



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 12/23/2020 | Report No: ESRSC01797



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Paraguay	LATIN AMERICA AND CARIBBEAN	P175320	
Project Name	Asuncion Riverfront Urban Resilience Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Urban, Resilience and Land	Investment Project Financing	4/12/2021	6/1/2021
Borrower(s)	Implementing Agency(ies)		
Republic of Paraguay	Ministry of Public Works and Communications (MOPC)		

Proposed Development Objective

To improve livelihoods for targeted vulnerable households and upgrade sustainable living conditions along the riverfront of Asunción.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>72.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

Paraguay has been characterized by relatively solid economic growth and poverty reduction in recent years, but the COVID-19 pandemic threatens to stall or even reverse this progress. Almost two-thirds of Paraguayans live in cities, and 47% of the total population is concentrated in the Metropolitan Area of Asunción (AMA), whose rapid growth has been unmatched by a corresponding capacity to plan and provide services to an increasingly complex and vulnerable urban landscape. The AMA is a reflection of the natural and anthropogenic risks that Paraguay faces today: COVID-19, lack of economic opportunity, poor housing conditions, poor coverage of public services, lack of public spaces, natural ecosystems threatened by improper land use, and increasing climate-change-related hazards like flooding. The



Government has requested support for a multipurpose, integral program to jumpstart the regeneration of the riverfront of the AMA through improving public spaces, revitalizing the Historic Center, and ensuring that communities affected by the development of the riverfront areas fully benefit from its development. The Project aims to revitalize public spaces and key corridors of the historic center and help put in place the infrastructure and urban planning to allow for the medium-term development of the area. Doing so will help to build a greener, more climate-friendly city, help to protect Asunción’s main natural assets, promote socioeconomic development, and strengthen institutional capacity as the first step in a medium-term effort to build urban resilience. The proposed Project includes three components: (i) Component 1 will support the implementation of four keystone projects along the waterfront and in the historic center; (ii) Component 2 will support economic development activities and participatory strategies for improving the quality of life and livelihoods of vulnerable communities; and (iii) Component 3 will support institutional capacity building for national and municipal authorities on urban planning, land use and risk management.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Project will be implemented in the Asunción Riverfront (Bañados) and the City's Historic Center. The area of influence of the Project also includes an ecological reserve (Banco San Miguel and Bahía de Asunción) and a Public Park (Parque Caballero).

The Bañados is an area characterized by the lack of urban planning, thousands of families informally settled in high-risk areas with historical flooding problems. This area is home to the poorest income percentile in the city. Despite the increasing risk of flooding and extreme weather events due to climate change, the population living in Bañados has grown steadily over time, swelling from around 40,000 inhabitants in 1993 to around 100,000 today. They live in poor housing, sanitation and hygiene conditions, exacerbating their vulnerability to natural hazards and health-related events like the COVID-19 pandemic. In 2018, over 10,000 people sought emergency shelter due to riverine flooding, creating job insecurity and disrupting lives. Some attempts have been made in recent years to partner with these coastal communities to improve their living conditions, but so far, the results have been insufficient. There are few channels for effective public participation in urban planning or budgeting processes to respond to their needs, highlighting an opportunity to improve citizen engagement with a focus on elevating the voice and agency of women, whose political participation is limited nationwide. The Eco-Inclusive District (DEI) is an area of 35 hectares of public land owned by the Municipal Government of Asunción for urban development. Part of this land located in the high-risk riverfront areas is currently informally occupied by a number between 400 to 600 families approximately.

Banco San Miguel and Bahía de Asunción is a 300-hectare ecological reserve (created by the Law 2715/05) that is partially a natural flood plain. It is located between the bay of Asunción and the Paraguay River, and as such, it is an important hydraulic connection with the city.

The Parque Caballero is the only park with large dimensions (an area of approximately 13 hectares) within the area of the Historic Center of Asunción. It is a green area capable of integrating the city with the riverfront, and the Bahía de Assumption. Likewise, within the park, there are buildings and constructions of patrimonial value such as El Palomar and the General Bernardino National Museum.



