Early Warning System

IDBI-11984-02

Klabin II

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Quick Facts

Countries	Brazil
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-06-14
Borrower	Klabin S.A.
Sectors	Construction, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Project Cost (USD)	$ 200.00 million

Project Description

The Project will support Klabin S.A. (Klabin or Company) growth strategy for the following period (2019-2023). The investment plan consists in the construction of two new manufacturing lines which are going to produce kraftliner paper, including a new integrated pulp facility to supply both paper machines.

People Affected By This Project

This Project has been provisionally classified as a Category B project, pursuant to the IDB Invest Environmental and Social Sustainability Policy. The key potential negative Environmental, Social, Health & Safety (ESH&S) risks and impacts associated with the construction phase of the Project related to: (i) the influx of temporary workers; (ii) increase in traffic on local roadways generated by construction vehicles; (iii) air and dust emissions; (iv) noise; (v) generation of wastewater and solid waste; (vi) handling of hazardous waste; (vii) lack of capacity of municipalities to absorb and manage the additional pressure on social and physical infrastructure; and (viii) presence of indigenous communities in the Project's area of indirect influence. During the operations phase, the key negative ESH&S risks and impacts relate to: (i) potential conversion of natural habitat for establishment of plantation forests; ii) incremental on atmospheric, water and solid waste emissions; (ii) incremental increase in traffic on local roadways generated by vehicles transporting timber and supplies; (iii) expectations from the communities in terms of continuing employment, and from municipalities for continued support by the company; (iv) lack of urban planning to guide the induction of urban sprawl associated with the expanded plant and lack of municipal capacity to manage a rapidly changing socioeconomic environment.

Relative to mitigation of environmental impacts and risks associated with the industrial process, Klabin is heavily engaged in the adoption of BAT (Best Available Technologies - BAT) and BPEM (Best Environmental Management Practices-BPEM), aiming to reduce air emissions, liquid effluents, noise and solid waste generated by their activities. The new plant expansion will be equipped with the latest generation of industrial processes and will continue to be highly efficient. The Company regularly monitors both air quality and water quality (of the Tibagi River) for its existing planta at Telemaco Borba and Ortigueira as part of its environmental commitment and licensing obligations. The existing plant at Ortigueira has been supervised by an independent E&S consultant team (Arcadis) with periodic progress monitoring reports to IDB Invest, which have to date verified Klabin's adequate management of the key risks.

The Environmental Assessment Analysis for the expansion phase lists a series of E&S management programs that have been incorporated in the design of the (Puma II) Project to avoid, mitigate, compensate and/or monitor the above-mentioned impacts and risks.

An ESH&S appraisal of the Project will be carried out, and an Environmental and Social Review Summary (ESRS), containing and Environmental & Social Action Plan (ESAP), will be prepared and published on the IDB Invest website ahead of project consideration for approval.

Investment Description

- IDB Invest (IDBI)

Contact Information

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Bank Documents

- RAP – Relatório Ambiental Preliminar da Ampliação da Unidade PUMA em Ortigueira-PR. Set 2018.