

São Paulo, May 13, 2011.

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Ref.: Complain based on the IDB's Environment and Safeguards Compliance Policy  
Subject: **Mário Covas Ring Road – North Section, São Paulo, Brazil (ref# BRL-1302).**

Due to the fact that Mário Covas Ring Road – North Section violates both Brazilian law and the IDB Environment and Safeguards Compliance Policy. We hereby bring to the attention of MICI a matter of the highest severity and thereupon require urgent action and for this reason we are asking for a **Compliance Audit** of MICI.

The Facts:

Mário Covas Ring Road – North Section is projected to cross a very sensitive hilly region of Cantareira Mountain, part of the **São Paulo City Green Belt Biosphere Reserve** (GBBR-SP) recognized by UNESCO-MAB. This area harbors the watersheds that supply drinking water for more than 9 million people, stabilizes climate against the city's heat islands, controls erosion, prevents more dramatic floods downtown, it is home to a vivid wildlife – a real Noah's Ark: more than 200 species of birds and many other ecosystem goods and services. The Atlantic Rainforest that covers Cantareira Mountain is one of the hotspots worldwide and is considered to be the largest urban forest in a global scale.

There are at least 12 points that deny the very fundamentals and paradigms of the ring road highway complex; because they have already proved to be false as they in one way or another completely failed in the sections that are already operating. For instance: a) The Ring Road did not fulfill its originally planned role of mitigating urban growth, on the contrary, it actually induced and contributed to further urban expansion, and increased traffic congestion of what is already one of the largest cities on earth; b) downtown air contamination is increasing and traffic has not been meaningfully affected by the Ring Road; c) some tranches of the highway are already overloaded; d) the total cost originally estimated to amount US\$ 1 billion is dramatically increasing to US\$ 15 billion and it is likely to double in case socio-environmental liabilities and footprints are considered; e) Climate deterioration is not been contemplated at all by the Official Environmental Impact Assessment (EIA). All 12 points are been exhaustively detailed in the Counter-RIMA report that will be mailed soon.

Therefore, a question arises: shall we insist on this rusty model, exporting contamination and chaos to areas which still present some environmental purity, i.e. the Cantareira Mountain?

Despite all these facts, an IDB representative – Mrs. Vera Lúcia Vicentini – has recently been in Brazil and declared that everything was OK with the Ring Road – North Section project and probably still this year the money will be in the pipeline. How is this possible if the project did not receive yet the approval of officials – a requirement of Brazilian law? By now the only thing that exists is a political will from São Paulo State Government but without any formal approval as such.

The IDB Environment and Safeguards Compliance Policy has been violated as shown below:

Introduction: *“These mandates included provision for (v) improving the urban environment; (vi) promoting sustainable management of natural resources with specific references to environmentally sustainable practices for water resources, forestry, and biological diversity. [...] (vii) addressing issues of transparency, and access to environmental information and stakeholder consultation”.*

In the Counter-RIMA report we prove that our urban environment will be severely affected in case the GBBR-SP is under threat – the more the Biosphere Reserve (BR) is disturbed, the more citizens’ life quality decreases. Considering this BR shelters important water harvesting systems and is home to one of the richest biodiversity worldwide – as above mention – we understand that the sustainable management of natural resources **is not properly addressed** by São Paulo official EIA.

Introduction: *“Environment Strategy was developed to support the Bank’s two overarching objectives: achieving sustainable economic growth and reduction poverty and inequality”.*

We consider that Mario Covas Ring Road – North Section goes in opposite direction as the project shall be the cause of the resettlement of more than 10,000 residents of the region where the highway is designed to cross through but the EIA presents no details about the resettlement procedures, which goes against the law. The portions of the Ring Road that are already operating, i.e. West and South sections, still present a high degree of socio environmental liabilities as detailed in our Counter-RIMA report.

Introduction: *“the increased role of civil society participation in the context of democratic process”.*

This is not really being met as our previous request, letter to the IDB’s president and the IDB Brazilian regional office on February 23, 2011, did not receive any answer yet (Annex 01).

