Early Warning System

IFC-42138

Klabin Growth

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Quick Facts

Countries	Brazil
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	KLABIN S A
Sectors	Agriculture and Forestry, Construction
Investment Type(s)	Loan
Investment Amount (USD)	$ 390.00 million
Loan Amount (USD)	$ 390.00 million
Project Cost (USD)	$ 390.00 million

Project Description

The proposed investment is an A Loan of up to USD120 million, a Trust Loan of up to USD50 million, and a B Loan of up to USD220 million to Klabin S.A. (the Company or Klabin), the largest producer, exporter and recycler of paper in Brazil. Puma II consists on the construction of two unbleached pulp lines integrated to two kraftliner paper machines with nominal capacity of 920 thousand tonnes per year. This project will be sited in the same location where Klabin already operates its pulp facilities, in the municipality of Ortigueira/PR ("Puma Unit"), taking advantage of its operational and logistics structure to ensure higher value generation through synergies among these plants. The Project has been provisionally categorized as an environmental and social (E&S) category B Project, pursuant to IFC Environmental and Social Sustainability Policy. Based on information obtained to date, there will be no increase in the Project's geographic footprint as the new facilities will be located within the Puma industrial complex and there will be no need for new access roads, railroads or transmission lines. Additional wood supply will be analyzed during appraisal, but is expected to be provided by existing regional suppliers (estimated at 70,000 hectares of plantations). The key potential negative environmental and social risks and impacts associated with the construction phase include: (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 environmental and social risks and impacts relate to:; (ii) increment on atmospheric, water and solid waste emissions; (iii) increase in water consumption; (iv) increase in traffic on local roadways generated by vehicles transporting timber and supplies; (v) expectations from the communities in terms of continuing employment, and from municipalities for continued support by the company; (vi) 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 plants at Telemaco Borba and Ortigueira as part of its environmental commitment and licensing obligations. The Environmental Impact Assessment (Relatorio Ambiental Preliminar) was prepared by third parties and is disclosed here. IFC does not guarantee the quality of the document.

Investment Description

- International Finance Corporation (IFC)

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/