

## PPP "Ferrocarril Central" Railway Project ESRS URUGUAY

**Original language of the document: Spanish**

### **1. Overview and Scope of IDB Invest's Environmental and Social Review**

The PPP "Ferrocarril Central" Railway Project (hereinafter, "FFCC" or "The Project") includes the design, construction, funding, refurbishment and maintenance of a 273-kilometer (km) railroad between the cities of Montevideo and Paso de los Toros, Uruguay. The Project's starting point is the New Passenger Terminal in Montevideo, and its endpoint is the Paso de los Toros station. The supply, testing and commissioning of the rolling stock are not included in the Project.

The proponent of the Project is the Ministry of Transportation and Public Works (MTO, for its acronym in Spanish). This agency has arranged for an environmental impact assessment (EIA) of the Project to be performed prior to it obtaining the Environmental Permit granted by the National Directorate of the Environment (DINAMA, for its acronym in Spanish), a body of the Ministry of Housing, Land Planning and Environment (MOTVMA, for its acronym in Spanish). Major sub-projects and facilities, such as bridges, trenches, quarries, workplaces, and intersections at different road levels will require specific environmental assessments to be approved by the DINAMA. The Grupo Vía Central Consortium (hereinafter "the Consortium"), which comprises the companies NGE (France), Sacyr (Spain), Berkes (Uruguay) and SACEEM (Uruguay), has been awarded the international public tender for the construction and maintenance of the new railroad, under a PPP (Public-Private Partnership) contract.

The railway infrastructure to be built or improved through the Project will be designed in accordance with the technical specifications of the European Community. The railroad will transport cellulose pulp, wood, grains, containers, fuel, and chemical products, among other cargo. It is estimated that the railroad will transport 8 million tons of gross cargo (including 4 million tons of pulp) per year, when it operates continuously 365 days a year.

Fifteen freight trains with a maximum length of 800 meters will run daily in each direction on the railroad, as well as 9 passenger trains in each direction, which will connect Montevideo with the locality of 25 de Agosto. The trains will run at a maximum speed of 60 kilometers per hour (km/h) between Montevideo and Las Piedras, and 80 km/h between Las Piedras and Paso de los Toros. The cargo capacity will increase from the current 18 ton axle load (ton/axle) to 22.5 ton/axle.

The main works to be funded include: i) change of tracks, crossties and renovation of existing civil structures (such as slopes, bridges, culverts, etc.); ii) improvements in the geometry of the track layout involving the construction of detours to population centers (Santa Lucia, Independencia, Cardal, Sarandí Grande and Puntas de Maciel); iii) trench crossing works in the towns of Capurro/Uruguayana and Las Piedras, to avoid cross-track crossings; iv) new double track for passenger transportation between the towns of Sayago and Progreso; v) track renewal between Sayago and Estación Peñarol; vi) new signaling and traffic control system, including an automatic

protection system for trains and interfaces with connecting tracks; vii) construction, reconstruction or reinforcement of bridges; viii) the tunneling of roads and highways; ix) the installation of acoustic screens in noise-sensitive sites; and x) the fencing of the railway strip along the entire route.

The project will include the improvement of stations and passenger transport service between Montevideo and Progreso and the construction of 32.5 km of new maintenance access roads. However, due to corrections in the layout and detours of population centers, it will also imply the expropriation of 642 registers, as well as the demolition and involuntary displacement of 40 homes and various facilities.

The estimated period for the construction of the Project is 33 months. For this purpose, four simultaneous and approximately equidistant construction fronts will be implemented, which will include three main works (located in Florida, Durazno and Montevideo) and two secondary works (in Paso de los Toros and in Progreso). The rails will be stored in the 29-hectare main worksite located in Florida, and the crosstie factory, machinery and equipment maintenance area, ballast stockpiling, laboratories, offices and dining areas, dressing rooms, toilets, etc. will be installed there as well. The stockpiling of the disassembled rails will be carried out in specific sites near the localities of Paso de los Toros, Durazno, Sarandí Grande, Florida and Progreso<sup>1</sup>.

The Project will require the installation of four concrete plants with a capacity of 60 cubic meters per hour (m<sup>3</sup>/h), which will be located in the outskirts of Montevideo, and in the towns of 25 de Mayo, Durazno and Centenario; and of two main quarries located in Pintado and Centenario. However, the materials for the sub-base will be obtained from several quarries located along the track.

The Environmental and Social due Diligence (ESDD) visit for this Project took place between February 4 and 8, 2019. During this visit, the most relevant sites (possible work fronts and places inhabited by the potentially affected population) were inspected, covering the route from Montevideo to Paso de los Toros, and meetings were held with representatives of the Consortium, the authorities (MTOP, DINAMA, Office of the Ombudsman in the Municipality of Montevideo), the most relevant Non-Governmental Organizations (NGOs) and Commercial Organizations (COs), as well as with members of the communities that could be affected by the Project, both during its construction and operation phases<sup>2</sup>.

