

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC524

Date ISDS Prepared/Updated: January 27, 2004

I. BASIC INFORMATION**A. Basic Project Data**

Country: Brazil	Project ID: P087711
Project Name: Additional Financing-BR Espirito Santo W	Task Team Leader: Franz R. Drees
Estimated Appraisal Date: March 22, 2004	Estimated Board Date: June 3, 2004
Managing Unit: LCSFW	Lending Instrument: Additional Loan
Sector: Sewerage (75%);Water supply (25%)	Theme: Access to urban services for the poor (P); pollution management and environmental health (P)
Safeguard Policies Specialists in the task team: Mr. Alexandre Fortes	
Loan/Credit amount (\$m.): IBRD: 36	
Other financing amounts by source: US\$26 million (State Government of Espirito Santo + State Water Company (CESAN))	

B. Project Objectives

The State Government of Espirito Santo has requested an additional Bank loan of US\$36 million in support of the *Espirito Santo Water and Coastal Pollution Management Project* (PRODESAN) which was partially financed by Bank loan 3767-BR between 19 December, 1994 (effectiveness) and 30 June, 2003 (closing date). The State Government's request stems from a desire to meet the project's original water and sewerage coverage targets as well as institutional development objectives.

Additional financing for the project would allow the State Government to (i) connect additional users to the still under-utilized trunk sewerage infra-structure constructed during the last 3 ½ years; (ii) improve the water quality, service continuity and service pressure of water supply systems, particularly in the poorer neighborhoods of Grande Vitória and Guarapari; and (iii) reach the *institutional* development objectives for the state environmental agency IEMA and the state water company CESAN. Initial estimates suggest that about 75% of the beneficiaries of additional water supply investments and 38% of the beneficiaries of additional sewerage investments would be poor (family incomes of less than 3 minimum salaries). Overall, about 1.4 million people are expected to benefit from follow-on investments in improved water supply services (improved service continuity, pressure and water quality) and about 410,000 people are expected to receive sewerage connections. Proposed project activities are consistent both with the State Government's 2004-2007 environmental sanitation agenda and the *Millennium Development Goals* (Goal 7: "Ensure Environmental Sustainability", Target 10: "Halve, by 2015, the number of people without sustainable access to safe drinking water") and the Johannesburg Sustainable Development Summit target of halving those without adequate sanitation by 2015.

The additional loan would support activities consistent with the project's three original **development objectives (DO's)**:

1. to improve the efficiency of CESAN's water supply and sewerage systems by supporting the company's efforts to operate on a commercial basis with financial self-sufficiency;
2. to increase the coverage level of CESAN's water supply and basic sanitation services (i.e. sewage collection, treatment and disposal) in the urban areas of Grande Vitória, Guarapari...and other towns in the Santa Maria and Jucu river basins; and
3. to provide appropriate water and sanitation infrastructure in low-income urban areas of Grande Vitória and Guarapari.

C. Project Description [from section 4 of PCN]

The additional loan would finance activities under the following four components:

1. **Sanitation.** Construction of additional sewage collection networks that would connect to the trunk infrastructure built with financing from loan 3767-BR. In addition to allowing about 230,000 additional people to enjoy the benefits of piped sewerage, the proposed investments are key to increasing CESAN's revenues from sewage charges and fundamental to increasing capacity utilization of 4 large sewage treatment plants (STP's) in Grande Vitória and Guarapari. In addition to the sewage investments that connect to existing infrastructure CESAN will construct sewage collection and treatment systems in other municipalities in the project area.
2. **Water Supply.** Capacity expansions for raw water intakes and water treatment plants, construction of storage tanks and distribution mains to improve the quality and service continuity of water supply in the Grande Vitória and Guarapari metropolitan regions. The proposed investments would complement the water supply infrastructure constructed with financing from loan 3767-BR.
3. **Institutional Strengthening of SEAMA/IEMA.** This component would strengthen the environmental management capacity of the State Secretariat of the Environment and Water Resources (*Secretaria de Estado do Meio Ambiente e Recursos Hídricos / SEAMA*) which is charged with defining Espírito Santo's environmental policies and its sister institution, the State Environmental Institute (*Instituto Estadual de Meio Ambiente e Recursos Hídricos / IEMA*) which is responsible for carrying them out. Possible activities include (i) the design of an institutional strategy for SEAMA/IEMA; (ii) implementation of an integrated environmental information system; (iii) improvements to the environmental licensing process in Espírito Santo; (iv) implementation of a monitoring network for water resources; (v) construction of a water resource management system; (vi) environmental education.
4. **Institutional, Financial and Operational Strengthening of CESAN.** This component would include activities designed to (i) improve CESAN's financial and operational performance; and (ii) to hold CESAN accountable to its customers in terms of performance.

D. Project location (if known)

The additional loan would finance water supply and sewerage investments in the Grande Vitória and Guarapari metropolitan areas of the State of Espírito Santo, Brazil.

E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]

The Bank has previously provided the Borrower (the State Government of Espírito Santo) a US\$112.5 million loan in support of the *Espírito Santo Water and Coastal Pollution*

Management Project. Safeguard performance was satisfactory. The proposed additional loan in support of this existing project will allow the Borrower to achieve the environmental, social and financial objectives originally established for the project, mostly by allowing additional users to connect to existing sewerage systems, but also by strengthening the State's environmental management capacity.

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
<input checked="" type="checkbox"/>	<u>Environmental Assessment (OP/BP 4.01)</u> Environmental Assessment (OD 4.01). The project is expected to have a very positive environmental impact overall, by connecting some 410,000 additional people to sewage collection and treatment systems in the Grande Vitória and Guarapari metropolitan areas, thereby cleaning up the estuarine and coastal water ways within and adjacent to these urban areas. Local construction impacts will be controlled through detailed environmental guidelines that will be incorporated into bidding documents. An environmental assessment will be prepared in February, 2004.
<input type="checkbox"/>	<u>Natural Habitats (OP/BP 4.04)</u>
<input type="checkbox"/>	<u>Pest Management (OP 4.09)</u>
<input type="checkbox"/>	<u>Involuntary Resettlement (OP/BP 4.12)</u>
<input type="checkbox"/>	<u>Indigenous Peoples (OD 4.20)</u>
<input type="checkbox"/>	<u>Forests (OP/BP 4.36)</u>
<input type="checkbox"/>	<u>Safety of Dams (OP/BP 4.37)</u>
<input type="checkbox"/>	<u>Cultural Property (draft OP 4.11 - OPN 11.03)</u>
<input type="checkbox"/>	<u>Projects in Disputed Areas (OP/BP/GP 7.60)*</u>
<input type="checkbox"/>	<u>Projects on International Waterways (OP/BP/GP 7.50)</u>

Environmental Assessment Category:

A B C FI TBD (to be determined)

III. SAFEGUARD PREPARATION PLAN

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared.

N.A.

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS

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

It is expected that the ISDS will be updated by March 1, 2004.

- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS.

An environmental assessment will be prepared in February, 2004.

IV. APPROVALS

<i>Signed and submitted by:</i>		12/23/03
Task Team Leader:	Franz R. Drees	Date
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Name: Juan David Quintero (LCSEN)	Date
Comments		22 Jan, 2004
Sector Manager:	Name: Maria Emilia Freire (Acting for John Henry Stein, Sector Manager, LCSFW)	Date
Comments		27 Jan, 2004

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.