Scope: *“This policy is grounded in the principles of sustainable development as set out in the Declaration of Rio 92, Agenda 21, and most recently reinforced in the World Summit on Sustainable Development in Johannesburg”.*

Quite unaccomplished as the EIA of ring road north section does not address the crucial issue of climate deterioration.

Policy Directives: A.2. Supporting Environmental and Natural Resources Management Operations *“improve management of water resources and promote carbon sequestration activities and the reduction and control of green house gas emissions ”.*

In fact water resources are already collapsing and the project is to worsen this situation. As far as greenhouse emissions are concerned it is well known that the GBBR-SP has the capacity of sequestering more than 60% of the CO<sub>2</sub> pumped out by human activities downtown. As the EIA of Ring Road – North section does not take these facts into account – No inventory of phytotoxic gases has been provided, nor the present sanity stage of vegetation, and not even the Cantareira water harvesting system has been reported – we claim for a complete inventory made by an outsider authority on the matter.

Policy Directives: A.6 Assessing Environmental Risks and Opportunities *“The Bank will seek to identify early-on potentially highly sensitive programs/projects or sectors considered for possible Bank financing in this operational programming documents, including Countries Strategies, in order to plan for possible courses of action to manage risk. [...] The Bank may adopt a risk management approach to anticipate precautionary measures”.*

Considering the Cantareira Mountain is a highly sensitive area where natural disasters are already occurring and shall increase in the short and medium run, it is worrisome that EIA also failed addressing this issue.

Policy Directives: B.9 Natural Habitats and cultural Sites *“The Bank will not support operations that, in its opinion, significantly convert or degrade critical natural habitats or that damage critical cultural sites”.*

VI Definitions of Critical Natural habitats *“core areas of Biosphere Reserves”.*

We consider that the EIA does not approach the GBBR-SP in a proper way, because it is missing the assessment of the direct as well as the indirect impacts of ring road construction over the very environment. The IDB should pay attention to a relevant point: this hotspot is environmentally so sensitive that it was in 1988 that the IDB proposed lending for the ring road across the forest hotspot, and that the IDB in the face of protests and investigations withdrew its support and that at that time the World Bank, Japanese and British governments also refused financial support for road proposals that would traverse the areas. Even IDB was a bit cautious in the recent past.

Policy Directives: B.11 Pollution Prevention Abatement *“Bank-financed operations will include as appropriate, measures to prevent, reduce or eliminate pollution emanating from their activities”.*



As for human health, all modeling analysis for air pollution performed by EIA has taken local standards and parameters instead of international ones. The problem is: Brazilian standards are much more tolerant than the internationally accepted ones (WHO) and this is quite unacceptable.

On the other hand, the bank has to be warned that Mario Covas Ring Road is under investigation by the National Attorney's Office. The charges are: corruption, capital laundry, and many other crimes of the same kind. (newspaper clipping Annex 02).

We would like to emphasize that we are acting not only as individual citizens (see attached résumés, annexes 03 and 04) but also as representatives of Brazilian NGOs (see declaration, annex 05). The signee Mauro Victor was the coordinator of the studies that created the GBBR-SP and was the person who pointed out to the IDB all the inconsistencies, misinformation, and illegalities of EIA concerning Loan # 233-IC-BR; this initiative led to the halting of funds that, in those days, were already in the pipeline.

Also, it is vital to say that all the loans from the IDB to São Paulo Government have to be completely and systematic double checked from a broader view, because there is no synergic approach among the various sections of the package, but the opposite: they are conflictive, no coherence at all. For instance, what is the purpose of combating downtown floods downstream (Tietê river basin, macro and micro drainage projects) if a huge amount of soil is to be moved upstream (Cantareira Mountain) thus increasing erosion and consequently floods? No coherence at all. The IDB is just wiping ice.

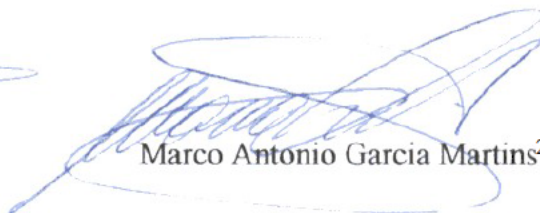
Attached, we are sending a **Counter-RIMA** on behalf of PROAM (*Instituto Brasileiro de Proteção Ambiental* – Brazilian Institute of Environment Protection) and of more than 50 environmental Brazilian NGOs legally registered in CONSEMA (*Conselho Estadual do Meio Ambiente* – State Council for Environment). While these documents are not analyzed by MICI, it would be highly advisable to keep any negotiation with Brazilian officials in standby.

