

**INFORMATION SUMMARY FOR THE PUBLIC
RUMICHACA-PASTO TOLL ROAD**

Host Country(ies)	Colombia
Name of Borrower(s)	An administration and payment trust established for the benefit of Concesionaria Vial Union del Sur S.A.S.
Project Description	The Project is the design, construction, and operation of an 84-km corridor of a tolled, dual-carriage highway in southwestern Colombia, including expansion of an existing single-carriage corridor to a dual-carriage highway, and construction of 27km of new highway, pursuant to a 29-year concession agreement with the Republic of Colombia. The Project is projected to serve over 6.75 million vehicles per year by 2020, reducing the transit time by half and increasing the safety of passage between the cities of Pasto, the major population center in the region, and Ipiales, near the Rumichaca border crossing to Ecuador.
Proposed OPIC Loan/Guaranty	\$250 million
Total Project Costs	Approximately \$931.8 million
U.S. Sponsor	J.P. Morgan
Foreign Sponsor	Sacyr Concesiones Colombia, S.A.S
Policy Review	
U.S. Economic Impact	The Project involves the construction of a toll road in Colombia, and therefore is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a neutral U.S. trade balance impact.
Developmental Effects	The Project is expected to have a highly developmental impact through the construction and operation of an 84-km tolled, dual-carriage highway in Colombia. According to the 2016-2017 Global Competitiveness report by the World Economic Forum, the quality of roads in Colombia ranks 120th out of 138 countries. The Project is one of 40 PPPs under the Government of Colombia's 4G road program, which aims to catalyze private investment to construct over 8,000-km of new or improved roads throughout the country. The Project is located in the Nariño Department, a region whose poverty rate of 40% exceeded the country's average of 28% in 2015. Nariño's economy is primarily agricultural-based, but lacks sufficient

	<p>infrastructure, isolating rural markets and hindering growth. By improving and expanding a major commercial route, the Project will reduce transportation time and costs, helping the region become more competitive. During the construction phase, the Project will employ up to 2,500 workers and support local businesses through procurement. The Project will also provide a safer route through the rough and mountainous terrain between the cities of Pasto and Ipiales near the border with Ecuador.</p>
<p>Environment</p>	<p>Screening: The Project has been reviewed in light of OPIC’s categorical prohibitions and was determined to be categorically eligible. The Project is screened as Category A because the Project represents a large-scale infrastructure project which could have significant adverse environmental and social impacts that are diverse and irreversible. The major environmental and social concerns related to the Project include impacts to community health and safety resulting from increased traffic, influx of non-local workers and non-local peoples, noise and vibration; the need for robust and occupational health and safety procedures; soil erosion and spoil management; impacts to biodiversity; and the need for a robust environmental and social management system with appropriate organizational capacity given simultaneous multiple work fronts and ambitious timeline for construction.</p> <p>APPLICABLE STANDARDS: OPIC’s environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following Performance Standards:</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; PS 4: Community Health, Safety and Security; and PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.</p> <p>In addition to the Performance Standards listed above, the IFC’s April 30, 2007 Environmental, Health, and Safety General Guidelines and IFC’s April 30, 2007 Environmental Health and Safety Guidelines for Toll Roads are applicable to the Project.</p>

Environmental and Social Risks and Mitigation: The Project has five functional units (UFs) based on prior designs from the National Infrastructure Agency (ANI). The five UFs are divided among two segments: 1) the San Juan-Pedregal Segment, which covers sections of UFs 1, 2, and 3 and comprises a total length of 29.09 km; and 2) the Pedregal-Catambuco Segment, which covers UFs 4 and 5.1, and comprises a total length of 32.76 km. Both segments require the creation of culverts for waterway crossings, drainage ditches, intersections and interchange connections, operations control centers and camps, and sidewalks in densely populated urban areas. The Project will include construction of up to 13 bridges, relocation of one existing toll station, and construction of one new toll station.

An Environmental Impact Assessment was developed for the Project based on the UFs. The EIA which covers the Pedregal-Catambuco Segment has been approved and an environmental license has been granted for this segment. The EIA that covers UF 1, 2, and 3 was submitted and has been returned to Sacyr with a request for additional information in order to be approved. Sacyr is currently working on the additional information requests with the intention to resubmit to the local environmental authority. The EIA for UF 1.2, which covers the Ipiales area, is still under development.

The EIAs include environmental and social management plans and programs which are detailed and Project-specific. These plans include a description of objectives, goals, activities involved, type of mitigation measures to implement, impacts, areas where the mitigation measures are applied, benefitted population, description of the actions, participation mechanisms, staff needed, responsibility for implementation and follow up, budget, and key performance indicators. The Borrower has an organization and has departments that are well-staffed with specialist professionals. The management plans cover aspects including waste (hazardous and non-hazardous) management, water resources management, air quality management and control, landscape management and signage management.

The Project will involve high risk construction activities, including working from heights and along rough terrain. The Project Company represented during the site visit that it has an occupational health and safety (OHS) plan; OPIC has not yet received a copy to review. The Project will be required to submit to OPIC a project-specific OHS Plan prior to start of

construction. During the site visit, workers conducting maintenance works were observed wearing appropriate PPE and there was good signage indicating the presence of workers. The Project will involve three worker camps, the largest one will have the capacity to house up to 250 workers. The Project will be required to prepare an accommodation plan that meets EBRD/IFC's 2009 Worker Accommodation processes and standards.

