

Environmental and Social Strategy

A. Project status and compliance

The Bank's participation in the Project is mainly to make the up-front payment of a concession of four existing, profitable and well constructed and maintained toll roads. Sometime in the future, as with any road project, there will be a need for maintenance and rehabilitation works to maintain the level of service during the period of the concession (i.e. 30 years). The roads are in operational conditions and are located in central-western Mexico connecting major cities and other urban populations. These existing roads originate at urban areas and traverse agricultural land and rural areas. The Project will not convert or degrade critical natural habitats or damage critical cultural sites. No potential direct, indirect or cumulative negative impacts are anticipated on indigenous peoples. Most of the enhancements and maintenance works will be conducted in the existing roads ROWs. There is currently no information on the expansion of existing ROWs (i.e., addition of new lanes to existing roads) which could require resettlement. Small to medium scale construction activities will demand a limited number of construction workers, which can be easily drawn and transported daily from nearby cities.

The enhancement, maintenance and expansion works associated with the 558 km of the four existing toll highways included in the Project will consist mainly of small to medium scale construction activities and will generate limited environmental and social impacts. As part of the Bank's ESDD, the Bank will evaluate which types of systems/procedures may be necessary to evaluate the environmental and social implications of such future works prior their execution. As future works have the potential to cause mostly local and short-term negative environmental and associated social impacts, the Project team proposes to classify the proposed Project as a Category "B" operation in accordance with the IDB Environmental and Safeguards Compliance Policy.

B. Potential impacts and risks

The principal environmental impacts that are associated with maintenance activities and medium-scale construction works include the potential for erosion, sedimentation, instability of slopes, contamination of surface water, generation of noise and localized degradation of air quality. In addition, construction works in the existing highway have the potential to affect the pattern of circulation of vehicles, which could result in accidents, both to the user of the highway and the construction workers. Construction impacts can be mitigated through the implementation of standard mitigation measures and good construction practices. The principal potential social risk of the Project includes the likelihood for relocation of human encroachment along the ROW, mainly for expansion of the roads, although no resettlement is anticipated by the SCT. The SCT is responsible for obtaining and delivering to the Concessionaire the ROW for the expansion works. Any potential relocation of population will need to comply with the IDB Operational Policy OP-710 on Involuntary Resettlement.

The enhancement, expansion and maintenance works on the existing highways will not increase significantly the existing traffic pattern and thus are not likely to directly promote indirect negative social impacts such as increased development pressure when compare to new roads.

C. Environmental and Social Due Diligence strategy

The Bank, as part of its due diligence process will conduct the following activities with the assistance of an independent environmental and social consulting firm: (i) assessment of potential relocation of human encroachments along the ROWs; (ii) assessment of other existing environmental and social liabilities on the existing roads; (iii) evaluation of the adequacy of environmental plans and procedures; (iv) assessment of the impacts on borrow pits and disposal areas; (v) evaluation of Project-related information disclosure and public consultation activities that have been performed or will be implemented; (vi) confirm that adequate provisions will be designed and implemented to reduce the potential risks of accidents, specially during maintenance activities; and (vii) environmental, health and safety record of the winner of the concession and an assessment of environmental management practices in similar road projects.

As part of the Bank's environmental and social due-diligence, the Bank will prepare an Environmental and Social Management Report (ESMR) for consideration by the Bank's Committee on Environmental and Social Impact (CESI). The ESMR will provide a synthesis of the relevant environmental and social aspects related to the Project and the proposed Bank recommendations in terms of project-specific environmental and social requirements.