

## ENVIRONMENTAL AND SOCIAL STRATEGY

### La Arboleda – BO (L-1022)

#### A. Background.

1. Interconexión Eléctrica ISA Bolivia S.A. (ISA Bolivia, the “Company” or the “Borrower”) 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. (Transelca and together the “Sponsors”), both of Colombia.

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

2. ISA Bolivia constructed and it is operating the project in compliance with Bolivia Legislation and with the IDB Loan Agreement mentioned above. The Bank has monitored the Project by performing by-monthly visits during construction, and yearly thereafter.
3. Related to the construction and operation of La Arboleda Substation, the *Ficha Ambiental* has been developed and presented to the environmental authorities. Given project characteristics and location, the Company does not expect the authorities to request an Environmental Impact Assessment, but only the development of Prevention and Mitigation Plans (*Plan de Prevención y Mitigación y el Plan de Adecuación y Seguimiento Ambiental*, PPM-PASA).

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

4. The impacts associated with the construction of the Sub-station of La Arboleda are limited, as it will be located in peri-urba agricultural lands of the City of Santa Cruz, in the area of Buena Vista (Figure 1). 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) if any. 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. 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 team recommends this Project be classified as C.

6. 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.
7. 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.

#### **D. Environmental and social strategy**

8. The Bank, as part of the due diligence process, will analyze the environmental and social aspects of the project and prepare a project Environmental and Social Management Report (ESMR) for review and approval by the Bank's Committee on Environment and Social Impacts (CESI). The environmental and social due diligence will specifically include the components listed below:
  - a. An assessment of project compliance status with the applicable country (national, provincial, municipal, local) environmental, social, and health and safety regulatory requirements (e.g., laws, regulations, standards, permits, authorizations, applicable international treaties/conventions, etc.), and any applicable Bank environmental and social policy.
  - b. An evaluation of the proposed Project to confirm that the Project's direct and indirect environmental and social impacts have been properly identified and evaluated, in particular any potential impacts to neighboring communities, if any.
  - c. An evaluation to ensure adequate environmental, social, and health and safety mitigation measures and monitoring, in terms of their completeness, sufficiency of detail, ability to implement, cost, definition of responsibility, schedule, and quality control.
  - d. An evaluation to confirm adequate contingency plans (i.e., emergency and spill plans), including confirmation that all relevant project-specific environmental risks have been identified, proper procedures have been

developed, and sufficient resources will be made available to ensure adequate implementation.

- e. An evaluation of project-related information disclosure and public consultation activities that have been performed and the proposed future actions to provide adequate ongoing information disclosure and public consultation with the local population, as applicable.
- f. An evaluation of potential existing and future environmental, social, or health and safety financial/credit risks and liabilities associated with the project, the project site, and the proposed mitigations.

Project Location



