

## Classification and Environmental and Social Strategy (ESS) La Dorada– Chiriguáná Railway - COLOMBIA

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

The La Dorada-Chiriguáná railway corridor (the “Project”) represents Colombia’s first public-private partnership (PPP) in the railway sector, spearheaded by the National Infrastructure Agency (“ANI”, for its Spanish acronym). This governmental endeavor aims to reactivate the country’s freight rail transport, while promoting intermodally and logistical efficiency.

For practical implementation, the Project is segmented into three Functional Units (FUs): (i) FU1, which comprises 53 segments or Railway Functional Units (RFUs), encompassing the rehabilitation, enhancement, and maintenance of 526 km of railway infrastructure spanning from La Dorada (Caldas Department) to Chiriguáná (Cesar Department), along with their respective branches; (ii) FU2, which foresees the construction and operation of administrative and operational infrastructure complementary to the corridor (administrative buildings, control center, heavy and light workshops, communications system, signaling, and control); (iii) FU3, which entails the construction and operation of associated logistical infrastructure (logistical services and cargo transfer centers).

Following the conclusion of the competitive bidding process, the Project was awarded to Consorcio Estructura Plural Línea Férrea (the “Concessionaire”), which is formed by Ortiz Construcciones y Proyectos S.A. (holding a 75% stake); Transporte Ferroportuario de Colombia – Transferport S.A.S (15%); and C.I. and Colombian Natural Resources S.A.S. (10%).

The concession term for the Project is set at 120 months (10 years) and encompasses the following phases: (i) Preconstruction phase, lasting 15 months, which includes, among other activities, (a) the development of technical studies and final designs, (b) the signing of the engineering, procurement, and construction (“EPC”) contractor agreement, (c) achieving financial closure for the operation funding, and (d) the current operation of the corridor; (ii) Construction phase, lasting 49 months, which primarily involves (a) the delivery of the 53 RFUs that comprise FU1 and (b) the construction and delivery of FU2 and FU3; (iii) Operation and Maintenance (“O&M”) phase, lasting 50 months, which includes (a) the signing of the O&M phase commencement certificate, (b) the availability of FU1, FU2, and FU3, and (c) the O&M of the corridor along with the operational, administrative, and logistical buildings, among other activities; and (iv) Reversion phase, lasting 6 months, which encompasses (a) the signing of the reversion phase commencement agreement, (b) the analysis of the final verifications regarding Project compliance, and (c) the review conducted by ANI on the concession assets.

Upon completion, the Project is expected to enhance road and pedestrian safety by discouraging the use of unsafe modes of transportation; boost the economy and strengthen existing productive chains; improve access to public programs and bolster institutional management within the territory; encourage municipalities to review and update their land use planning instruments in alignment with national development goals; and reduce CO<sub>2</sub> emissions by replacing truck trips with rail transport.

## 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 ("ESSP"), since it may generate the following environmental and social impacts and risks among others: (i) dust and gas emissions; (ii) noise from the use of heavy machinery; (iii) domestic and industrial waste; (iv) soil compaction due to machinery transit; (v) possible soil contamination from spills of hazardous materials; (vi) construction waste (excavation material, rubble, paper, wood, scrap metal, grease-soaked rags, etc.); (vii) impacts on water resources; and (viii) population relocation<sup>1</sup> due to the release of railway right-of-way that has been encroached upon for years. These impacts are expected to be of medium intensity.

In accordance with Colombian legislation, since the Project (a) primarily involves the rehabilitation of existing infrastructure and minor civil works, and (b) does not necessitate the release of a right-of-way, it is therefore not required to submit a complete Environmental Impact Study. In this regard, the Concessionaire currently maintains an Environmental Management Plan ("EMP") for the Project approved by the Ministry of Environment,<sup>2</sup> and is awaiting approval of the Environmental Guidelines Adaptation Plan<sup>3</sup> ("PAGA", for its Spanish acronym) from the Project's oversight body.

The environmental and social due diligence ("ESDD") process will include, among other aspects, interviews with executives from key areas of the Concessionaire (environmental, social, and occupational health and safety); an analysis of its Environmental and Social Management System ("ESMS"), including related plans and procedures; and the assessment of any additional environmental, social, and labor information related to the Project. As a result of the ESDD, IDB Invest will confirm the Project's categorization, identify any compliance gaps with its ESSP, and define an Environmental and Social Action Plan ("ESAP") to close such gaps.

Based on data received and reviewed to date, the Project will trigger the following Performance Standards (PS): 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; and PS5 Land Acquisition and Involuntary Resettlement.

The ultimate determination of the PSs triggered by the Project, as well as its final classification (which could change to Category B depending on the number and type of social units requiring relocation), will occur once the ESDD process has been finalized.

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.

---

<sup>1</sup> This process includes socio-plot compensation for the family units currently encroaching on the railway right-of-way, aiming to significantly improve their living conditions.

<sup>2</sup> Resolution 0751 of August 2002 (<https://www.minambiente.gov.co/wp-content/uploads/2021/08/resolucion-0751-de-2002.pdf>).

<sup>3</sup> The Environmental Guidelines Adaptation Plans (PAGA, for its Spanish acronym) are documents that delineate the management strategies for addressing the environmental and social impacts of construction projects, particularly those involving linear infrastructure, that do not necessitate a full Environmental Impact Study (EIS). These plans specify the actions required to prevent, mitigate, compensate for, or rectify the negative effects generated by the works, ensuring compliance with prevailing Colombian environmental regulations.

### **3. Additional Information**

For questions about the Project please contact Concesión Línea Férrea Central S.A.S:

Name:	LFC Communications
Phone number:	+57 320 757 74 95
	+57 310 267 2868
	+57 310 267 2907
Email:	<a href="mailto:comunicaciones@lfc.com.co">comunicaciones@lfc.com.co</a>
	<a href="mailto:diego.moreno@lfc.com.co">diego.moreno@lfc.com.co</a>

For questions and comments to BID Invest, please contact:

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

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

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