

**BR-0413 - ULBRA UNIVERSITY AND HOSPITAL PROJECT
BRAZIL**

ENVIRONMENTAL AND SOCIAL STRATEGY⁽¹⁾

I. PROJECT AND COMPANY OVERVIEW

- 1.1 *Comunidade Evangélica Luterana São Paulo* (“Celsp”) is a private legal entity founded in 1925, established as a not-for-profit corporation under Brazilian Commercial law, and is entirely owned by Brazilian nationals. *Universidade Luterana do Brasil* (“Ulbra”) began operations in the 30s and is the educational and health care division of Celsp. Ulbra’s educational facilities comprise 14 campuses, 8 in the state of Rio Grande do Sul and others in the states of Goiás, Amazonas, Pará, Tocantins and Rondônia. Ulbra is considered the largest private university in the state of Rio Grande do Sul. At the end of year 2001, total student enrolment had reached 66,000. The main campus is in the city of Canoas² in Rio Grande do Sul. Ulbra has 3,433 professors school-wide and 3,272 administrative employees. Ulbra’s health facilities include two hospitals in Porto Alegre, one in Tramandaí (in the North Coast), and a medical school, a veterinary hospital and two clinics in Canoas.
- 1.2 The Investment Program in consideration for financing by IDB comprises the following projects to be implemented in the state of Rio Grande do Sul (**see location in Figure 1**): (i) construction of a Medical Research Center, a University Hospital, a Central Library, and a Conference Center at the Canoas Campus (the “Main Campus Project”); (ii) construction and equipping of a new Campus in Santa Maria (“Santa Maria Campus”); and (iii) construction and equipping of a new Campus in Carazinho (“Carazinho Campus”). The total Investment Program eligible to be financed by IDB is estimated at US\$ 169.5 million. The construction contractor on Celsp’s investment program is Celsp’s own Engineering Department, which then sub-contracts some of the services.
- 1.3 All the new facilities integrated in the Investment Program are being implemented in lands belonging to Ulbra and that are currently used for the same purposes; therefore, the projects involved in the Investment Program can be considered as additions to or expansions of existing facilities. The projects are at different stage of development and completion is expected to occur in 2008.

¹ This Environmental and Social Strategy (ESS) is being made available to the public in accordance with the Bank’s Policy on Disclosure of Information. The ESS has been prepared based primarily upon information provided by the project sponsors and does not represent either the Bank’s approval of the project or verification of the ESS’s completeness or accuracy. The Bank, as part of its due diligence on the feasibility of the project, will assess the environmental and social aspects. This assessment will be presented in the project Environmental and Social Management Report, prepared by the Bank, and will be made available to public prior to consideration of the project by the Bank’s Board of Executive Directors.

² Canoas is part of the metropolitan area of Porto Alegre, capital of Rio Grande do Sul in the Southeastern part of Brazil and has a population of 1.5 million inhabitants (Rio Grande do Sul’s population is estimated at 10 million).

- 1.4 The nature of the activities at the Medical Research Center and at the University Hospital will involve use of pathogenic, chemical, and radioactive materials. Handling and disposal of the solid wastes and liquid effluents generated at the new facilities will receive similar type of solutions that are currently being adopted for the existing facilities. The new facilities will be equipped with pneumatic system to transport health services solid wastes to a dedicated room for packaging, and subsequent transportation to licensed hazardous waste treatment and disposal facilities owned and managed by a specialized and certified outside company. Therefore, the projects integrated in the Investment Program will not include facilities for incineration of solid wastes. Furthermore, the liquid effluents generated at the Medical Research Center and at the University Hospital will be treated at an on-site wastewater treatment plant.
- 1.5 Ulbra has an Environmental and Health and Safety Management System compatible with ISO 14001 and OHSAS 18001 standards, an Environmental Policy, and an environmental and health and safety team in their organizational structure, staffed with full-time specialists. Moreover, Ulbra presently adopts several plans and procedures to specifically address environmental, social, health and safety issues, such as: (i) Environmental Risks Prevention Program; (ii) Environmental and Health and Safety Procedures in the Development of Activities; (iii) Working Conditions and Environment Program for Construction Activities; (iv) Health Services Wastes Management Plan (*PGRSS - Plano de Gerenciamento de Resíduos de Serviços de Saúde*); (v) General Solid Wastes Management Plan; (vi) Liquid Effluents Management Plan; (vii) Atmospheric and Noise Emissions Management Plan; (viii) Chemical Products Management Plan; (ix) Hazardous Loads Management Plan; (x) Fire Prevention and Protection Plan; (xi) Occupational Health Medical Control Program; and (xii) Land Use Master Plan; among others.
- 1.6 Ulbra has also environmental and health and safety plans and procedures that apply specifically to their contractors.

