMPF. This plan will outline measures to prevent, mitigate, and respond to gender-related risks while ensuring a safe and inclusive work environment.

Occupational Health and Safety, Labor and Employment Conditions: Municipalities in Brazil adhere to national labor laws that ensure fair labor practices and safe working conditions. The ESMPF will require all subprojects to screen for labor-related issues and rely on national blacklists to avoid hiring non-compliant entities. It will also set clear requirements to identify and address health, safety, social, and environmental risks for workers. Strong awareness of occupational safety standards exists in Brazil, and compliance will be ensured through regular monitoring of project sites.

Stakeholder Engagement, Consultation, and Information Disclosure: Meaningful stakeholder engagement will be central to project implementation. Consultations will be conducted throughout the preparation of the ESMPF and related instruments, involving affected communities and key stakeholders identified. A Stakeholder Engagement Plan (SEP) will guide engagement efforts across the project cycle, outlining responsibilities and culturally appropriate strategies for ongoing consultation. All relevant E&S documents will be disclosed by the Client in a timely and appropriate manner and also on AIIB's website in accordance with the ESP.

Project Grievance Redress Mechanism (GRM): Guaíba Municipality's existing GRM will be reviewed and updated as needed to align with project requirements and address both community and worker grievances. Separate mechanisms will also be established at the contractor level for worker complaints. Public consultations will inform affected stakeholders about the GRM and Bank's Project-affected People's Mechanism (PPM) to ensure transparency and accessibility.

Monitoring and Reporting Arrangements: The project implementing unit (PIU) established at the municipal level will have primary responsibility for monitoring the progress and performance of the Project and will report to the Bank through the submission of annual progress reports based on a format agreed between the Client and the Bank. AIIB will conduct monitoring, including in-country supervision missions twice a year, for managing and monitoring impacts and ensuring compliance throughout the project lifecycle, and periodic technical review visits to provide necessary implementation support at various project stages. More details on monitoring and reporting arrangements will be determined with the Client during project appraisal.

Cost and Financing Plan	Total: USD 87 million AIIB: USD 70 million Municipality of Guaíba: USD 17 million		
Borrower	Municipality of Guaíba		
Guarantor	Ministry of Finance of Brazil		
Implementing Entity	Municipality of Guaíba		
Estimated date of loan closing	June/2031		
Contact Points:	AIIB	Borrower	Implementation Organization
Name	Manuel Benard	Marcelo Maranata	Marcelo Gregório de Sá Verlindo
Title	Senior Investment Officer	Mayor	Head of Implementation Unit
Email Address	manuel.benard@aiib.org	prefeito@guaiba.rs.gov.br	verlindomarclo@gmail.com
Date of Concept Decision	05/22/25		
Estimated Date of Appraisal Decision	Q3 2025		
Estimated Date of Financing Approval	Q3 2025		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html
---	--