## **2. Environmental and Social Classification and Rationale**

In accordance with the provisions of IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified as a Category A operation, given that during its construction phase it may result in the involuntary resettlement of people due to land expropriation and the displacement of people who built their home on the railroad's easement strip; interference with pedestrian and

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<sup>1</sup> The materials recovered from the disassembled railway between Montevideo and Paso de los Toros (rails and sleepers) as well as the existing new rails laid down in the track area will be transferred to the Line to Rio Branco to be laid down from km 26 (Toledo) to 334 (Treinta y Tres), and other destinations.

<sup>2</sup> The cumulative possible environmental and social impacts on the natural and anthropic components of the environment considered relevant to the railway project are the subject of a Cumulative Impact Assessment requested by IDB Invest to the GVC Consortium.

vehicular traffic caused by the works and the resulting increase in the probability of road accidents; impacts on air quality due to particulate matter emissions; the generation of vibrations; noise emissions; and possible impacts on water, soil and biodiversity due to pollution events related to accidental chemical spills during the construction processes.

The Project will activate the following International Finance Corporation (IFC) 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; PS5 Land Acquisition and Involuntary Resettlement; PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources; and PS8 Cultural Heritage.

### **3. Environmental and Social Context**

The railway line, with a clear S-N orientation, crosses mostly rural areas, and specifically district capitals (Canelones, Florida, Durazno) and some localities (La Paz, Las Piedras, Progreso, Sarandí Grande, Santa Lucía, Carlos Reyles, among others), in many sections following the geometry of Route 5 that joins Montevideo with Paso de los Toros. The suburbs of Montevideo and the district of Canelones are located in the southern area of the railway line. These areas are the most anthropized, with large sections destined to rain-fed and irrigated agriculture, and lands destined to horticulture and fruit production. At the limit between the Canelones - Florida districts, the railway crosses the Santa Lucía River, which belongs to the basin of the De la Plata River and its Maritime Front. The area associated with the central part of the railway has less farmland and more land dedicated to livestock grazing and dairy farms. To the north, in the Río Negro basin, extensive livestock farming predominates.

In general, the area adjacent to the railway presents low biological diversity, with a predominance of extensive natural meadows with some rocky outcrops and gently undulating topography. The maximum elevations are less than 150 meters above mean sea level (masl) and are located in the area of Cuchilla Grande, near the towns of Sarandí Grande, Goñi in Florida, and Villasboas in Durazno. The Protected Area with Managed Resources of the Santa Lucía Wetlands (1 km) and the Protected Landscape Rock Art Area of Chamangá (7 km) are within the Project's area of influence.

### **4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

#### **4.1 Assessment and Management of Environmental and Social Risks and Impacts**

##### **4.1.a Environmental and Social Management System**

The Consortium has adopted the company SACEEM's comprehensive environmental, social, health, safety, and security management system ("the Comprehensive Management System" or the "ESHS"), which is certified under the standard ISO 14001.

The Comprehensive System will be led by an Environmental, Social, Health, Safety and Security Manager who will represent the Consortium before the Director of Environment of the MTOP, the authorities applicable to the Project (national, district, and municipal), and the funding entities. The ESHS manager will report directly to the Consortium's Project Manager and will have sufficient professionals and technicians at his or her disposal to simultaneously control the different work fronts. The Consortium will appoint a Social Specialist who will report to the Consortium's ESHS Manager, whose main function will be to prepare and implement the Community Outreach Plan, in coordination with the MTOP's social teams; the social specialist will report to the Consortium's ESHS Manager.

#### 4.1.b Environmental, Social, and Health, Safety and Security Policy

The Comprehensive System includes the Environmental Policy, the Health, Safety, and Security Policy and the Quality Policy defined by the Consortium. These are aimed at achieving the full legal compliance of all activities to be carried out and maintaining the continuous improvement of the system. To implement the policy, the Consortium has adopted a series of procedures that SACEEM has developed as part of its commitments upon receiving its ISO 14001 certification. These procedures are denoted by the letters "PR" and an identifying number.

The Consortium will produce and implement a Human Resources Policy that will be included in the comprehensive management system; this Policy will ensure legal compliance and the fulfillment of the relevant requirements of Performance Standard 1.

#### 4.1.c Risk and Impact Identification

The Consortium's Comprehensive System includes procedure PR-2202 Identification and Assessment of Environmental Aspects, which does not define its scope in relation to the tasks performed by subcontractors.

In terms of occupational health, safety, and security, the system includes procedure PR-2101 Occupational Risk Prevention Management and procedure PR-2102 Hazard and Risk Analysis. The latter documents the two basic types of risk identification and assessment that the Consortium will apply to the activities of its in-house and contracted personnel: i) risk assessments by category and not by job function; the risks associated with the types of activity carried out by personnel according to their occupational category are usually defined during the planning stage and reviewed every five years; and ii) risk assessments consistent with the activities of a particular work; in these cases, the foremen, managers and those with personnel under their direction and supervision conduct a Hazard and Risk Analysis periodically (weekly, biweekly, etc., depending on the changes that arise in the activities). The Hazard and Risk Analysis determines whether the risks identified and assessed can be managed acceptably or not; in the latter case, the activity cannot be carried out.