II. ENVIRONMENTAL AND SOCIAL COMPLIANCE STATUS

- 2.1 According to national and state of Rio Grande do Sul environmental laws, the projects involved in Ulbra's Investment Program are not required to present an Environmental Impact Assessment Study (EIA) for licensing purposes, as they do not involve construction and operation of hazardous waste treatment or disposal units.
- 2.2 The environmental licensing authorities in the state of Rio Grande do Sul are: (i) the Environmental Protection Foundation (*FEPAM – Fundação Estadual de Proteção Ambiental*), linked to the Department of the Environment (*SEMA - Secretaria Estadual do Meio Ambiente*); and, in some cases, (ii) the Municipality. The environmental licensing system in Rio Grande do Sul includes progressive issuance of the following licenses upon satisfactory compliance with the applicable requirements of the previous one: (i) Preliminary License; (ii) Installation License; and (iii) Operating License. The environmental licensing system in Rio Grande do Sul includes public announcement of the license request and, in some cases, procedures for requesting and conducting public

hearings. There are also other documents that may be issued by the state licensing environmental authority, such as an Authorization, or a Declaration.

- 2.3 Regarding the Canoas Campus, where the Medical Research Center, University Hospital, Central Library, and Conference Center are located, it was agreed with FEPAM that a single licensing process would be carried out. Ulbra has received the Installation License, and the Operating License is pending upon completion of the new wastewater treatment plant. However, it has been agreed also with FEPAM that some of the new facilities in the Canoas Campus and integrated in the Investment Program will receive individual treatment for licensing purposes under separate processes, such as the gas co-generation unit, which received already the Operating License. Other facilities, such as the Analytical and the Unit Operations Laboratories, have been exempted from the traditional environmental licensing procedure, according to Declaration issued by FEPAM.
- 2.4 Relative to the Santa Maria and Carazinho Campuses and according to the information available, all the activities are in compliance with national and state environmental law and have obtained specific Declarations issued by the state environmental licensing authority.
- 2.5 It should be pointed out also that according to national and state legislation, health services providers that generate health services wastes are required to present a Health Services Wastes Management Plan and get approval from the state environmental and health authorities, and must have a responsible technical manager, properly registered in a professional council, in order to provide the correct management of the solid wastes generated in its activities. All the solid wastes must be classified and treated according to the management plan. The state environmental and health authorities control and inspect the treatment and final disposal of the health services solid wastes.
- 2.6 Ulbra has prepared and obtained approval from state authorities to their Health Services Wastes Management Plan, and Solid Waste Management Plan (for general type of wastes), and has a Chemical Engineer (registered at the proper council) responsible for managing all solid wastes generated at their facilities. These Management Plans include description of the wastes generated according to sources and category, and present actions and procedures adopted to properly manage each one.

III. POTENTIAL IMPACTS, RISKS AND CONTROL MEASURES

- 3.1 All the new facilities integrated in the Investment Program are being implemented in lands belonging to Ulbra and that are currently used for the same purposes; therefore, no impacts or issues are anticipated involving expropriation or resettlement, indigenous population, or environmental protected areas, in relation to the implementation of the projects.
- 3.2 The principal potential negative environmental, social, health and safety impacts associated with the construction of the facilities integrated in the Investment Program

will be related to: (i) noise and atmospheric emissions (dust, combustion products, etc.); (ii) interference with local roads, pedestrian ways and bicycle paths; (iii) handling, treatment and disposal of construction wastes and liquid effluents; (iv) interference with urban plans and other land uses; and (v) risks of accidents involving workers and non-workers. These impacts and risks will be prevented and/or mitigated by adopting basic precautions and standard procedures, as established in Ulbra's environmental, social, health and safety procedures and plans (**see Paragraph 1.5**), including the Land Use Master Plan to minimize conflicts with other land uses.