The Historic Center of Asunción includes the city’s most iconic public buildings and cultural hubs, a commercial area that includes retail stores and office buildings, and some small urban public parks that have a great potential as urban spaces for dynamic social interaction.

D. 2. Borrower’s Institutional Capacity

The Ministry of Public Works and Communications (MOPC) will be the implementing agency. The MOPC has a small environmental and social team with experience working with international standards since it is implementing Projects financed by the IADB, CAF, and other international organizations. This team also has some experience working with the Bank’s environmental and social safeguards but has no experience so far on the WBG Environmental and Social Framework and also has limited experience on the Implementation of Community-Driven Development Initiatives. A Capacity assessment will be carried out as part of the Environmental and Social Assessment (ESA), prior to Appraisal, to determine any actions needed to strengthen the borrower’s capacity to meet the objectives of the WBG Environmental and Social Standards. E&S specialists will be appointed as part of the PIU team to ensure the implementation of the environmental and social frameworks and follow-up the implementation of the E&S plans.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Moderate

The environmental risk is Moderate. Planned interventions and works under Component 1 would include: (i) design and construction of small-to-medium scale basic infrastructure works (water supply, sanitation, drainage, electricity, public lighting, gas, and paved roads), involving the participation of the respective utilities in the definition of the designs; (ii) construction of social housing units, (iii) revitalization of degraded green areas; and (iv) the construction of public spaces. Projected interventions under Component 2 would support programs for socioeconomic development and strengthening of neighborhood institutions and community-based organizations and might include some small scale rehabilitation or construction works.

The area of influence of the Project includes an ecological reserve (Banco San Miguel and Bahia Asuncion) and the riverfront of the Asunción Metropolitan Area (AMA), an area with historical flooding problems. However, no modifications of natural habitats are foreseen, nor will any works be carried out that imply effects to the soil or to the drainage systems in those areas. In this sense, the planned interventions in these will be of low impact (such as sidewalks, walkways, viewpoints, etc.) and mainly aimed at improving the interrelation of the community and its people with the existing urban ecosystems. The rest of the project interventions will also promote added environmental benefits considering that the current “without-project” situation implies high environmental and health risks to residents of the riverfront of AMA as well as continued degradation of existing parks and natural reserves. The “with-project” situation will require modeling changes in flood risk and drainage systems as a result of any new infrastructure or construction along the coastal area. In addition, hydrodynamic assessments will be included as baseline studies for future infrastructure works.

Social Risk Rating

Substantial

Social risk is Substantial. The main social risks are linked to potential resettlement needs and processes in a socially complex area with a background of conflict over housing solutions, which will require systematic and comprehensive social management and informed consultations in order to ensure equitable, transparent, and efficient processes and

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to minimize any adverse impact on the livelihoods of the affected communities. Social risks also include potential interference generated by the socioeconomic impacts of the COVID-19 pandemic, as well as challenges linked to crime and violence in the implementing area. Sexual exploitation and Abuse and Sexual Harassment Risk is Low according to the World Bank Sexual Exploitation & Abuse/Sexual Harassment Risk Screening Tool. The Country has a strong legal framework focused on GBV prevention and has a National referral pathway protocol for GBV service provision and an active GVB working group under the General Directorate of Prevention and Response to Violence against Women, depending from the Ministry of Women. The Project is expected to finance small and medium infrastructure works and has a low risk of labor influx since it will be fully implemented in urban areas and most of the labor force is expected to be locally recruited. The main social risks will be mitigated through the implementation of activities under Component 2.

## **B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

### **B.1. General Assessment**

#### **ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

##### ***Overview of the relevance of the Standard for the Project:***

This Standard is relevant since Project activities are expected to have primarily positive, but also some minor to moderate environmental and other potential social impacts associated with resettlement in sensitive areas both from a social and environmental perspective. Planned interventions and works under Component 1 would include: (i) design and conduction of small-to-medium scale basic infrastructure works (water supply, sanitation, drainage, electricity, public lighting, gas, and paved roads), involving the participation of the respective utilities in the definition of the designs; (ii) construction of social housing units, (iii) revitalization of degraded green areas; and (iv) the construction of public spaces. Projected interventions under Component 2 include (vi) socioeconomic development programs and strengthening of neighborhood institutions and community-based organizations.

