

Classification and Environmental and Social Strategy (ESS) La Unión - COLOMBIA

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1. Project Scope and Objective and IDB Invest Participation

The transaction proposes to finance the La Unión solar power project in Colombia (the “Project”), which involves the construction and operation of a 99.99-megawatt alternating current (“MWac”) power plant and a 10.7 km transmission line in the municipality of Montería, department of Córdoba. The Project is in the development stage, with a secured interconnection, a secured site, and advanced environmental approvals. Construction is scheduled to begin in the fourth quarter of 2022.

The Project Sponsor is Solarpack, one of the first pure solar photovoltaic (“PV”) developers and independent power producers in Spain. Solarpack was awarded a 15-year Power Purchase Agreement (“PPA”) in the Third Long Term Contract Auction organized by the Colombian Mines and Energy Ministry in 2021, and will act as the developer, operator, and Engineering, Procurement, and Construction (“EPC”) contractor for the Project.

The Project will help government efforts to diversify the Colombian energy matrix with Non-Conventional Renewable Energy sources, increasing system resilience particularly during dry seasons, and to reduce greenhouse gas emissions.

2. Classification and Environmental and Social Strategy

The Project has been pre-classified as Category B, pursuant to the IDB Invest Environmental and Social Sustainability Policy (“ESSP”), because it may cause, among others, the following risks and impacts: i) supply chain labor risks; ii) occupational health and safety; iii) soil impacts (erosion); iv) waste management; v) community health and safety (traffic); vi) biodiversity impacts (loss of vegetation cover and fauna habitats); and vi) cultural heritage impacts. These impacts are deemed to be of medium intensity and will be managed through a series of measures to prevent, mitigate, or compensate such impacts.

The Project has triggered the following Performance Standards (“PS”): i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety and Security; v) PS5 Land Acquisition and Involuntary Resettlement; vi) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and vii) PS8: Cultural Heritage.

The Sponsor has completed Environmental Impact Studies and obtained the corresponding Environmental Licenses for the solar power plant and its transmission line.

The environmental and social due diligence (“ESDD”), assisted by a local consultant that will visit the Project site, will interview staff in charge of managing the Project’s environmental and social risks and impacts, review the Project’s environmental and social management system and management plans, and interview the Project’s main stakeholders. The ESDD will confirm the Project categorization, identify any potential compliance gaps vis-à-vis the ESSP, and define (if needed) an Environmental and Social Action Plan (“ESAP”) to close such gaps.

Once the ESDD is completed, an Environmental and Social Review Summary (“ESRS”) will be prepared and published on this website.

3. Additional Information

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In addition, and as a last resort, affected communities can access IDB Invest’s Independent Consultation and Investigation Mechanism (ICIM) as follows:

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