

## ENVIRONMENTAL AND SOCIAL MANAGEMENT REPORT

### La Arboleda (BO-L1022)

#### A. Background.

1. Interconexión Eléctrica ISA Bolivia S.A. (ISA Bolivia, the “Company”) has approached the IDB to request an increase in IDB’s existing A loan to the Company (1580/OC-BO approved on October 6, 2004) for the construction and operation of a 230/115 kV substation at La Arboleda in the Department of Santa Cruz (the “Project”). The Project is a US\$ 9.3 million expansion that is required by the Government of Bolivia (GOB) to improve the reliability of the electric transmission system and enable the expansion of a rural system to the northwest of the city of Santa Cruz. Project sponsors are Interconexión Eléctrica S.A. E.S.P. (ISA) and Transelca S.A. E.S.P., both of Colombia.

#### B. Environmental and Social Compliance Status.

2. With resources from a previous IADB A/B loan (1580/OC-BO) ISA Bolivia constructed and is currently operating three 230 kV transmission lines and associated substations (<http://www.iadb.org/projects/Project.cfm?project=BO-L1002&Language=English>). Per the loan agreement, this project was constructed and is currently being operated in compliance with Bolivian Legislation and with IADB environmental and social requirements. To confirm compliance, the Bank has hired an independent environmental consultant firm to monitor the project by performing bi-monthly site visits during construction, and yearly site visits thereafter. To date, the environmental consultant firm has certified compliance with IDB environmental and social requirements through the life of the loan.
3. Related to the construction and operation of La Arboleda Substation, the *Ficha Ambiental* was developed and presented to the environmental authorities. Given project characteristics and location, the authorities did not request an Environmental Impact Assessment (EIA), but only the development of Prevention and Mitigation Plans and a Environmental Management Plan (*Plan de Prevención y Mitigación y el Plan de Adecuación y Seguimiento Ambiental*, PPM-PASA). These PPM-PASA were approved on July 5<sup>th</sup>, 2007 via resolution MDRayMA-VBRFMA-PPM-PASA 3006/07 and *Certificado de Dispensación* MDRayMA-VBRFMA-DGMA-070401-05-CD 3 N°3006/07.

#### C. Potential Impacts and Risks and Associated Control Measures.

4. The impacts associated with the construction of the Substation of La Arboleda are limited, as it will be located in peri-urban agricultural lands of the City of Santa Cruz, in the area of Buena Vista (Figure 1a and 1b). The new substation is not expected to impact any sensitive habitat or cultural or archeological site, or indigenous communities. No resettlement is expected.
5. During construction, the potential environmental, social, and health and safety (H&S) impacts from the Project are likely to be relative minor and typical construction impacts of infrastructure works, including impacts associated with

land uses changes; potential erosion and sedimentation; potential contamination of surface waters, ground waters, and soils by construction waste; and potential social impacts from construction and workers to neighbors (e.g. noise, dust). The majority of these impacts are likely to be temporary, of small magnitude, and mitigable by standard environmentally sound construction practices and adequate environmental, social, health and safety management procedures.

6. During the peak of construction there will be a maximum of 80 workers. All workers are expected to be local hires, so there is no plans to build construction camps.
7. The main risk associated with these works, relate to the potential increase in road accidents as a result of the construction and the operation of heavy traffic, as this sub-station is located in the main road between Santa Cruz and Cochabamba. To avoid accidents, ISA Bolivia is planning to establish extensive vertical and horizontal signaling along the road.
8. During operations, the potential environmental and social impacts are minimal, and related to limited small quantities of wastes generated from operations and maintenance activities, minor disturbances due to people and equipment access to the substation, and the permanent buzzing noise typical of electric substations.
9. Given this is an existing Bank operation, and that the potential environmental and social impacts are limited and can be mitigated with readily available practices, the Project was classified as category C.
10. ISA has a written Corporate Environmental Policy focused on Sustainable Development and Corporate Social Responsibility. This Policy is applied across all of ISA domestic and international operations. ISA Bolivia has developed an Environmental and Social Management Plan (ESMP) which includes an Environmental Prevention and Mitigation Program (PPM – *Programa de Prevención y Mitigación*), a Monitoring Program (PASA – *Programa de Aplicación y Seguimiento Ambiental*), a Health and Safety Plan (*Programa de Salud Ocupacional*), a Contingency Plan (*Plan de Contingencias*), and a Community Relations Program (*Programa de Relacionamento Comunitario*) for the construction of each transmission line associated with the existing loan.
11. Additionally, as a result of the licensing process for La Arboleda and of the Bank's due diligence process, the sponsors have developed a specific Community Relations Plan for the communities of La Arboleda and Buena Vista -which together have a population of approximately 750 people-. This Plan is targeted to manage potential issues associated with nearby communities and establishes a good and cooperative environment with neighboring property owners and inhabitants. The Plan includes a total five programs:
  - a. Living with nearby transmission lines and substation program (*Programa de Convivencia con la Lineas y Subestaciones*), which has the main objective of keeping constant and open lines of communication with local governments, institutions, inhabitants, and community organizations to