The Project will provide benefits to low-income households of the largest metropolitan area of Paraguay. It will support interventions aimed at bringing a sustainable urban and social inclusion of the targeted neighborhoods. In addition, the Project will support the participating institutions to develop coordinated policies and platforms for urban management, under Component 3.

An Environmental and Social Assessment (ESA) will be prepared to consider potential risks and impacts as well as propose mitigation and management measures aligned with the mitigation hierarchy considerations and requirements of ESS1 and other applicable ESS's.

Overall impacts are considered positive as the focus is to protect key natural resources and improve the urban environment that is highly polluted and impacted along the riverfront and downtown areas. Key environmental risks include those related to worker health and safety and community health and safety from small-medium scale construction and urban upgrading works, traffic management and disturbances to economic activity in densely inhabited areas, security issues for contractors and workers, and the potential presence of cultural resources among other small-medium scale impacts. These risks and impacts are expected to be short-term and limited to intervention sites managed with measures of low to moderate complexity.



Social impacts are also expected to be positive although somewhat more complex than environmental risks and impacts. The risks include those related to resettlement of floodplain inhabitants and flood-risk management measures, conflict over housing solutions, the complexity of working in densely populated areas, resistance to proposed infrastructure, and land-use changes or management measures, among others. These are also expected to be manageable with provisions of the applicable ESS's and strong communication campaigns and social outreach during preparation and implementation. The ESA will provide an understanding of the key stakeholders, potential risks, and impacts along with mitigation measures as well as opportunities for increasing the positive impacts of the project interventions. National licensing requirements under the environmental impact assessment legislation and regulations as well as other relevant municipal regulations regarding environmental and social risk and impact management will be also considered and assessed in the ESA.

The ESA will inform the preparation of an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF). These instruments will establish detailed requirements for work/site-specific Environmental and Social Management Plans and Resettlement Action Plans to be prepared once the designs are defined, and that will include securing the conservation of biodiversity in the area. The ESMPs will require that all works under the Project are implemented following the World Bank Group Environmental, Health, and Safety Guidelines (the EHS Guidelines) and the Good International Industry Practice (GIIP).

In addition, MOPC will also prepare a Stakeholders Engagement Plan (SEP), and an Environmental and Social Commitment Plan (ESCP). Advanced draft ESMF, RPF, and SEP will be virtually disclosed and consulted prior to Appraisal.

**Areas where “Use of Borrower Framework” is being considered:**

There are no areas where the use the Borrowers framework is being considered.

**ESS10 Stakeholder Engagement and Information Disclosure**

This Standard is Relevant. The borrower will prepare a Stakeholders Engagement Plan (SEP), which draft version will be disclosed prior to Appraisal. The SEP will be informed by the findings of the Environmental and Social Assessment (ESA), and the consultations to be carried out during project preparation. It will also include a plan for consultations with all relevant stakeholders from national and municipal public institutions, private sector, local communities, and civil society organizations during Project Implementation. Taking into account the COVID-19 pandemic, all consultation processes associated with the Project will follow the guidelines stated in the Bank's Technical Note on “Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings, March 20, 2020.”

Key stakeholders include the communities settled within the project intervention areas of the Asuncion floodplain estimated to be some 700-100 families. The Bank has supported a strong process of dialogue with stakeholders in this area through the AsuViva participatory program with the Municipality of Asuncion, MOPC, the Social Cabinet and The Ministry of Urbanism, Housing and Habitat, and representatives, other International Organizations like IADB, CAF and KOICA, and from Civil Society, including Habitat for Humanity, Red de ONS, Techo, among others, Pastoral Social, among others. The SEP will include information about the Project's grievance mechanism (GM).



## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

This standard is relevant. The Project will be implemented by staff from the Ministry of Public Works and Communications (MOPC). In addition, some local consultants could be hired to perform specific tasks (Direct Workers) within the project implementation unit. Other types of Project workers will be identified once the Project's activities and works are better defined. It is likely that contract labor will be required for civil works and potentially community workers will be involved as part of the view to support local income generation as part of the COVID-19 economic recovery response. All types of Project workers will be described in the Labor-Management Procedures (LMP), which will also include appropriate occupational health and safety measures that will be applied, including all protocols to prevent and respond to COVID-19 and a reference to the application of the WBG's Environmental, Health and Safety Guidelines (EHSGs) and the WB's ESF/Safeguards Interim Note "COVID-19 Considerations in Construction/Civil Works Project". All working contracts will also reflect appropriate labor and working conditions as per ESS2. The LMP will include a specific Grievance Mechanism to manage workers' concerns. Given works are to be done primarily by private-sector contractors it is not expected that child or forced labor would be important risks; however there may be community-driven activities so appropriate provisions will be included in the LMP in this regard to mitigate any potential risks. Primary supply workers and vulnerable workers will also be considered as relevant to the nature and scale of works proposed and inputs necessary. The LMP will be ready prior to the Effective Date.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

This standard is relevant as the Project investment activities include small/medium-scale and minor civil works in a national ecological reserve for protection and visitation purposes. The project activities and civil works investments are not expected to be significant sources of pollution, emissions (including GHG's), or users of resources as considered by ESS3. The types of potential pollution sources include construction waste, runoff from construction sites and from civil works activities, use of materials, including hazardous materials for construction and petroleum-based products for vehicles and machinery, and air pollution from the operation of machinery and vehicles. Protected areas investments will improve habitats, increase carbon storage, protect watersheds, and retention of surface and groundwater. In terms of pollution, the project design will be geared to incorporate best practices to reduce discharge and waste and is not expected to imply major potential for air pollution, disturbance by noise, or other forms of pollution. Regarding hazardous materials, it is not expected to be a large user or generator of these material and measures will be taken to ensure minimization of adverse impacts on human health and the environment including proper storage, handling, use, and disposal of hazardous, flammable or potentially contaminating wastes. The ESA and the ESMF will define institutional responsibilities and will guide the preparation of site-specific management plans as needed, including a sufficient budget for monitoring equipment and capacity-building regarding pollution prevention and emergency incident response among other measures. Housing designs will consider energy efficiency and water conservation measures.

### **ESS4 Community Health and Safety**





This standard is relevant. The Project involves some community health and safety aspects, mainly in connection with the infrastructure works to be financed under Component 1. Risks include potential for accidents from increased traffic of project vehicles and contractor and primary supplier machinery and trucks; exposure of community to increased levels of dust and noise from construction activity. Designs of public infrastructure and housing will consider disaster risk, universal access, and safety of materials used among other considerations under ESS4 requirements, in addition to risks associated to exposure to COVID-19. In terms of ecosystem services the project will protect those services through the conservation investments and pollution control measures resulting from urban upgrading and from riverfront and stream sanitation investments. Emergency preparedness and response will be considered given the investments are primarily located within a flood-prone area.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

This Standard is relevant since some project activities have associated potential resettlement needs and processes in a socially complex area. This will require systematic and comprehensive social management and informed consultations in order to ensure equitable, transparent, and efficient processes and to minimize any adverse impact on the livelihoods of the affected communities. Specific housing units affected by activities under Component 1 have not been identified yet. In this context, the Project will prepare a Resettlement Policy Framework (RPF), which advanced draft will be virtually disclosed and consulted prior to appraisal to guide the preparation of Resettlement Action Plans when required. Although the majority of technical designs of the infrastructure investments, which are required for the identification of potential impacts under ESS5 will be supported by the Project and developed during Project implementation, some specific technical designs (e.g. for early works) may be defined during the project preparation. In the case that any of these works would be expected to require the taking of land resulting in relocation or loss of shelter, loss of assets or access to assets or loss of income sources or means of livelihood, whether or not the affected persons must move to another location one or more Resettlement Action Plans will be prepared in accordance with the RPF and the paragraph 15 of this ESS prior to any physical or economic displacement.

#### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This standard is relevant as the project is being partially implemented in a site (Banco San Miguel Protected Area) that has biodiversity with relevance at national and international levels. no modifications of natural habitats are foreseen, nor will any works be carried out that imply effects to the soil or to the drainage systems in those areas and all planned interventions there will be of low impact (such as sidewalks, walkways, viewpoints, etc.) and mainly aimed at improving the interrelation of the community and its people with the existing urban ecosystems. In addition, the Paraguay River floodplain has important remnants of natural and modified habitats that are important for flora and fauna including migratory species of birds. The ESA will identify risks and impacts of project activities which will in general benefit the conservation site while advancing its protection and at the same time providing opportunities for people's access and recreational activities such as birdwatching and nature interpretation. The ESA is expected to provide baseline information based on administrative data and other sources of existing information on habitats, and to identify areas that may be of significant biodiversity value (mainly in buffer zones of the Protected Area), or areas of biodiversity importance (declared or not, such as IBAs/IPAs/AZE/KBAs) or any natural/modified habitat to be considered and their ecosystems (e.g. natural grasslands and wetlands). The incorporation of green infrastructure may help reduce erosion, mitigate climate change, and provide habitat for biodiversity in critical areas. Any loss or





modification of habitat will be considered in terms of its significance and follow criteria set forth by the mitigation hierarchy and provisions in ESS6 including any offsets that might be required.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

This standard is not relevant at this stage. The outcome of E&S screening did not identify any potential risks and/or impacts relevant to ESS7. This may be revised based on the findings of the ESA.

**ESS8 Cultural Heritage**

No direct, indirect, or cumulative impact on cultural heritage under the project has been preliminarily identified, although the project will be developed in the core zone of the foundations of the first settlements in the Spanish colonization. For this reason, potential chance findings need to be considered and specific procedures will be included in the contractors' contracts, accordingly. The Preparation of the ESA will include consultations with specialists and local communities with a focus on this matter and may require specific studies or plans for investments in the historic center of Asunción and the riverfront. Management of cultural heritage at the national level is the responsibility of the National Secretariat of Culture, which is in charge of planning, administration, and evaluation of plans, programs, and projects aimed at further developing national arts and culture. They will be consulted in the process of preparation of the ESA and required permits will be obtained both for any studies under the preparation necessary as well as provisions included in the management plan for implementation of works. Subprojects will be evaluated in terms of their potential impact on cultural heritage and managed accordingly, with specific measures and in consultation with the Secretariat of Culture, when necessary.

**ESS9 Financial Intermediaries**

The project does not involve financial intermediaries and the standard is not currently relevant.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

There will not be financing partners related to this project.

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**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

The MOPC will prepare an Environmental and Social Assessment (ESA) prior to Appraisal, to assess the risks associated with the proposed activities, incorporate mitigation measures, and propose actions to improve the design or implementation of the activities. The ESA will inform the preparation of an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF). These instruments will establish detailed requirements for work/site-specific Environmental and Social Management Plans and Resettlement Action Plans to be prepared once the designs are defined, and that will include securing the conservation of biodiversity in the area. In addition, MOPC will also prepare a Stakeholders Engagement Plan (SEP), and an Environmental and Social Commitment Plan (ESCP). Advanced draft ESMF, RPF, and SEP will be virtually disclosed and consulted prior to the appraisal. The final version of the instruments will be prepared based on the consultation processes within the first three months after the Effective Date.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

The MOPC will prepare Labor-Management Procedures, including a GRM for Project Workers.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

08-Mar-2021

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: Republic of Paraguay

**Implementing Agency(ies)**

Implementing Agency: Ministry of Public Works and Communications (MOPC)

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s):	Santiago Ezequiel Arias, Nicolaas Johannes Placidus Maria de Groot, German Nicolas Freire
Practice Manager (ENR/Social)	Paul Jonathan Martin Recommended on 23-Dec-2020 at 05:58:32 GMT-05:00
Safeguards Advisor ESSA	Marco Antonio Zambrano Chavez (SAESSA) Cleared on 23-Dec-2020 at 14:38:3 GMT-05:00