Early Warning System

AIIB-000974

Brazil: Recovery and Trade-Facilitation Project in Guaiba, Rio Grande do Sul

Early Warning System

AIIB-000974

Brazil: Recovery and Trade-Facilitation Project in Guaiba, Rio Grande do Sul

Quick Facts

Countries	Brazil
Specific Location	City of Guaiba, RS
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	A
Voting Date	2025-11-19
Borrower	Municipality of Guaiba, Marcelo Maranata
Sectors	Construction
Investment Type(s)	Loan
Investment Amount (USD)	$ 70.00 million
Loan Amount (USD)	$ 70.00 million
Project Cost (USD)	$ 70.00 million

Project Description

According to the AIIB, the objective is to support the Municipality of Guaiba 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.

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 Guaiba 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.

Municipality of Guaiba

The Resilient Guaiba 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:

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.

B. Construction of a Green Logistics and Industrial Area ($13.00 million) - Infrastructure to support cross-border trade with Asia.

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.

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.

E. Program and Project Management ($3.75 million) - Proportionally supporting all components.

Each component will be further defined during the Project's appraisal stage.

Guaiba (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.

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.

Early Warning System Project Analysis

ENVIRONMENTAL AND SOCIAL INFORMATION

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.

Environmental and Social Instruments:
Given the project's phased and multi-sectoral nature and the fact that subprojects are indicative, Guaiba 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.

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 Guaiba 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.

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 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.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Contact Information

PROJECT TEAM LEADER

Asian Infrastructure Investment Bank

Manuel Benard

Senior Investment Officer

manuel.benard@aiib.org

BORROWER

Municipality of Guaíba Marcelo Maranata Mayor prefeito@guaiba.rs.gov.br

IMPLEMENTING ENTITY

Municipality of Guaíba

Marcelo Gregório de Sá Verlindo

Head of Implementation Unit

verlindomarcelo@gmail.com

AIIB

-

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html.

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides “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 the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.” Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html.

Bank Documents

- Project Summary (June 6, 2025) [Original Source]