

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	COPASA WATER AND SANITATION PROGRAMME
Project Number:	2019-0288
Country:	BRAZIL
Project Description:	The COPASA Water and Sanitation Programme is structured around provision of sanitation services to unserved customers, provision of additional water connections and climate resilience investment components, in the area of operation of the Company in the state of Minas Gerais.
EIA required:	This is a multi-scheme Framework Loan operation. Some of the schemes might require an EIA
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The Promoter of this operation is COPASA, the main utility company operating water and wastewater services contracts in the State of Minas Gerais in Brasil. The proposed framework loan will finance a number of water and sanitation schemes in COPASA's area of operation. These schemes are part of the Company's ongoing investment Programme in order to meet its sustainability objectives, as well as to provide universal access to water and sanitation. The Programme is fully in line with the Brazilian National Plan for Sanitation (Planasb).

The Promoter has experience in management of environmental and social plans since has implemented several projects in the past similar to this one with CEF and KfW.

The schemes will focus on water supply projects including water treatment, distribution network, household water connections; and sanitation projects like wastewater collection and treatment. Implementation of the framework loan is expected to take place between 2019 and 2022.

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<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

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## **Environmental Assessment**

The Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) is the competent authority at National Level and the Secretary for the Environment and Sustainable Development (SEMAD) is the Regional Competent Authority.

The Programme followed a procedure of strategic environmental assessment similar to the SEA Directive (2001/42/EC).

The main environmental national laws, which apply to the project are Law Number 6938/81 (Environmental Permitting Law) and the Regional Decree 47.042/16. The former regulates general Environmental Protection in the Country, including the procedures regarding ESIA requirements; and the latter is the regional regulation which defines permitting requirements of activities that interfere with the natural environment, including categorization of projects and procedures for Environmental Impact Assessments. In all cases, the Promoter will be required to follow the Bank's Environmental and Social Standards.

If the schemes were located inside the EU, it is expected that depending on the scope, they would fall either under Annex II (i.e. subject of screening by the Competent Authority) or outside the scope of the Directive 2011/92/EU as amended by 2014/52/EU. However, according to the national legislation and the types of project allocations expected during COPASA's Programme, sub-projects are unlikely to require EIAs. In the unlikely event that sub-projects require full EIAs, these will not be commenced until obtaining all the necessary approvals from the Competent Authority. In this case, the Bank will also require the Promoter to provide the EIAs including a Non-Technical Summary (NTS).

The schemes are not likely to have negative impacts on nature conservation areas. Nevertheless, compliance with the Biodiversity and Habitats National Legislation and its alignment with the Habitats and Birds EU Directives (92/43/EEC, 2009/147/EC), international conventions which Brazil is party and the EIB E&S Standards will be further checked during appraisal of individual schemes, before allocating and during the implementation of the project.

The project will have significant environmental benefits by collecting and treating the wastewater thus reducing the pollution in the water bodies. It is estimated that the negative impacts of the schemes will be only the ones associated with the period of construction and are considered localized, temporary and reversible.

### **Climate Change**

The project will contribute to climate change adaptation by improving water security in water stressed areas. In addition, it will contribute to climate change mitigation by reducing the emission of greenhouse gases due to the lack of proper treatment for the wastewater.

### **Social Assessment, where applicable**

The project is expected to bring important lasting benefits to the population by increasing the quality and reliability of water and wastewater services. The project will generally benefit public health, either by increasing or improving sanitation services, and by collecting and treating wastewater before discharging into receiving waters bodies. The Project will also produce a significant positive impact on temporary employment.

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Based on previous projects implemented by the same Promoter, social negative impacts are likely to be limited to possible disruption of services and traffic, noise and temporary occupation of public and private space, and safety hazards during construction only. The project is not expected to cause any involuntary resettlement. In the unlikely event that temporary economic or physical displacement becomes necessary during implementation, the promoter will be responsible for the preparation of satisfactory documentation required under EIB's Social Standards.

The promoter shall ensure that agreements with the selected contractors, include requirements to guarantee that environmental and social aspects of works are carried out in line with the applicable national requirements, ILO standards and EIB standards. Based on the information provided and due to the small scale of the project components and their location, it is not expected that Indigenous people will be affected by the Project.

### **Public Consultation and Stakeholder Engagement**

The project allocations that require full EIA will be subject to Public Consultation according to the relevant legislation, and in line with the principles of the EU Directives. In addition, the promoter will apply a program-wide grievance mechanism that will be monitored by the Bank.

### **Conclusions and Recommendations**

The project contributes towards the fulfilment of SDGs, particularly SDG 6 on "Clean water and sanitation", SDG 11 on "Sustainable Cities and Communities" and SDG 13 on "Climate Action". Overall, the project has positive net social and environmental benefits.

Based on the information available and characteristics of the Project, Environmental and Social Impact Assessments (ESIA) are unlikely to be required for the majority of the allocations. However, if required these will be prepared according to the National Legislation and to the satisfaction of the Bank.

The impacts expected from the sub-projects are mainly construction related and can be addressed through adoption of good engineering practices and appropriate mitigation measures during project implementation.

Taking into consideration the conditions and undertakings below, the project is considered acceptable for Bank financing from an environmental and social perspective.

### **Conditions**

Prior to allocating any financing to a scheme, the Promoter shall submit to the Bank (when required):

- (i) A copy of the ESIA report (environmental and social impact assessment) including a non-technical summary, satisfactory to the Bank;
- (ii) The corresponding Environmental and social Management Plans (EMPs)
- (iii) The Resettlement Action Plan (RAP)
- (iv) The Promoter shall not commit any EIB funds against schemes that require an ESIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the ESIA having been made available to the public.

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### **Undertakings**

- The Promoter will report to the Bank on the status of project implementation and compliance with any Environmental and Social Management Plans every six months until completion of the project.
- The Promoter shall not commit any EIB funds against schemes that require an ESIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the ESIA having been made available to the public.
- The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the ESIA, the Non-Technical Summaries of the ESIA, and Nature/Biodiversity Assessments, Environmental, Social Management Plans, Resettlement Action Plans and Stakeholder Engagement Plans) to be provided to the Bank upon request. In case the EIB requires such documentation, the promoter shall provide all documents requested promptly.
- The Promoter shall ensure that the sub-projects (including all works performed by the contractors) are carried out in accordance with the provisions contained in any required ESIA documents and ESMPs.
- The Promoter shall not commit any funds against any sub-project located in a protected or sensitive area without receiving the consent from the competent environmental authority and submitting the relevant forms to the Bank.
- The Promoter shall implement and operate the Project in compliance with the relevant and applicable rules of national legislation, EIB's Environmental and Social Standards, and ILO core labour standards, in particular with the inclusion of provision (for contractors) for the respect of: principles of equal treatment and non-discrimination in employment and at the workplace, equal access for men and women to employment opportunities and free association.