The Consortium will modify the scope of Procedure PR-2202 Identification and Assessment of Environmental Aspects, so that the environmental aspects under assessment are those that are relevant to the scope in which the activities of its in-house personnel, contracted personnel, and the community or third parties possibly affected by the construction works are developed. Likewise, the Consortium will adapt procedure PR-2102, expanding its scope, when appropriate, to preserving

the health, safety, and security of every member of the community possibly affected by the construction activities. The identification and assessment of possible risks and impacts will take into account the results of the Project's Environmental Impact Assessment, which, although developed using a predictive approach, are applicable overall.<sup>3</sup>

Through procedure PR0506, the Consortium will identify, update and assess compliance with legal and other subscribed requirements". The Consortium will incorporate to this procedure the criterion used to identify the environmental and social obligations arising from the loan agreements with the funding entities.

#### 4.1.d Management Programs

The Comprehensive System includes a series of procedures related to fuel management; the management of waste (domestic and hazardous), debris, scrap, and sewage effluents; the handling of oils, filters and lubricants; the management of hazardous substances; land machinery; contingencies (in the event of spills and in the event of explosions); fire prevention and control; and social communication.

However, in order to comply with local legislation, the Consortium shall prepare a Safety and Hygiene Study that contains work procedures and instructions. Likewise, it shall prepare Work Management Plans (WMPs), to establish the sequence of activities, the applicable instructions or procedures, the responsibilities and records in order to manage Quality, Safety and the Environment; and Materials Inspection Plans (MIPs).

According to the Occupational Risk Prevention Management Procedure, the Operations Manager, together with the Health, Safety, and Security Manager, are responsible for periodically conducting health status controls of the company's personnel, in order to update the regulatory health card. Additional medical checks can be conducted according to the results of the risk assessment by occupational category.

The Comprehensive System includes procedure PR-1807 for the Control of Contractors' Work Obligations, which specifies the relevant legal requirements, and Internal Standard Safety Requirements for Contractor Companies (NI 001), which contains the safety and security requirements for any contractor company. However, in order to implement contractor management aligned with the requirements of IFC Performance Standard 1, the Consortium will develop a Contractor Management Manual that will specify, at least, the following topics regarding the Consortium: i) Environmental, Social, Health, Safety and Security Policy and Human Resources Policy; ii) Code of Ethics; iii) Safe working procedures of the comprehensive system; iv) Water, energy and waste management; v) Road safety requirements specifying: required upkeep and operational status of vehicles, maximum allowed speeds, agreed traffic routes (specific to each case), driving in adverse weather conditions and in areas sensitive to personal accidents, allowed driving times, driving with dangerous loads; vi) Training requirements; vii) Rules of good coexistence with the community within the context of the Community Outreach Plan.

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<sup>3</sup> The request to expand the scope of both procedures is based on the requirements arising from Performance Standard 4 Community Health, Safety and Security

The Comprehensive System includes procedure PR-0605 Evaluation of Suppliers and Subcontractors, which is used to rate suppliers and subcontractors, thereby enabling them (or not) to apply for future works. The qualification criteria do not include those relating to environmental management and community relations. The Consortium will produce a procedure for the Evaluation of Suppliers and Subcontractors whose evaluation criteria will include their health, safety, and security management and the quality of their relationships with the community. Particular emphasis will be given to the safe driving of vehicles and machinery by contractors on streets and roadways.

#### 4.1.e Organizational Capacities and Competences

As set forth in the Consortium's comprehensive management system, based on a survey of health and safety training needs, the Human Management Manager is responsible for generating and executing an "Annual Training Program". All activities related to personnel training are carried out in accordance with the provisions of the "Personnel Training and Development" Procedure (PR-1801). On the other hand, at the start of each work, the Quality and Environment Manager imparts an introductory training on the management system directed at the construction technicians, in-house and contracted operators. The content of the Annual Training Program is defined based on the principles and objectives of the Occupational Health and Safety Policy, taking into consideration the results arising from the identification of legal requirements, the identification of hazards and the risk assessment, accident reports, and the results of internal and external inspections and audits.

The Consortium will define the content of the Annual Training Program, considering, in addition to the environmental aspects and health, safety, and security risks usually identified, those relevant to the health, safety, and security of the community that may be affected by the construction works, increasing awareness of these aspects among its in-house and contracted personnel. Particular focus should be given to the safe driving of vehicles and machinery within and outside the scope of construction works by in-house and contracted personnel.

#### 4.1.f Emergency Preparedness and Response

To respond to emergency situations, the Consortium has procedure PR-2204 Identification and Response to Environmental Emergencies<sup>4</sup>, which identifies chemical spills, explosions, and fires as emergency situations, stating that the emergencies associated with a project are identified through the procedure for the Identification and Assessment of Environmental Aspects (PR-2202).

The Consortium will prepare an Emergency Prevention and Response Plan for each site or facility that comprises an operational unit (e.g., worksite, quarry, large-scale civil works, etc.). This Plan will articulate with the MTOP's Emergency Plan and will be extended to the Consortium's contractors. Each Plan will identify site-specific emergency scenarios (spills on land or water, explosions, fires, floods or landslides in the face of heavy rains, rioting, etc.), the corresponding actions to prevent and address the emergency, the responsible parties (including during holidays and weekends), the external actors that could be involved during an emergency (hospital, firemen, police, civil defense, etc.) and the communications flowchart. When appropriate, an evacuation plan will be prepared,

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<sup>4</sup> PR-2204 identifies chemical spills, explosions, and fires as emergencies.

with a sketch that indicates the meeting points, emergency exits, fire extinguishing equipment and facilities, flammable tanks, power cut-off switches, etc. The actions of the staff when faced with specific scenarios will be the subject of simulations to be carried out every six months.

