

Integrated Safeguards Data Sheet			
Section I – Basic Information			
Date ISDS Prepared/Updated: April 8, 2002			
A. Basic Project Data (from PDS)			
COUNTRY: Brazil	PROJECT ID: PE-P066259-LEN-BB		
PROJECT: Second Programmatic Financial Sector Adjustment Loan	TTL: Anjali Kumar		
APPRAISAL DATE: February 26th	IBRD AMOUNT (\$m): 400 Million		
BOARD DATE: June 13, 2002	IDA AMOUNT (\$m): None		
MANAGING UNIT: LCSFF	SECTOR: Finance		
LENDING INSTRUMENTS: Programmatic Loan	STATUS: Lending		
Project Objectives (From PDS) The objective of the proposed operation is to lend continued support to the broad-based and comprehensive financial sector reform program pursued by the authorities and supported by the Bank through a first programmatic loan in 2001, and further extended in scope and depth in the last year. Through its support for a strengthened financial system, the loan would help to anchor poverty reduction in Brazil with sustained and crisis-free growth, thus aiding long term poverty alleviation.			
Project Description (From PDS) The proposed second financial sector adjustment loan supports sustained progress in all reform areas covered in the first programmatic operation, and gives recognition to acceleration in implementation of difficult financial sector reforms, beyond the scope of the first programmatic adjustment operation. Areas covered in the first operation and extended to the present operation include: broad progress with regard to achievement of indicative actions envisaged in the first operation, encompassing the raising of depth and efficiency of financial intermediation, banking system soundness, securities markets governance and regulation, and protection against payments system risk. A second area, introduced in the present operation, is public bank reform, and third acceleration of progress in major legal reforms pertaining to the financial sector.			
Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.) No specific project site. Encompasses Central Bank and Financial Institutions in various cities in Brazil.			
B. Check Environmental Classification A <input type="checkbox"/> , B <input type="checkbox"/> , C <input checked="" type="checkbox"/> , FI <input type="checkbox"/> , TBD <input type="checkbox"/>			
Comments:			
C. Applicability of Safeguard Policies (from PDS) Click on Policy name for brief summary of objectives, triggers and requirements Click on Policy reference number for full policy			
	Yes	No	TBD
Environmental Assessment (OP/BP/GP 4.01)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Forestry (OP/GP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Involuntary Resettlement (OD 4.30)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples (OD 4.20)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cultural Property (OPN 11.03)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues. Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

1. Describe any safeguard issues and impacts associated with the proposed project

Although there are no obvious safeguard issues, a study was commissioned which included: (i) a broad investigation of present environmental policies and standards applicable towards both federal and private bank lending; (ii) issues concerning the application of such standards, at both federal and private banks; and how these are taken into consideration for credit decisions; (iii) the possibility of the existence of environmental liabilities in the portfolio of federal banks, which may require restructuring, and measures taken to deal with such liabilities. A detailed report has been produced and is annexed to this document (Portuguese original plus English Translation).

2. Identify and describe any potential large scale, significant and/or irreversible impacts. Describe any potential cumulative or long term impacts.

None

3. In light of 1 and 2, describe the proposed treatment of alternatives (if required)

None

4. Describe arrangement for the borrower to address safeguard issues

None

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Based on the report, the team concludes that at present the continued debate of environmental issues and the financial sector could be a part of a forward looking Bank program. Second, the unfinished goal of the formal extension of the Protocol Verde to private banks and evaluations and reforms of the current environmental licensing system could also be evaluated at a future stage, once the MMA concludes its diagnostic. Third, an exploration of the regulation of saleable environmental securities and insurance against environmental risks is recommended. Finally, continued emphasis on training and development of adequate human resources, within financial institutions as well as in partner implementing agencies, is advisable.

As follow up to its report, the Bank team has forwarded the consultant study to the banking system through the offices of FEBRABAN, the bankers association, and also to the Central Bank. Both are prepared to engage in follow up seminars as recommended. FEBRABAN has already begun to actively engage in initiatives concerning sustainable banking. In March 2002, Febraban organized a debate on environmental risks and opportunities for banks (*Riscos e oportunidades ambientais para bancos*), which was held in São Paulo on March 6. The keynote speaker was from IFC. Over 70 persons from different banks attended the event. In March, besides this event, there was another organized by ABN Amro bank and one by the UNEP in Rio de Janeiro, where attendance from Brazilian banks was high.

E. Safeguards Classification (select one). Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

S₁. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas

S₂. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable

S₃. – No safeguard issues

S_F – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

F. Disclosure Requirements

Environmental Assessment/Analysis/Management Plan: Not applicable

Date of receipt by the Bank	.../.../...	or N/A
Date of "in-country" disclosure	.../.../...	or N/A
Date of submission to InfoShop	.../.../...	or N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	.../.../...	or N/A

Resettlement Action Plan/Framework: Not applicable

Date of receipt by the Bank	.../.../...	or N/A
Date of "in-country" disclosure	.../.../...	or N/A
Date of submission to InfoShop	.../.../...	or N/A

Indigenous Peoples Development Plan/Framework: Not applicable

Date of receipt by the Bank	.../.../...	or N/A
Date of "in-country" disclosure	.../.../...	or N/A
Date of submission to InfoShop	.../.../...	or N/A

Pest Management Plan: Not applicable

Date of receipt by the Bank	.../.../...	or N/A
Date of "in-country" disclosure	.../.../...	or N/A
Date of submission to InfoShop	.../.../...	or N/A

Dam Safety Management Plan: Not applicable

Date of receipt by the Bank	.../.../...	or N/A
Date of "in-country" disclosure	.../.../...	or N/A
Date of submission to InfoShop	.../.../...	or N/A

If in-country disclosure of any of the above documents is not expected, please explain why.

Not applicable

Signed and submitted by:

Task Team Leader:	Name	Anjali Kumar	Date:	April 8, 2002
Project Safeguards Specialist 1: Not applicable	Name		Date:	
Project Safeguards Specialist 2: Not applicable	Name		Date:	
Project Safeguards Specialist 3: Not applicable	Name		Date:	

Approved by:

Regional Safeguards Coordinator	Juan D. Quintero	Date	April 02/02
Sector Manager	Fernando Montes-Negret	Date	

Fernando Montes-Negret - April 9/02