keep them informed of the advances of the works, manage their expectations, and understand and respond to their concerns.

- b. Social Investment Program, which has the purpose of building a good relationship with the local governments and communities by sponsoring priority investment on request and project-by-project basis.
- c. Compensation Program, which has the objective of appropriately paying for any permanent or temporary damage to land and/or crops that may occur as a result of the construction.
- d. Request and Complaints Program, with the objective of receiving and timely responding to any potential request or complaint associated with the construction of the substation. This program includes the implementation of a 1-800 phone line.
- e. Social Monitoring Program, which is expected to generate bi-monthly reports during the construction, and annual reports thereafter.

**D. Environmental and Social Requirements**

- 12. As part of the Loan documentation, the Bank will require that the Project complies with each of the following:
  - a. All applicable environmental, social, health and safety, and labor regulatory requirements of the Bolivia, including those associated with any applicable environmental, health and safety related permits, authorizations, or licenses.
  - b. All applicable aspects of ISA's Environmental, Social Management Plan, and La Arboleda's Community Relations Plan.
  - c. All applicable aspects of the IDB Environmental and Safeguard Compliance Policy, Involuntary Resettlement Policy, and Indigenous Peoples Policy.
  - d. Applicable aspects of the World Bank General Environmental Guidelines (World Bank Pollution Prevention Handbook, July 1, 1998).
  - e. Applicable aspects of the World Bank Monitoring Guidelines (World Bank Pollution Prevention Handbook, July 1, 1998).
  - f. Applicable aspect of the International Finance Corporation Guidelines for General Occupational, Health and Safety (2003).
  - g. Send written notice of any and all non-compliances with any environmental and social requirement of the project and any significant environmental, social, health and safety, and labor accident, impact, event, and/or claim.

13. Prior to Financial Closure, the IDB will require, in form and content satisfactory to the IDB, that ISA Bolivia presents an Environmental, Social, Labor, and Health and Safety Action Plan, including:
  - a. The development of a Road Safety and Contingency Plan, to assure appropriate management of traffic in and out of the project during construction and operation, to avoid/minimize road accidents, and assure preparedness and readiness to respond to emergencies should any accident occur.
  - b. The development of a noise baseline, at the property borderline and at the nearest receptors.
  - c. The description of the community investment programs expected to be sponsored.
  - d. The development of a photographic monitoring of the advances of the construction.
14. During the life of the Project Facility, the Company must prepare and submit an Environmental and Social Compliance Report (ESCR), in frequency, form, and content acceptable to IDB.
15. The Bank will monitor the project's environmental, social, health and safety aspects via internal Bank supervision actions (e.g., site visits, review of documentation, etc.). Furthermore, taking advantage that as part of the supervision process for the previous loan, an independent environmental consultant firm has been hired to monitor and certify compliance, the same firm will be use to complement Bank's supervision during construction and operations of La Arboleda substation. In addition, the Bank will have the right to contract an independent environmental, health, and safety audit, if needed.

**Figure 1a** – Project Location



**Figure 1b** – View of the site by the Santa Cruz - Cochabamba Road.