The Comprehensive System stipulates that, in the event of a serious accident, the person in charge of Occupational Health, Safety, and Security has the obligation to report the accident to the relevant departments of the Ministry of Labor and Social Security, as set forth in procedure PR-2101 Occupational Risk Prevention Management.

The Consortium will prepare and implement a specific Accident Management procedure, applicable to both its in-house and contracted personnel, and which shall indicate, at a minimum, the actions to be taken immediately after an accident has occurred, the recording of the nature and severity of the accident, the processing of the basic legal aspects and the formats to be used to prepare the accident investigation report and identify the preventive or corrective measures adopted to prevent it from happening again.

#### 4.1.g Monitoring and Evaluation

The construction and operation of the Project, under the responsibility of the MTOP, will be monitored by the DINAMA through its High Complexity Undertakings Division of the Environmental Impact Assessment Area. For this, the DINAMA will conduct its own audits or use third parties hired to assess the MTOP's team. In light of the executive engineering project to be developed by the Consortium, the MTOP shall prepare the Construction Environmental Management Plan and submit it to the DINAMA<sup>5</sup> for its approval.

The Comprehensive System includes procedure PR 2205 Environmental Monitoring. Without prejudice to the parameter measurements required by the Construction Environmental Management Plan of the MTOP and those that become necessary due to the implementation of the Consortium's Comprehensive System, the Environmental, Social and Health, Safety, and Security Monitoring Plan of the Project will include monitoring the following parameters: environmental noise levels (baseline and quarterly); vibration level (where justified); quality of gaseous effluents from boilers used to manufacture crossties (annual); quality of liquid effluents discharged into the public network (quarterly); quality of concrete curing and washing effluents (before effluent discharge, quarterly); physicochemical and bacteriological analysis of surface or groundwater bodies and soils, in the event of a pollution event; and verification of any decrease in the water table in places adjacent to sites where dewatering has taken place.

In social matters, the following will be monitored: i) the progress of the expropriation and rehousing processes; ii) grievances and complaints received, addressed, and resolved; the results of the management of the Community Outreach Plan, the Social Aspects Management Plan, and the Road Safety Plan specified in the Environmental and Social Action Plan.

In terms of occupational health, safety, and security, the following will be monitored: noise at work (quarterly); drinking water quality (quarterly); occupational accidents and incidents (Frequency Rate

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<sup>5</sup> Requirement contained in Resolution 410 of the DINAMA.

and Severity Rate) of in-house and contracted personnel; and the ground resistance of electrical panels (every six months).

The adoption of admissible threshold values for the measured parameters will take into account the threshold values defined in the legislation in force and those defined in the IFC's operational guidelines. Tracking will include an analysis of possible root causes and prevention and/or mitigation measures proposed for events in which the measured values exceed the acceptable thresholds set forth in the legislation in force or the applicable IFC guidelines.

#### 4.1.h Participation of Social Actors

In order to gather the opinions and concerns of citizens regarding the Project, during the first semester of 2018, the DINAMA carried out a consultation process on the Project and on the EIA study with various neighborhood and stakeholder groups. The MTOP, for its part, has also replied to requests for complementary information to the EIA carried out by the DINAMA.

In addition, two public sessions were held, one in Montevideo on December 21, 2018 and the other in Florida on December 27, 2018. The Project's environmental documents and the replies to requests for complementary information were published by the DINAMA in a timely manner<sup>6</sup> on the so-called Environmental Observatory's website.<sup>7</sup>

Through the Environmental Monitoring, Follow-up and Audit Plan<sup>8</sup> outlined in the Environmental Impact Assessment Study, the MTOP plans to carry out a process to disseminate the Project among the population of the potentially affected communities and to implement a mechanism to receive and resolve concerns, complaints and grievances.

Specifically, during the construction phase, the MTOP plans to inform the population about the effects on traffic that may occur due to the closure of streets, and provide alternate roads to avoid congestion. It also foresees a permanent consultation process with the (non-expropriated) population that will be displaced by the Project and will accompany them throughout the resettlement process.

## 4.2 Labor and Working conditions

### 4.2.a Human Resources Policies and Procedures

The Consortium still lacks a Human Resources Policy. It will therefore prepare a Human Resources Policy specifically for the Project that considers, at least, both for its in-house and contracted personnel, fair treatment, respect for the free association of workers, equality of opportunities, non-discrimination, and the rejection of child labor and forced labor.

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<sup>6</sup> April 19, July 9, October 9 and December 6, 2018; and July 1, 2019.

<sup>7</sup> <https://www.dinama.gub.uy/oan/proyectos/proyecto-ferroviario-montevideo-paso-de-los-toros/>

<sup>8</sup> Monitoring Plan contained in the EIA.

