



### Project Summary Information

Date of Document Updating: 09/10/25	
<b>Project Name</b>	Recovery and Trade-Facilitation Project in Guaíba, Rio Grande do Sul
<b>Project Number</b>	P000974
<b>AIIB member</b>	Brazil
<b>Sector/Subsector</b>	Multi-sector
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To restore and upgrade trade-enabling infrastructure affected by the floods in the municipality of Guaíba, Rio Grande do Sul, to improve connectivity and enhance climate and flood resilience.
<b>Project Description</b>	<p>In May 2024, unprecedented floods struck the State of Rio Grande do Sul, Brazil, causing widespread destruction and displacing more than 50,000 people. The municipality of Guaíba, located in the Porto Alegre metropolitan area, was among the most severely affected. With an economy strongly linked to international trade, particularly with Asian markets, Guaíba's recovery is critical to restoring local livelihoods and regional economic activity.</p> <p>The Project will help Guaíba “build back better” by reconstructing and upgrading critical urban, transport, and flood protection infrastructure to withstand future extreme weather events. It will integrate climate-resilient design, adopt best practices in environmental and social management, and incorporate nature-based solutions where feasible.</p> <p>The Project comprises the following components:</p> <ul style="list-style-type: none"><li>A. Urban Drainage and Flood Protection – Upgrading dikes, pumps, and drainage systems, and adding new flood prevention infrastructure.</li><li>B. Green Logistics and Industrial Area – Developing infrastructure to enhance cross-border trade with Asia.</li><li>C. Urban and Transport Access Infrastructure – Rebuilding and expanding resilient urban and transport systems to improve connectivity.</li><li>D. Climate Monitoring, Risk Management, and Sanitation – Establishing climate monitoring, risk management, and</li></ul>

	<p>emergency notification systems, alongside basic infrastructure restoration.</p> <p>E. Program and Project Management – Providing oversight and support across all components.</p> <p>With a population of about 93,000 and the fifth largest economy in the state, Guaíba's key industries include cellulose processing, auto distribution, elevator manufacturing, and other manufacturing sectors. This Project will address critical infrastructure gaps, strengthen climate resilience, and support sustainable, trade-driven economic recovery.</p>
<b>Expected Results</b>	<p>The Project is expected to halve the distance between key trade routes, protect 2,470 hectares and nearly 30,000 residents from major floods, provide early warning coverage to over 65,000 people, attract at least 10 companies to a new green industrial zone, expand the municipal tax base, boost local economic activity, deliver 12.8 km of resilient urban roads, train 800 municipal staff in disaster risk management, and enhance preparedness through real-time flood and water quality monitoring.</p>
<b>Environmental and Social Category</b>	A
<b>Environmental and Social Information</b>	<p><b>Applicable Policy and Categorization:</b> 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 applicable, in view of the ESMP Framework, 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 (ES) risks during the construction and/or operational phases of the sub-projects, necessitating comprehensive impact assessments and robust mitigation measures.</p> <p><b>Environmental and Social Instruments:</b> Given the Project's urgency, a phased ES approach is applied. The Guaíba Municipality has prepared an Environmental and Social Management Planning Framework (ESMPF) detailing procedures for screening, assessing, managing, and monitoring potential ES risks. It also outlines institutional roles, stakeholder engagement, grievance redress mechanisms, and requirements for information disclosure. Additionally, it provides guidance on budgeting and scheduling the implementation of ES measures. The ESMPF is disclosed on AIIB's website (<a href="#">link</a>) together with the Project Environmental and Social Impact Assessment (<a href="#">link</a>). Subproject ES instruments providing more detailed analyses of ES impacts and risks and mitigation measures for individual subprojects will be prepared in accordance with the ESMPF following Project approval.</p> <p><b>Environmental Aspects:</b> 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</p>

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 excessive sedimentation, deterioration in water quality and impacts on aquatic biodiversity, may extend to Lake Guaíba which is a key source of freshwater for Porto Alegre. A baseline water quality study will therefore be required prior to the commencement of work. ES Impacts will be mitigated in accordance with the ESMPF and relevant subproject ES 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. In this regard, a Resettlement Planning Framework has been prepared ([link](#)). 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 prepared as part of the subproject environmental and social management plans. This plan will outline measures to prevent, mitigate, and respond to gender-related risks while ensuring a safe and inclusive work environment.

**Occupational Health and Safety, Labor and Employment Conditions:** Municipalities in Brazil adhere to national labor laws that ensure fair labor practices and safe working conditions. The ESMPF requires that all subprojects are screened for labor-related issues and rely on government database to avoid hiring non-compliant entities. It also sets clear requirements to identify and address health, safety, social, and environmental risks for workers. Strong awareness of occupational safety standards exists in Brazil, and compliance will be ensured through regular monitoring of project sites.

**Stakeholder Engagement, Consultation, and Information Disclosure:** Meaningful stakeholder engagement will be central to Project implementation. Consultations were conducted throughout the preparation of the ESMPF and will be conducted during the preparation of subproject instruments, involving affected communities and key stakeholders identified. A Stakeholder Engagement Plan (SEP) ([link](#)) will guide engagement efforts across the project cycle, outlining responsibilities

	<p>and culturally appropriate strategies for ongoing consultation. All relevant sub-projects' ES documents will be disclosed by the Client in a timely and appropriate manner and on AIIB's website in accordance with ESP.</p> <p><b>Project Grievance Redress Mechanism (GRM):</b> Guaíba Municipality's existing GRM is described in the project document prepared by the Municipality (<a href="#">link</a>), and will be used and updated as needed to align with project requirements and address both community and worker grievances. Separate mechanisms will also be established at the contractor level for worker complaints. Public consultations will inform affected stakeholders about the GRM and Bank's Project-affected People's Mechanism (PPM) to ensure transparency and accessibility.</p> <p><b>Monitoring and Reporting Arrangements:</b> The Project Implementing Unit (PIU) established at the municipal level will have primary responsibility for monitoring the progress and performance of the Project and will report to the Bank through the submission of quarterly progress reports based on a format agreed between the Client and the Bank. AIIB will conduct monitoring, including in-country supervision missions, for managing and monitoring impacts and ensuring compliance throughout the Project lifecycle, and periodic technical review visits to provide necessary implementation support at various Project stages.</p>		
<b>Cost and Financing Plan</b>	<p>Total: USD87.5 million  AIIB: USD70.0 million  Municipality of Guaíba: USD17.5 million</p>		
<b>Borrower</b>	Municipality of Guaíba		
<b>Guarantor</b>	Ministry of Finance of Brazil		
<b>Implementing Entity</b>	Municipality of Guaíba		
<b>Estimated date of loan closing</b>	June/2031		
<b>Contact Points:</b>	<b>AIIB</b>	<b>Borrower</b>	<b>Implementation Organization</b>
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<b>Date of Concept Decision</b>	May 22, 2025		

<b>Date of Appraisal Decision</b>	August 7, 2025
<b>Estimated Date of Financing Approval</b>	Q4 2025

<b>Independent Accountability Mechanism</b>	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide 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 its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: <a href="https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html">https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html</a></p>
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