- 3.3 The maintenance and operation of the Santa Maria and Carazinho Campuses will have associated negative impacts typical of expansions and additions at educational facilities, i.e. mainly those related to the induced traffic of vehicles and persons to the new facilities. Ulbra is planning to provide in each case additional parking spaces to accommodate the increased vehicular population associated with the operation of the new facilities.
- 3.4 Regarding the Canoas Campus, the principal potential negative environmental, social, health and safety impacts and risks associated with maintenance and operation of the new facilities will be related to: (i) handling, treatment and disposal of solid wastes, particularly those considered pathogenic, chemical, or radioactive; (ii) handling, treatment and disposal of liquid effluents; and (iii) risk of accidents for health service workers involving pathogenic, chemical, or radioactive materials. Ulbra has several years of experience with handling and providing appropriate destination to the wastes generated at their educational and hospital facilities; therefore, to prevent and mitigate impacts and risks associated with solid wastes, the Company adopts approved waste management plans, and the new facilities will be equipped with pneumatic system to transport health services solid wastes to a dedicated room for packaging, and subsequent transportation to licensed hazardous waste treatment and disposal facilities owned and managed by a specialized and certified outside company. The liquid effluents will be treated at an on-site wastewater treatment plant, and to prevent accidents and impacts related with pathogenic, chemical or radioactive materials, Ulbra adopts specific procedures and plans for handling these materials.
- 3.5 Relative to possible environmental, social, health and safety liabilities associated with existing facilities and operations, Ulbra developed preliminary studies at the sites planned for the new facilities and no liabilities have been detected. However, evaluation of possible liabilities at other existing sites may be required to assess associated risks.

IV. ENVIRONMENTAL AND SOCIAL STRATEGY

- 4.1 As part of the environmental and social strategy for this operation the Bank will require the completion of an Environmental Analysis (EA) and an Environmental Audit, which include a report on environmental, social, health and safety impacts and risks associated with the projects integrated in the Investment Program as well as with all existing facilities and operations. The EA will be disclosed at IDB's Public Information Center, in Washington DC, as well as in the Bank's Country Office.

- 4.2 In addition, the Project team, with the assistance of an independent environmental and social consultant will perform an environmental and social due diligence in order to confirm that all Investment Program impacts and risks have been, or will be properly and adequately evaluated and mitigated. The environmental and social due diligence will specifically assess the following aspects:
- (a) An assessment of compliance status of the projects integrated in the Investment Program and Company existing operations and facilities with national, state, and municipal environmental, social, health, safety and labor regulatory requirements (e.g., laws, regulations, standards, permits, authorizations, applicable international treaties/conventions, etc.), project specific legal requirements, and any applicable IDB environmental and social policy or guideline.
 - (b) An evaluation of the environmental reports related to the projects integrated in the Investment Program to assess the appropriateness of the identification and evaluation of relevant direct and indirect environmental and social impacts and risks, and the adequacy of the definition of mitigation and monitoring measures, in terms of their completeness, sufficiency of detail, implementation, cost, definition of responsibility, schedule, and quality control.
 - (c) An evaluation of Investment Program-related information disclosure and public consultation activities that have been performed, and the proposed future actions, to provide adequate ongoing information disclosure and public consultation with the local population.
 - (d) An evaluation to assess if the direct and indirect environmental, social, health and safety potential impacts and risks associated with the projects integrated in the Investment Program have been properly identified and evaluated, including those referred to in **Section III** of this document, and if adequate control measures have been introduced.
 - (e) An evaluation of the Company's Environmental, Health and Safety Management System, including plans (Environmental and Social Management Plan, Health and Safety Plan, Contingency Plan, Spill Prevention and Counter Control Plan, etc.) and procedures, to assess their adequacy including in terms of responsibilities, training, auditing, reporting, and resources to be made available to ensure adequate implementation, and specifically all the system components necessary to ensure that projects and works which will be implemented will not generate significant negative impacts.
 - (f) An evaluation of potential existing and future environmental, social, health, safety and labor risks and liabilities associated with sites of projects integrated in the Investment Program and Company's existing facilities and operations.

(g) An evaluation to confirm that an acceptable Action Plan is in place, as necessary, in order to correct or mitigate the existing environmental, social, health and safety non-compliances and/or liabilities associated with the Company's existing facilities and operations.

(h) An evaluation, and further development as necessary, of Investment Program monitoring and supervision procedures to ensure proper implementation of environmental, social, and health and safety actions and requirements

4.3 Furthermore, the Bank, as part of the due diligence process, will analyze the environmental and social aspects of the Investment Program and establish the appropriate environmental, social, health, safety, and labor requirements in the Loan Proposal for review and approval by the Bank's Committee on Environment and Social Impact (CESI).

FIGURE 1

ULBRA UNIVERSITY AND HOSPITAL PROJECT PROJECT LOCATION