#### 4.2.b Workforce reduction

Before the completion of the construction stage and before executing any collective dismissals, the Consortium will conduct an analysis of alternatives to workforce reduction (such as employee skills development programs). If no alternatives are identified, the Consortium will develop and implement a workforce reduction plan to mitigate the adverse impacts of this on the workers. The Consortium will comply with all legal and contractual requirements related to notifying authorities, providing information and consulting with workers and their organizations.

#### 4.2.c Grievance Mechanism

The Consortium maintains employee consultation and participation processes at all job levels and roles, prioritizing the operational areas and fostering a smooth dialog with the workers' representatives. It also holds frequent bipartite and tripartite meetings where stakeholders can express their insights about the Project.

However, the Consortium has yet to develop a mechanism that would enable it to systematize and document these consultation processes, making it possible to capture and process grievances, complaints, or requests from employees and contractors, either exhaustively or anonymously. The Consortium will prepare a procedure that includes a mechanism to receive and resolve the grievances, claims or suggestions of any in-house or contracted employee, allowing for an anonymous modality. The procedure will define the allocation of responsibilities and evaluation and response times for employee communications.

### 4.3 Resource Efficiency and Pollution Prevention

The Consortium's comprehensive system includes procedure PR-2203 Solid Waste Management, which provides for the management of domestic waste, civil works and hazardous solid waste. The Consortium promotes the minimization of waste generation, its reuse and recycling, and applies the treatment or final disposal management defined by the legislation in force. The system includes the Chemical Product Management Work Instructions IT-2109 to manage the purchase, storage, use and handling of dangerous chemical products (flammable, non-flammable and gases).

The Comprehensive System foresees the preparation of an Environmental Management Program that will define objectives to reduce water and power consumption, waste production, and the reduction of spills and other pollution events. This program will define monitoring indicators to measure the efficiency of the mitigation measures adopted.

The Consortium will prepare a Hazardous Substances Management Procedure in accordance with the legal requirements in force and those arising from IFC Performance Standard 3. This Procedure will state that the Consortium will not acquire or use pesticides or agrochemicals that include Class Ia (extremely dangerous) or Ib (highly dangerous) components, according to the WHO classification.

Based on ISO 14064-1 and using the Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard (CARS) of the as a working guide, the Consortium will prepare an Inventory of Greenhouse Gases for the Project's construction and operation stages.

#### **4.4 Community Health and Safety**

In coordination with the MTOP, the Consortium will prepare a Community Outreach Plan that complements the plan of the same name adopted by the MTOP. This Plan will include, at least, the following: i) allocation of responsibilities to implement and supervise compliance with the actions indicated in the Plan for each work front; ii) actor and stakeholder mapping;<sup>9</sup> iii) procedure for disseminating information and conducting community consultations; iv) procedure for receiving and resolving grievances, complaints and suggestions by the community or any other third party, including through an anonymous modality; and v) a community information and communication plan regarding the progress of the works and the resolution of grievances or concerns. A suitable physical location will be made available on each work front so that the Consortium's assigned personnel can implement the actions foreseen in the Plan.

The Consortium will produce a Community Aspects Management Procedure, which will, at least, include an analysis of the possible diseases that could be induced or exacerbated by the Project (including sexually transmitted diseases), as well as an assessment of the potential shortfall in the provision of basic services (health services, police security, food purchase, water supply, electricity, waste management, etc.) that it could generate.

Once the risks and impacts have been identified, the Consortium will coordinate with the local authorities and with the social team of the MTOP in order to apply specific measures to manage these risks and impacts.

In the event that private security forces are hired, this contracting will be governed by the principles dictated by the United Nations and PS4 (IFC Performance Standard 4).

The Consortium will prepare and implement a Road Safety Plan aimed at avoiding or minimizing the effects produced by the works on the local community. This plan will include, among other aspects, the following: i) Identification, with the endorsement of the local authorities, of the routes and times when trucks and machinery required for the construction works may circulate, in order to minimize the possible impacts on the safety and quality of life of the population; ii) Allocation of Consortium personnel to direct vehicular traffic in detours or roads with restricted circulation; iii) Instructions to in-house and contracted truck drivers on the driving modality that should be applied when traveling through socially sensitive areas, and the permitted and prohibited actions; iv) Washing of tires at the exit of workplaces or quarries, especially when mud is present, to avoid depositing mud on the streets or roads; v) Continuous visual control of the conservation and operational status of the vehicles required for the works and the application of corrective measures, if applicable.

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<sup>9</sup> In progress

#### 4.5 Land Acquisition and Involuntary Resettlement

The National Directorate of Topography of the MTOP has authorized IDB Invest and the other funding entities for the involuntary relocation process associated with the project, attending periodic meetings.

As reported by the Directorate of Topography of the MTOP, as of the cut-off date of this document<sup>10</sup>, a total of 639 registers (properties) subject to expropriation were identified, 269 of which are located in rural areas (the majority in the district of Florida) and 370 in urban areas (mainly in the districts of Montevideo and Canelones). Fifty-eight percent of the expropriation proceedings were practically completed, only 3% of which were subject to judicial resolution. The MTOP had also detected 40 home invasions on the railway strip in the districts of Montevideo and Canelones, including 17 homes with (non-owner) occupants, 3 micro-enterprises (to be relocated) and other facilities (some of them subject to total or partial expropriation, or removal). The total number of cases subject to rehousing amounted to 26, including human dwellings and settlements (shelters made of flimsy materials and without the provision of basic services).