Looking forward to hearing from MICI, we remain at your disposal in order to provide any further information.

Sincerely yours,



Mauro Antonio Moraes Victor<sup>1</sup>



Marco Antonio Garcia Martins<sup>2</sup>

Cc: Bruce Rich, Robert Goodland, Bernardo Zentilli, MAB- UNESCO, UNO's committee for protecting human rights related to World Cup 2014, PROAM – Coletivo das entidades ambientalistas com cadastro junto ao Consema-SP.

# ANNEXES



São Paulo, 23<sup>th</sup> of February of 2011

The Honorable Mr. Luis Alberto Moreno  
President of the Inter-American Development Bank  
Washington – DC

Dear Mr. President,

As Brazilian Citizens, it is our duty to alert you with the present communication that **Mario Covas Ring Road Program – North Section** (*Programa Rodoanel Mario Covas – Trecho Norte*) is violating both Brazilian and IDB laws.

First of all, São Paulo State Government announces that IDB approved a loan as many as US\$748,63 million, which is not consistent with the IDB's portfolio, where it says it is in a preliminary stage: "em preparação" (Ref. # BRL-1302). As shown in the attached newspaper clipping.

The above mentioned highway is crossing sensitive areas of São Paulo City Green Belt Biosphere Reserve (GBBR-SP) and will be detrimental to public health and environmental stability since the GBBR-SP is host to a remarkable biological diversity and provides a wide range of ecosystem services like food, water, climate stabilization, flood and erosion control, CO<sub>2</sub> sequestration, tourism, recreation, aesthetic values, and many others. This biological diversity is vital to ensure the well-being of as many as 23 million people living in an area that is responsible for about 20% of Brazilian GDP (that is, US\$ 400 billion out of US\$ 2 trillion in 2009).

Some years ago a proposal loan to this Multilateral Agency of Development was blocked (loan # 233-IC-BR) because of the same sensitive areas (Horto Florestal, Tremembé, piedmont of Cantareira Hill) were to be affected. The Mini-Highway Loop (the name of the original proposal) would have been built in the bottom of the valley and would have crossed the very same sensitive areas. This time, the "Branimir Lobo's Mission" was sent to Brazil to verify "*in loco*" if our objections were consistent; and they proved to be really consistent. This successful campaign was supported by many Brazilian NGOs as well as international ones, among them Environmental Defense Fund (EDF), Sierra Club, Audubon Society, Friends of the Earth-UK, Friends of The Earth-Sweden, and many others.

Later on, the State Government asked for loans to the World Bank, the British Government and Japanese Government, but such loans were denied, because of the Brazilians citizens' warnings.

Today, for our dismay the IDB insists in supporting the same initiative that has already been condemned in the recent past.

Your Excellence has to be aware that Brazilian community is already mobilized; thousands of signatures have been collected against this insane initiative, a public civil action is on the way. The Bureau of the Biosphere Reserve of Atlantic Rainforest is arguing Brazilian authorities as well as MAB-UNESCO, questioning due to the illegal aspects.

As for the request of the Permanent Committee of Environmental Entities which represents more than 80 Brazilian NGOs and with legal status as far as Brazilian legislation is concerned, we are preparing a Full Report about those illegal partnerships and it will be sent you by early March.

We are kindly requesting any negotiation concerning the Rodoanel Mario Covas Highway to be withhold.

Once the content of our Report is fully disclosed you will realize that it is extremely important to send an independent Mission of experts to Brazil in order to check, "*in loco*", the consistency of our warnings and the authorities' misinformation, as happened in the past.

Sincerely yours,



Mauro Antonio Moraes Victor



Marco Antonio Garcia Martins

cc: Bruce Rich, Robert Goodland, MAB- UNESCO