

## Environmental and Social Classification and Strategy (ESS) Line 3 of the Panama Metro – PANAMA

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### 1. Scope and Objective of the Project and IDB Invest's Participation

The HPH Joint Venture Consortium (the "Consortium") has been selected to execute the works for the "Panama Metro Line 3 Crossing under the Panama Canal"<sup>1</sup> (the "Project"). This operation consists of a purchase and sale line of No-Objection Certificates ("NOCs") issued by Metro de Panamá S.A. ("MPSA")<sup>2</sup>, the proceeds of which will partially finance the Project.

The Project has an approximate length of 6.1 km. It begins with a transition structure near the future Albrook Station (chainage PK 0+113), gradually descending from ground level to enter an underground route, passing through the Balboa station and crossing beneath the Panama Canal, before ascending to connect with the alignment of the elevated viaduct and ending at the interconnection point with the elevated Panama Pacifico Station (PK 6+250). The underground section, which is 5.3 km long, has a maximum depth of 63 m and a tunnel diameter of 13 m, will feature a precast concrete lining (segments) and will be excavated with the use of a mixed-shield Tunnel Boring Machine ("TBM").

The tunnel, or underground section, is configured as a single structure (one tunnel) divided into two cross-sectional areas, designed to replicate, in compliance with NFPA 130 standards for fire safety, ventilation, and evacuation of passenger rail structures, the effect of twin tunnels<sup>3</sup>.

As part of Panama Metro Line 3, the Project will: (i) strengthen the economy of Panama Oeste by generating more than 5,000 direct and indirect jobs during the construction phase; (ii) improve regional connectivity through the integration of bus interchanges and parking facilities at key stations such as Ciudad del Futuro, Nuevo Chorrillo, and Vista Alegre; (iii) benefit up to 160,000 daily passengers by reducing peak-hour travel time between Panama Oeste and Panama City from 90 minutes to approximately 45 minutes, thereby significantly improving mobility, productivity, and quality of life for the region's population; and (iv) reduce air pollutant emissions and noise levels by decreasing vehicle traffic in the Project's area of influence.

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<sup>1</sup> Public Tender No. 2017-2-80-0-08-LV-001402 for Panama Metro Line 3, awarded through resolution MPSA-30-2020 to the Consortium, covers the design, engineering, construction, and commissioning of the system for Line 3 of the Panama Metro, for approximately 25 km from Albrook, through Arraiján and Nuevo Chorrillo, to Ciudad del Futuro, and includes auxiliary Metro facilities and 14 stations (two of which will be underground and serve as terminal points, while the rest will operate as transfer points to other modes of transport or future lines). It also comprises the supply and installation of an integrated system, including rolling stock ("monorail").

<sup>2</sup> Metro de Panamá, S.A., created under Law No. 109 of 2013, which establishes the regulatory framework for the Metro Passenger Transport System, is incorporated as a joint stock company with sufficient autonomy, authority, representation, technical, and administrative capacity to manage the Metro Passenger Transport System and assume responsibility for regulating all its activities.

<sup>3</sup> This law sets forth the requirements for fire protection and life safety in transit systems and passenger railways with fixed guideways, whether underground, surface-level, or elevated.

## 2. Environmental and Social Classification and Strategy

This operation has been preliminarily classified as Category B, in accordance with IDB Invest's Environmental and Social Sustainability Policy ("ESSP"), since the Project and its associated facilities will generate, during the construction stage, among others, the following impacts: (i) removal or pruning of vegetation (mainly within camps, launching trenches, and some access roads to construction sites); (ii) generation of dust from excavation, earthworks, and vehicle traffic; (iii) emission of polluting gases from vehicle and machinery traffic; (iv) increased noise levels from the use of heavy machinery during construction; (v) changes in landform morphology and increased erosion processes; (vi) production of domestic and industrial wastewater; (vii) potential soil contamination from fuel, oil, or solvent spills; (viii) generation of domestic and industrial solid waste (excavation material, debris, paper, wood, scrap metal, etc.) and hazardous waste (from maintenance of machinery and construction equipment, etc.); (ix) increased risks to worker and community health and safety; (x) impacts on private properties and their economic activities; (xi) potential impacts on archaeological remains (specifically in camp and launching trench areas); (xii) use of resources, mainly water and energy; and (xiii) raised expectations around job opportunities associated mainly with the construction phase of the Project. Most impacts are expected to be moderate significance, with some low significance.