The previous figures could be modified once the final layout of the railway line in question has been defined (executive project).

The strategy adopted by the MTOP when rehousing is being requested<sup>11</sup> has been to enter into a framework agreement between the MTOP and the Ministry of Housing, Land Planning and Environment (MVOTMA) that includes: i) the transfer of homes resulting from expropriations to MTOP property, so that the MVOTMA<sup>12</sup> can implement the rehousing process, as well as the necessary building improvements; ii) the transfer of money for temporary rent and associated expenses to the families to be rehoused during the period between the moment in which they must leave their homes and the moment in which they are effectively rehoused; and iii) the transfer of money for the purchase of used homes (in the event that the homes available due to the expropriation were fewer than the families requiring relocation).

The MTOP team has maintained a smooth and continuous communication with the owners of the homes and facilities that will be affected. The rehousing processes to totally expropriated houses were included in the Rehousing Plan approved by an agreement between the MTOP and the MVOTMA.

The construction of a trench in the town of Las Piedras will require the removal of a market that sells various items (mainly clothing), located in a building adjacent to the railway station. According to a census conducted by the Municipality of Canelones on December 10, 2018, 52 fairground workers were located in this market, all in conditions of irregularity. As a result of the dialog between the representatives of the possibly affected parties, the Municipality of Las Piedras and the Municipality of Canelones, it was agreed to temporarily move the market to an agreed site for the duration of the railway construction works. Once the works have been completed, the market

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<sup>10</sup> February 26, 2019.

<sup>11</sup> 26 homes of non-owners.

<sup>12</sup> The MVOTMA is the institution responsible for housing allocation.

will be relocated to a site to be agreed upon based on an urban project approved by the Municipality.

The Consortium, through its social specialist, will participate in periodic meetings to review the progress of the expropriation and rehousing processes carried out by the MTOP. The results will be documented and periodically sent to the funding entities.<sup>13</sup>

#### **4.6 Biodiversity Conservation and Management of Natural Resources**

The Project will be developed in modified habitats mainly destined to agricultural and livestock activity. In its area of direct influence, no critical habitats have been identified that would potentially be affected by the Project, nor have endangered or threatened species been identified.

Overall, the Project's impact on the ecosystems is considered to be insignificant, since it will be developed in places that are already much altered by anthropic activity and by the invasion of exotic species. However, once the executive project has been conceived, the Consortium will prepare a Biodiversity Management Plan, focused on minimizing the possible effects of the works on the Santa Lucia Wetlands (Protected Area with Managed Resources, existing between the localities of Progreso and 25 de Agosto).

The Consortium will submit the Biodiversity Plan for its review by IDB Invest's Environmental and Social Unit before delivering the final version to the MTOP. The purpose of such a review will be to ensure that the Plan effectively meets the requirements of IFC Performance Standard 6.

#### **4.7 Indigenous Peoples**

The project will not affect any indigenous population.

#### **4.8 Cultural Heritage**

Through the EIA study, two sets of cultural heritage assets have been identified: i) an archaeological collection contained in public and private collections corresponding to the Late Pleistocene and Holocene periods located in the middle basin of the Río Negro<sup>14</sup>; and ii) building assets that constitute a historical heritage to be preserved from the possible negative impacts of the works.

The existence of prehistoric sites along the railway track is considered highly probable, especially in the vicinity of the banks of the main streams (e.g. Canelón Grande, Pintado, Sarandí and Villasboas) and on the banks of the Santa Lucía, Yí and Negro rivers.

The Protected Landscape Rock Art Area of Chamangá (7 km from the Project), located east of the city of Trinidad, in the district of Flores, contains the largest concentration of rock pictographs in Uruguay (41 records). According to the EIA, the rocky panels that were used to compose and

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<sup>13</sup> IDB Invest and the Development Bank of Latin America (CAF) will monitor the resettlement process by participating in the meetings between the Consortium and the MTOP (Directorate of Topography of the MTOP).

<sup>14</sup> The study of this archaeological record helps to know and understand the processes of prehistoric human occupation in the territory.

transmit specific cultural information by indigenous peoples will not be affected by the Project, but the possibility that undocumented archaeological records associated with those already inventoried could be affected cannot be ruled out.

The EIA identifies: i) 8 historic monuments (Paso de los Toros Railway Station, Del Alto Depot, Canning Station, La Cruz Estate and Warehouse, 25 de Mayo Cooperative Building, Establecimiento Juanicó SA, Colón Railway Station and its outbuildings); ii) 5 district monuments, including 3 in the district of Durazno (Molles Station, Durazno Station, Puente and Cabecera Ferroviaria on the Yi River), 1 in Florida (Fortín Militar) and 1 in Canelones (Las Piedras Station); and iii) 29 railway stations of cultural heritage interest, which overall are in good condition. The measures to preserve these buildings include: not using any of the stations as a worksite, dining area, or warehouse and not introducing new or service facilities of any kind on the passenger platform areas of these stations.

