

## Classification and Environmental and Social Strategy (ESS) Rutas del Valle - COLOMBIA

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

The new Valle del Cauca Road Network – Cali and Palmira Access Roads (the “Project” or the “Rutas del Valle”) is the first project granted under the fifth generation concessions program led by the Government of Colombia through the National Infrastructure Agency (Agencia Nacional de Infraestructura, “ANI”). The Project, mainly aimed at improving the road network around the cities of Cali and Palmira, was granted in May 2021 to Sociedad Concesionaria Rutas del Valle S.A.S. (the “Concessionaire”), formed by Rodovías Colombia (Patria Investments affiliate) (70%) and Mercantil Colpatria (30%). The Project has a maximum term of 29 years, which may be shorter if the current revenue level is reached for the eight existing tolls as presented in the Project bid. It should be noted that no new tolls will be installed, and existing rates will not be increased either.

The Project, which is basically a brownfield project seeking to maintain the existing road network in good condition, includes the construction, rehabilitation and maintenance of 345 km of roads distributed in six functional units (“UF”): UF0, that includes the operation and maintenance of the existing road; UF1 Buga-Palmira and Yumbo-Yotoco, that will improve the Valle del Cauca road network to the north from the Yumbo-Palmira stretch along 156.9 km including (a) the improvement of the Parque del Azúcar crossing, (b) the construction of the Versailles overpass, (c) the construction of nine pedestrian bridges, (d) the construction of a second 0.94 km exit in Palmira – Pradera, (e) the construction of the Bulldozer crossing, (f) the improvement of 3.24 km of the Palmira – Candelaria exit, and (g) the construction of the Sur Sonso crossing; UF2 Santander de Quilichao – Palmira that will rehabilitate 113.6 km of the Valle del Cauca road network southward from the Cali-Palmira stretch and will include (a) the construction of the overpass at the Estambul toll (Cali-Cali), (b) the construction of a second lane to Guanabanal (for motorcycles only), (c) the construction of the access to the Palmaseca stadium, (d) the lighting the Cali–Palmira stretch, (e) finishing the construction of the El Bolo diversion, and (f) the construction of six pedestrian bridges; UF3 Bicentenario Avenue, that contemplates the construction of the new 15.8 km road between Avenida Ciudad de Cali and Jamundí including the construction of (a) two crossings (one overpass and one level crossing) and (b) three pedestrian bridges; UF4 Jamundí–Ye de Villa Rica, that will improve 15.6 km between Ye de Villa Rica and Jamundí, including (a) the construction of 9.7 km of a second lane between Ye de Villa Rica and Avenida Bicentenario, and (b) the construction of a pedestrian bridge; and UF5 Yumbo–Cali, that contemplates the rehabilitation of 11.6 km of the Sameco–Cencar–Américas–Yumbo corridor, including the construction of (a) the Sameco crossing, (b) 1.9 km of a second lane between Cencar and Américas, and (c) five pedestrian bridges.

The preconstruction stage of the Project started in September 2021 and formalities, including project schedules, licenses, environmental permits, and availability of plots, are underway to fulfil all prerequisites leading to construction during the last quarter of 2022.

## **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, since it is likely to generate the following environmental and social impacts and risks: i) dust and gas; 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 surplus material, 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 due to the right of way easement; and xi) expectations regarding the employment opportunities that could result from the planned activities. These impacts are deemed to be of medium-high to high importance.

To date, the Concessionaire: i) has obtained the approval of the Environmental Guidelines Adaptation Plan (Plan de Adaptación a la Guía Ambiental, "PAGA") from the National Road Institute (Instituto Nacional de Vías, "INVIAS"), an agency reporting to the Ministry of Transport, for UFO; ii) is concluding the environmental impact assessments ("EIA") for UF3 and UF4, which will be submitted to the competent environmental authority prior to obtaining the related environmental licenses; and iii) is concluding the PAGAs for UF1, UF2, UF4 (existing road) and UF5.

The Environmental and Social Due Diligence ("ESDD") process, which will be supported by an independent environmental and social consultant, will include interviews with key Concessionaire executives (environmental, social, and occupational health and safety areas); will analyze the Environmental and Social Management System ("ESMS"), including the related plans and procedures; and will assess any Project social and labor information, among other issues. As a result of the ESDD, IDB Invest will confirm the Project's categorization, identify any potential compliance gaps in terms of the 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; S4: Community Health, Safety, and Security; PS5: Land Acquisition and Involuntary Resettlement; PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; PS7: Indigenous Peoples; and 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") and an ESAP will be prepared and published on this website.

## **3. Additional Information**

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