During the operation and maintenance ("O&M") stage, associated impacts will include: (i) increased risks to worker health and safety; (ii) production of industrial wastewater (e.g., seepage or runoff inside the tunnel); and (iii) generation of domestic and hazardous solid waste (e.g., from lamp replacement, equipment repair, etc.). At this stage, most impacts are also expected to be moderate, with some of low significance.

For Project execution, MPSA prepared a Category III Environmental Impact Assessment ("EIA")<sup>4</sup>, which obtained its approval resolution (Resolution No. DEIA-001-0501-2022 dated August 12, 2022), having complied with the requirements set forth under Panama's environmental legislation. In addition, MPSA holds the Compatibility Permit with Canal Operations for Panama Metro Line 3 (Resolution No. ACP-JD-RM-20-1158), which includes the design and construction of the crossing beneath the Panama Canal.

The Environmental and Social Due Diligence ("ESDD") process, which will be supported by an Independent Environmental and Social Consultant ("IESC"), will include site visits to Project locations as well as, among others, the following activities: (i) conducting interviews with key executives of the Consortium in the areas of environmental and social management, labor, and occupational health and safety; (ii) analysis of the Consortium's Environmental and Social Management System ("ESMS"), including related plans and procedures; (iii) assessment of baseline social and labor information related to the Project; (iv) analysis of issues associated with cumulative impact management and climate change risks and impacts; (v) review of plans and procedures for preparedness and response to human-induced and natural hazard emergencies; (vi) assessment of the consultation and stakeholder engagement process; (vii) analysis of noise and vibration management plans; and (viii) evaluation of the land acquisition process. As a result of the ESDD, IDB Invest will confirm the Project's categorization, identify any compliance gaps with respect to its ESSP, and define an Environmental and Social Action Plan ("ESAP") to address them.

Based on the information received and reviewed to date, the Performance Standards ("PS") of the International Finance Corporation ("IFC") that the Project would trigger are: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; PS3:

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<sup>4</sup> File: DEIA-III-F-129-2021 dated December 30, 2021 (consultation: <https://prefasia.miambiente.gob.pa/consultas/>).

Resource Efficiency and Pollution Prevention; and PS4: Community Health and Safety. The final determination of the PS to be triggered by the Project will be made at the conclusion of the ESDD process.

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

### **3. Additional Information**

For questions regarding the Project, please contact:

Name:	<u>Joonhwi Lee</u>
Title:	<u>Treasury Team Senior Manager</u>
Phone Number:	<u>(+82) 2746-2805</u>
Email:	<u><a href="mailto:joonhwi.lee@hdec.co.kr">joonhwi.lee@hdec.co.kr</a></u>

For questions and comments to IDB Invest, please contact:

Name:	IDB Invest Communications Group
Email:	<u><a href="mailto:requestinformation@idbinvest.org">requestinformation@idbinvest.org</a></u>

Additionally, affected communities may access the IDB Invest Independent Consultation and Investigation Mechanism (“MICI”) through the following:

Phone Number:	+1 (202) 623-3952
Fax Number:	+1 (202) 312-4057
Address:	1300 New York Ave. NW Washington, DC. USA. 20577
Email:	<u><a href="mailto:mecanismo@iadb.org">mecanismo@iadb.org</a></u> o <u><a href="mailto:MICI@iadb.org">MICI@iadb.org</a></u>