The Consortium will prepare and implement an operational procedure that indicates the preventive actions and response to possible archaeological findings during the execution of the works, in accordance with the requirements of the MTOP specialist. Such procedure will be mandatory for in-house and contracted personnel. All personnel working in work fronts that involve excavations or earthworks shall be periodically trained in the implementation of the procedure.

## 5. Local Access to Project Documentation

The documentation related to the Project can be accessed at the following links:

<https://www.dinama.gub.uy/oan/proyectos/proyecto-ferroviario-montevideo-paso-de-los-toros/>

## 6. Environmental and Social Action Plan

6.1 The Project's Environmental and Social Action Plan (ESAP) is summarized below:

Item	Aspect	Action	Product	Due date
<b>PS 1: Assessment and Management of Environmental and Social Risks and Impacts</b>				
1.1	Integrated Environmental and Social Management System	The comprehensive environmental, social and health, safety, and security management system (ESHS) will be headed by an Environmental, Social, Health, Safety and Security Manager who will represent the Consortium before the Director of Environment of the MTOP, the authorities applicable to the Project (national, district, and municipal), and before the representatives of the funding entities. The ESHS manager shall be able to report directly to the Consortium's Project Manager and will have sufficient professional and technical resources at his or her disposal to simultaneously control the different work fronts. The Consortium will appoint a Social Specialist who will prepare and implement the Community Outreach Plan, in coordination with the MTOP's social teams; the social specialist will report to the Consortium's ESHS Manager.	Proof of registration of employment of the Environmental, Social, and Health, Safety and security Manager.  Proof of registration of employment of the Social Specialist	Prior to first disbursement  Prior to first disbursement

Item	Aspect	Action	Product	Due date
1.2	Risk and Impact Identification	The Consortium will modify the scope of Procedure PR-2202 Identification and Assessment of Environmental Aspects, so that the environmental aspects under assessment are those that are relevant to the scope in which the activities of its in-house personnel, contracted personnel, and the community or third parties possibly affected by the construction works are developed. Likewise, the Consortium will modify procedure PR-2102, expanding its scope, when appropriate, to preserving the health, safety, and security of every member of the community possibly affected by the construction activities.	Modified Procedure PR - 2202	Prior to first disbursement
1.3	Risk and Impact Identification	The Consortium will hire an independent consulting firm to conduct a Cumulative Impact Assessment on sensitive environmental and social factors located in the Project's area of influence, in accordance with the specific Terms and Conditions duly delivered to the Consortium by IDB Invest.	Cumulative Impact Assessment	Prior to first disbursement
1.4	Legal aspects identification	The procedure for identifying, updating and assessing compliance with legal and other subscribed requirements of the Consortium will include the environmental and social obligations required by the loan agreements with the funding entities.	Legal aspects identification and assessment matrix	Prior to first disbursement
1.5	Organizational Capacities and Competences	The Consortium will define the content of the Annual Training Program, considering, in addition to the environmental aspects and health, safety, and security risks usually identified, those relevant to the health, safety, and security of the community that may be affected by the construction works, increasing awareness of these aspects among its in-house and contracted personnel. Particular focus should be given to the safe driving of vehicles and machinery within and outside the scope of construction works by in-house and contracted personnel	Annual Training Program	Prior to first disbursement
1.6	Emergency Preparedness and Response	The Consortium will prepare an Emergency Prevention and Response Plan for each site or facility that comprises an operational unit (e.g., worksite, quarry, large-scale civil works, etc.). This Plan will articulate with the MTOP's Emergency Plan and will be extended to the Consortium's contractors. Each Plan will identify site-specific emergency scenarios (spills on land or water, explosions, fires, floods or landslides in the face of heavy rains, rioting, etc.), the corresponding actions to prevent and address the emergency, the responsible parties (including during holidays and weekends), the external actors that could be involved during an emergency (hospital, firemen, police, civil defense, etc.) and the communications flowchart. When appropriate, an evacuation plan will be prepared, with a sketch that indicates the meeting points, emergency exits, fire extinguishing equipment and facilities, flammable tanks, power cut-off switches, etc. The actions of the staff when faced with specific scenarios will be the subject of simulations to be carried out every six months.	Emergency Prevention and Response Plan Format.	July 31, 2019
1.7	Accident management	The Consortium will prepare and implement a specific Accident Management procedure, applicable to both its	Accident management Procedure	Prior to first disbursement