Potential impacts to community health and safety include noise, dust, traffic, impacts from worker influx and general changes to community safety once the road is built. Mitigation measures for noise and dust impacts during construction are included in the environmental management plans and include generic measures such as watering roads to minimize dust, proper maintenance of construction vehicles, and erecting barriers around noisy equipment such as generators. The Project may involve blasting if particularly tough rock is encountered during the excavation process. The Project has developed blasting procedures, which are defined by law and require community notification prior to any blasting event.

A Project-specific traffic management plan was developed, which included a traffic baseline and assessed air quality, traffic, and pedestrian safety impacts. Road safety is part of the Project's community engagement program. Potential impacts to community health and safety also include those associated with influx of temporary workers during construction, as well as during the operation of the Project with increase influx of outsiders using the new road. This may put pressure on local resources and expose communities to disease or other health and safety issues. OPIC will require that the Project develop and implement a Code of Conduct for its workers with respect to interactions with communities and include as part of the Project's trainings and awareness campaigns regarding community health and safety issues. The Project will also be required to include as part of its community trainings and stakeholder engagement consideration of health and safety impacts to community once the road is constructed and operating.

As part of the EIA process, the Project developed a comprehensive biodiversity baseline which was conducted by qualified biologists and environmental professionals. Conversations with the biologists onsite who are carrying out the flora and fauna rescue and relocation program indicated low

	<p>concern related to threatened or endangered species habitat because the Project area is highly intervened by human activity and habitats are extremely fragmented. However, the EIA does discuss potential impacts from the Project as including increased mortality, disturbance and loss of habitat for amphibians. A number of wildlife crossings are proposed at specific locations along the new road. OPIC will require additional information on location of these crossings and require that the Project implement a monitoring system to review the Project's impacts to habitat fragmentation.</p> <p>OPIC Site Visit: OPIC staff undertook an environmental and social due diligence site visit in January 2018. The visit involved driving along the proposed road expansion, visiting a preliminary work front, visiting communities along the road and a select sample of community members who will be directly and indirectly impacted by the Project, meetings with governors of indigenous communities and other local leaders, and meeting with Project Company staff and construction staff.</p> <p>The Project's ESIA was posted on OPIC's web site on December 22, 2017 and ended on February 19, 2018. No comments were received.</p>
<p>Social Assessment</p>	<p>The Project has impacts that must be managed in a manner consistent with the International Finance Corporation's Performance Standards, OPIC's Environmental and Social Policy Statement, and applicable local laws. OPIC's statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.</p> <p>This Project has been classified as Special Consideration due to heightened social risks associated with the Project, which include physical and economic displacement and physical and economic displacement within indigenous territories. Additional key social risks include influx management, workforce management throughout the construction period, security policies and procedures, cultural heritage management,</p>

and overall stakeholder engagement and expectation management.

The 84 km highway corridor includes land acquisition in the municipalities of Ipiales, Contadero, Iles, Imués, Tangua, Yacuanquer, and Pasto. Within these municipalities there are six recognized indigenous territories. For impacts within these indigenous territories, Colombia requires a process of *consulta previa*, an iterative consultation process that reflects the principles of the requirements in IFC PS 7 on Indigenous Peoples. The Project has been collaborating with the Ministry of the Interior to manage the consultation process with the six affected Indigenous communities. Four of the six indigenous groups had reached an agreement with the Project on displacement mitigation and shared benefits through the process of *consulta previa*. The two remaining indigenous *resguardos*, or collectively managed indigenous territories, have either not agreed to start or declined to continue engagement with the Project through *consulta previa*. The Ministry of Interior has closed those two *consulta previa* processes without agreement. Closing the consultation process means that consent was not reached with two of the six indigenous groups through the *consulta previa* process. The Borrower represents that it will enter into renewed consultation with these two indigenous groups to address their concern regarding the location of the new toll plaza. In February, the Borrower and ANI executed an amendment to the Concession Agreement to facilitate this process.

The Project anticipates requiring physical or economic displacement of approximately 600 parcels. Though the Project has the ability to resort to eminent domain, it will first attempt to reach a negotiated settlement with all affected parties. To guide this process, the Project has developed a Physical and Economic Displacement Framework that reflects the guiding policies and principles required in IFC PS 5 as well as national law. This framework includes the consultation and notification steps to be undertaken prior to any exercise of eminent domain. The Project is in the process of developing specific Resettlement and Livelihood Restoration Plans for each unit of the road.

The Environmental Impact Assessments address stakeholder engagement activities undertaken to the point of submission and several social management plans and programs, including a

	<p>robust archaeological chance finds procedure and a formalized and structured external grievance mechanism.</p> <p>Construction works are expected to last four years and employ approximately 2,500 workers at peak. Herdoiza Crespo Construcciones (HCC); whose Colombian subsidiary, along with the Colombian subsidiary of Sacyr, will be the EPC contractors for this Project; is the largest EPC contractor in Ecuador and is responsible for the construction of the road on the Ecuadorian side of the border. At the corporate level, it has a quality management system certified under ISO 9001:2015. Sacyr Group has over 26,000 employees throughout the world. It has corporate policies addressing key aspects of human resources management, including equal opportunity and non-discrimination, training, and freedom of association, with over 99% of employees covered by collective bargaining agreements.</p> <p>OPIC will require the Project to develop and implement appropriate management tools for influx management, local recruitment, consultation and information disclosure throughout construction, Project-specific workforce management and monitoring programs for construction and operation, and consolidation of agreements and responsibilities for impacts to the affected indigenous territories.</p> <p>This Project has been reviewed against findings in the 2016 State Department Human Rights Report for Colombia.</p>
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