

 Early Warning System

WB-P502493

Rio Grande do Norte: Sustainable Development and Governance Project



Quick Facts

Countries	Brazil
Specific Location	State of Rio Grande do Norte
Financial Institutions	World Bank (WB)
Status	Active
Bank Risk Rating	U
Voting Date	2025-10-07
Borrower	Secretariat of Planning - Rio Grande do Norte
Sectors	Agriculture and Forestry, Transport
Investment Type(s)	Loan
Investment Amount (USD)	\$ 180.00 million
Project Cost (USD)	\$ 180.00 million



Project Description

Rio Grande do Norte has a population of 3.3 million people (1.7 percent of Brazil's total population) and a monthly household income of \$R 1,267 - compared to the Brazil's average of \$R 1,625, while its poverty rate is 46.2 percent. Afro-descendants correspond to 57 percent of the State population - and they account for most of the economically vulnerable population. The GDP of Rio Grande do Norte corresponds to approximately 1 percent of Brazil's national GDP. Rio Grande do Norte covers an area of 52,810km² (815.53 km² urbanized), and is the third smallest compared to the nine states in the Northeast region, Brazil's poorest. Most of the state (93 percent) lies within the Sertao, the semi-arid region of the NEB which is disproportionately prone to climate change effects. Road transport is key for Rio Grande do Norte logistics, but the sustainability of its assets is at risk due to poor maintenance and safety and climate resilience challenges. RN is traversed by 1,480 kilometers (km) of federal roadways and 4,540 km of state roads--of which 3,464 are paved, which are key for State logistics. The first phase of the Project (P126452) has implemented 274 km of State roads, but due to a lack of resources, the state still has significant physical bottlenecks in its road system - 24,3 percent of the State Road network is in bad condition, and 40.2 percent in regular - showcasing its challenges to maintain the road network, with no experience in implementing performance-based contracts (PBCs). Additionally, low capacity in the Government to act towards climate resilience compounds the emergency costs for roads in rainy years such as 2023-2024. RN roads continue to lack adequate safe road designs - especially in urban settlements - and maintenance of road infrastructure. According to data from the Ministry of Health, between 2019 and 2021, road traffic fatalities have remained stable in RN, with 392 traffic-related deaths in 2022 (11.9 fatalities per 100k inhabitants). While agricultural production in RN only contributes 3.4 percent to the state's overall GDP, it is still a driving force in the labor market, accounting for one-third of the state's labor force. Moreover, there is an urgent need for an upgrade in farm-to-market infrastructure to ensure better commercial access, particularly around the key production centers. According to the 2017 Census, there were 50,680 family farms, representing 80 percent of the 63,350 farms statewide. Past surveys showed less than two percent of family farmers were members of agricultural cooperatives, 23 percent were members of associations, 46 percent were affiliated with the Rural Workers Unions (STRs), and almost 30 percent did not engage in any kind of collective organization. Cooperatives of family farmers face difficulties with obtaining Federal Government Food Safety certification (SIF/MAPA), a significant barrier for accessing markets. Whilst these barriers are being slowly overcome, rural market access is impeded during the wet season when roads become impassable. As experience from the previous project shows, better-quality road pavement leads to agricultural sales increase, as this has been clearly demonstrated by the milk and fruit sectors. Tourism activity accounts for 8 percent of Rio Grande do Norte's GDP and contributes to over 100 thousand formal jobs. Between 2002 and 2020, the share of value added from services to the state's economy - tourism included - grew from 66 percent to 77 percent. However, when the COVID-19 pandemic hit, the State lost a significant number of incoming international flights which are yet to resume, reducing foreign currency income. Tourism in the state continues to suffer from a lack of diversification; over 90 percent of visitors during peak seasons visit or plan to visit beaches - benefitting larger companies rather than community-based tourism, while only 14 percent visit or plan to visit inland cities. The proposed Project aims at developing the agriculture and tourism sectors of five key hubs for the economy of the state, while improving transport access with a safer, climate resilient, and sustainable road asset management strategy. Those five hubs have been selected based on the findings of a study commissioned by the state during implementation of Phase 1, which considered, inter alia: volumes of farm credit for capital expenditures and fixed costs; federal fiscal incentives and state fiscal incentives for industrial development given since 2003, linkages with road infrastructure, presence of traditional communities and rural settlements, and market sales potential, including for exports. The five hubs are: (i) Costa Branca region, where there is cluster of fruit cooperatives, (ii) Sertao region, where there is a cluster of cotton cooperatives; (iii) Serido region, where cheese production by women groups (cheese making/queijeiras) predominate, (iv) "Rota do Frio", where honey production is being developed, and (v) Costa Mar, where animal protein is the key livestock/agricultural output. In doing so, the project will invest in family farming resilience (climate adaptation/mitigation, productivity, and marketing of products)



Investment Description

- World Bank (WB)



Contact Information

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Bank Documents

- [Appraisal Environmental and Social Review Summary \(ESRS\) - Rio Grande do Norte: Sustainable Developm](#)
- [Appraisal Project Information Document \(PID\)](#)
- [Concept Environmental and Social Review Summary \(ESRS\) - Rio Grande do Norte: Sustainable Developmen](#)
- [Concept Project Information Document \(PID\)](#)
- [Environmental and Social Commitment Plan \(ESCP\) - Rio Grande do Norte: Sustainable Development and G](#)
- [Revised Environmental and Social Management Framework \(ESMF\) Rio Grande do Norte: Sustainable Develo](#)
- [Revised Resettlement Framework Rio Grande do Norte: Sustainable Development and Governance of Rio Gr](#)
- [Stakeholder Engagement Plan \(SEP\) - Rio Grande do Norte: Sustainable Development and Governance of R](#)