

## Classification and Environmental and Social Strategy (ESS) Rumichaca-Pasto 4G Toll Road - COLOMBIA

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## 1. Project Scope and Objective and IDB Invest Participation

The Rumichaca-Pasto corridor (the "Project) is part of the fourth generation (4G) concession group led by the Government of Colombia through its National Infrastructure Agency (ANI, for its Spanish acronym).

The Project, operated by Concesionaria Vial Unión del Sur (the "Concessionaire"), covers 83 km of roads located in the Department of Nariño (south of Colombia) connecting the border crossing point, located in the international border between Colombia and Ecuador, with the City of Pasto. The Project entails: i) the rehabilitation of 15.7 km between Rumichaca and the San Juan Corregimiento in Ipiales; ii) the construction of 62.1 km of a double roadway between the San Juan and Catambuco Corregimientos, in the City of Pasto (25 km of brand-new double roadway between San Juan and Pilcuán Viejo); and iii) the improvement of 5.2 km of road in the Catambuco-Pasto stretch.

For follow-up purposes, the Project was divided into five functional units (FU) as follows: i) FU1, connecting Rumichaca with Contadero (24.66 km); ii) FU2, between Contadero and Iles (12.27 km); iii) FU3 between Iles and Pedregal (7.20 km); iv) FU4 between Pedregal and Tangua (15.75 km); and v) FU5 between Tangua and Pasto (22.18 km). In April 2021, the progress of the civil works was close to 90%. It is estimated that the works will conclude in 2021.

The Project was originally funded through a medium-term financing structure (usually known as "Mini-Perm"). Therefore, it needs to be refinanced. IDB Invest expects to be involved in such refinancing helping mobilize institutional investor resources.

## 2. Classification and Environmental and Social Strategy

The Project has been pre-classified in Category A, in accordance with IDB Invest's Environmental and Social Sustainability Policy because it could generate the following environmental and social impacts and risks: i) dust and gas generation; ii) increase in noise levels due to the use of heavy machinery and increase in traffic; iii) domestic and industrial wastewater; iv) compacting of surfaces due to machinery traffic; v) potential soil pollution; vi) generation of solid waste (excavation material, leftovers from surfacing, debris, paper, woods, metallic debris, oily rags, etc.); vii) road blocks and interruptions; viii) use of hydric resources; ix) removal of the vegetation cover; x) physical and economic displacement of the population during the easement of the right of way; and xi) generation of expectations regarding the employment opportunities. These impacts are deemed to be of medium-high to high importance.

To date the Concessionaire has obtained the appropriate permits, authorizations and licenses required under Colombian legislation from the applicable environmental authorities. To such end, it prepared two Environmental Guidelines Adaptation Plans ("PAGA" for its acronym in Spanish) for the rehabilitation of

FU1.1 and FU1.2, and for improvement of FU5.2; and two Environmental Impact Assessment (EIA) covering FU1.3, FU2 and FU3, and FU4 and FU5.1 respectively.

Due to the restrictions arising from the COVID-19 pandemic, the Environmental and Social Due Diligence ("ESDD") process will be performed mainly online, and it will be supported by an Environmental Consultant who would visit the Project site should Colombia's mobility restrictions be lifted. During this process, IDB Invest will engage in interviews with executives from key areas of the Concessionaire (environmental, social, occupational health and safety); analyze its Environmental and Social Management System ("ESMS"), including any related plans and procedures; and assess any social or labor information related to the Project, among other issues. As a result of ESDD, IDB Invest will confirm the Project's categorization, identify any potential compliance gaps regarding its Environmental and Social Sustainability Policy, and define an Environmental and Social Action Plan ("ESAP") to close such gaps.

Based on the information received and reviewed so far the Performance Standards ("PS") that the Project is likely to trigger are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3: Resource Efficiency and Pollution Prevention; PS4: Community Health, Safety and Security; PS5: Land Acquisition and Involuntary Resettlement; PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; PS7: Indigenous People; PS8: Cultural Heritage. The final determination of the PS triggered by the Project will be done by the end of the ESDD.

Once the ESDD is completed, an Environmental and Social Review Summary ("ESRS") will be prepared and uploaded onto this website.

## 3. Additional Information

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In addition and as a last reource, affected communities can access IDB Invest's Independent Consultation and Investigation Mechanism as follows:

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