Early Warning System

IDBI-12110-01

Nascentes das Gerais

Quick Facts

Countries	Brazil
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-07-16
Borrower	Concessionaria da Rodovia MG-050 S.A.
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 106.14 million
Project Cost (USD)	$ 346.81 million

Project Description

IDB Invest financing will allow for the expansion and improvement of approximately 371 kilometers of state highway, connecting metropolitan Belo Horizonte to the municipality of Sao Sebastiao do Paraiso at the border with the state of Sao Paulo (the "Project"). The highway network cuts directly through 22 municipalities in Minas Gerais and influences 50 cities, home to 1.3 million inhabitants (i.e., 7.4% of the state's population). It is estimated that 7.7% of Minas Gerais' GDP (Gross Domestic Product) is concentrated in the MG-050 system catchment area.

The investment program, during the 25 years of the concession period, consists in the expansion and improvement of the existing highway, including 82.3 km of highway shoulder improvements 52.9 kilometers of new roads, 114 kilometers of third lane expansions, and construction of 17 interchanges, 12 bridges, viaducts and other structural works, as well as nine pedestrian overpasses or underpasses. IDB Invest will finance the investments executed from mid-2017 to 2022, improving road conditions and increasing user safety.

Project cost is R$1.3 billion, which will be financed by IDB Invest through a long-term loan in an amount not to exceed R$400 million with a term of up to 12 years; capital contribution and cash from operations of R$567 million and debentures of R$310 million.

People Affected By This Project

This project has been classified as Category B according to IDB Invest's Environmental and Social Sustainability Policy. The risks and impacts are site specific, moderate in magnitude, and may be addressed through existing mitigation measures that are simple to implement.

Among the impacts associated with this type of operation are aspects of worker health and safety and adaptations of working conditions, community safety in the vicinity of the highway and its users, environmental aspects of highway construction and maintenance, land acquisition and involuntary resettlement in areas bordering the rights of way, and biodiversity conservation in protected areas.

The project had been granted an installation license by the grantor of the concession, SETOP (State Secretary of Transportation and Public Works), issued in 2006. In July 2008 an Operation License (LO 015/2008) was issued to the Client, valid until July 2012, authorizing both the operation of the road system and the implementation of road improvements. In March 2012 Nascentes requested for a License renewal, which was denied. In June 2017 Nascentes and SUPRAM signed a Conduct Adjustment Agreement (TACs LOC/ASF/38/2017 and TAC.LIF/ASF/39/2017) that guaranteed the regularity of the operation. In June 2018 a new TAC was signed (TAC.LOC/ASF/16/2018) allowing for the road system operation. The Environmental Licenses LIC/LO 001/2018 were issued on Abril 2018, valid for 6 years for the road works and 10 years for the road operation. A final Operational license is expected to be issued until November 2019.

The LIC/LO covers most of the works that are the object of the concession, except one stretch of road (construction of an intersection) situated in an internal area of the Conservation Unit of the Serra da Canastra National Park. SUPRAM ASF requested segregation of that part of the process and ordered that it be licensed in a separate procedure, but relying on the same EIA/RIMA since that study had already incorporated that region of the park in its social and environmental analyses.

Investment Description

- IDB Invest (IDBI)

Contact Information

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Bank Documents

- 0. Contra-Capa.pdf [Original Source]
- 1. Anexo I Contrato SETOP.pdf [Original Source]
- 4. Diagnóstico Ambiental.pdf [Original Source]
- 5. Qualidade Ambiental.pdf [Original Source]
- 6. Impactos Ambientais.pdf [Original Source]
- 7. Anexo VII PGR-PAE.pdf [Original Source]
- 7. Programas Ambientais.pdf [Original Source]
- 9. Referências Bibliográficas.pdf [Original Source]
- ART's - EIA RIMA.pdf [Original Source]
- Cadernos de Mapas da ADA.pdf [Original Source]
- ESRS ESAP 6.17.2019_0.pdf [Original Source]
- LIC n. 023_2006.pdf [Original Source]
- Lista dos Anexos.pdf [Original Source]
- Meio Biótico [Compressed].pdf [Original Source]
- Meio Fisico [Compressed].pdf [Original Source]
- Meio Fisico [Compressed].pdf [Original Source]
- Meio Socioeconomico [Compressed].pdf [Original Source]
- NG006-RT001_2ª_Campanha_Fauna_Rev_00.pdf [Original Source]
- NG006-RT005_1ª_Campanha_Fauna_Rev_00.pdf [Original Source]
- PGA 2018-2019.pdf [Original Source]
- RIMA_rev1.pdf [Original Source]
- Sumário VOL.III_.pdf [Original Source]
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- Sumário VOL.V.pdf [Original Source]
- Sumário VOL.VII_.pdf [Original Source]
- Sumario VOL.VI_.pdf [Original Source]