Item	Aspect	Action	Product	Due date
		in-house and contracted personnel, and which shall indicate, at a minimum, the actions to be taken immediately after an accident has occurred, the recording of the nature and severity of the accident, the processing of the basic legal aspects and the formats to be used to prepare the accident investigation report and identify the preventive and/or corrective measures adopted to prevent it from happening again.		
1.8	Contractor management	As set forth in Action 7 of the ESAP, the Consortium will develop a Contractor Management Manual that will specify, at least, the following topics regarding the Consortium: i) Environmental, Social, Health, Safety and Security Policy and Human Resources Policy; ii) Code of Ethics; iii) Safe working procedures of the comprehensive system; iv) Water, energy and waste management; v) Road safety requirements specifying: required upkeep and operational status of vehicles, maximum allowed speeds, agreed traffic routes (specific to each case), driving in adverse weather conditions and in areas sensitive to personal accidents, allowed driving times, driving with dangerous loads; vi) Training requirements; vii) Rules of good coexistence with the community within the context of the Community Outreach Plan.	Contractor Management Manual	Prior to second disbursement
1.9	Supplier and Subcontractor Assessment	The Consortium will produce a procedure for the Evaluation of Suppliers and Subcontractors whose evaluation criteria will include their health, safety, and security management and the quality of their relationships with the community. Particular emphasis will be given to the safe driving of vehicles and machinery by contractors on streets and roadways	Supplier and Subcontractor Assessment Procedure	Prior to second disbursement
1.10	Monitoring and Evaluation	The Consortium will include in the Environmental, Social and Health, Safety, and Security Monitoring Plan the monitoring of, at least, the following parameters: environmental noise level (baseline and quarterly), vibration level (where justified), quality of gaseous effluents from boilers (annual), quality of liquid effluents discharged into the public network (quarterly); quality of concrete curing and washing effluents (before effluent discharge, quarterly), physicochemical and bacteriological analysis of surface or groundwater bodies and soils in the event of pollution, with a frequency to be defined on a case-to-case basis; verification of any decrease in the water table in drilling adjacent to works where dewatering has taken place. In social matters, the following monitoring will be carried out: i) the progress of the expropriation and rehousing processes; ii) the number of grievances and complaints raised how many of these were effectively resolved. In terms of occupational health, safety, and security, the following will be monitored: noise at work (quarterly); drinking water quality (quarterly); Frequency Rate and Severity Rate (of occupational accidents of in-house and contracted personnel - monthly); and the ground resistance of electrical panels (every six months).	Environmental, Social, and Health, Safety and Security Monitoring Plan	Prior to second disbursement
<b>PS 2: Labor and Working conditions</b>				

Item	Aspect	Action	Product	Due date
2.1	Human Resources Policies and Procedures	The Consortium will prepare a Human Resources Policy that will consider, at least, both for its in-house and contracted personnel, fair treatment, respect for the free association of workers, equality of opportunities, non-discrimination, and the rejection of child labor and forced labor.	Human Resources Policy	Prior to second disbursement
2.2	Receiving and resolving grievances and complaints	The Consortium will prepare a procedure that includes a mechanism to receive and resolve the grievances, claims or suggestions of any in-house or contracted employee, allowing for an anonymous modality. The procedure will define the allocation of responsibilities and evaluation and response times for employee communications.	Procedure for grievances receiving and resolving	Prior to second disbursement
2.3	Workforce reduction	Before the completion of the construction stage and before executing any collective dismissals, the Consortium will conduct an analysis of alternatives to workforce reduction (such as employee skills development programs). If no alternatives are identified, the Consortium will develop and implement a workforce reduction plan to mitigate the adverse impacts of this on the workers. The Consortium will comply with all legal and contractual requirements related to notifying authorities, providing information and consulting with workers and their organizations	Workforce Reduction Plan	Prior to second disbursement
<b>PS 3: Resource Efficiency and Pollution Prevention</b>				
3.1	Harmful substances management	The Consortium will prepare a Hazardous Substances Management Procedure in accordance with the legal requirements in force and those arising from IFC Performance Standard 3. This Procedure will state that the Consortium will not acquire or use pesticides or agrochemicals that include Class Ia (extremely dangerous) or Ib (highly dangerous) components, according to the WHO classification.	Hazardous materials management procedure	Prior to second disbursement
3.2	Greenhouse gases	The Consortium will prepare an Inventory of Greenhouse Gases for the construction stage. The methodology to be used may be based on ISO Standard 14064-1, using the GHG Protocol Corporate Accounting and Reporting Standard (CARS) as a working guide	Greenhouse Gas Inventory	Prior to second disbursement
<b>PS 4: Community Health and Safety</b>				
4.1	Community Relations Plan	In coordination with the MTOP, the Consortium will prepare a Community Outreach Plan that complements the plan of the same name provided by the MTOP. This Plan will include, at least, the following: i) Allocation of responsibilities: for each work front, the Consortium personnel responsible for implementing and supervising the Plan in social matters; ii) Specific actor and stakeholder mapping; iii) Procedure for disseminating information and conducting community consultations; iv) procedure for receiving and resolving grievances, complaints and/or suggestions by the community or any other third party, including through an anonymous modality; and v) Plan for the preparation and submission of periodic reports intended to inform the community	Community Relations Plan	Prior to first disbursement

Item	Aspect	Action	Product	Due date
		about the progress of the works and the resolution of the grievances or concerns raised by members of the community. A suitable physical location will be made available on each work front so that the Consortium's assigned personnel can implement the actions foreseen in the Plan		
4.2	Community Factor Management	The Consortium will produce a Community Factor Management Procedure, which will, at least, include an account of possible sexually transmitted diseases (among others); the potential shortfall in the provision of basic services (health services, police security, food purchase, water supply, electricity, waste management, etc.). Once the risks and impacts have been identified, the Consortium will collaborate with the local authorities and with the social team of the MTOP to the extent that this is economically and technically possible, in order to manage these risks and impacts. In the event that private security forces are hired, they shall be sensitized to the principles dictated by the United Nations (IFC Performance Standard 4).	Community Factor Management Procedure	Prior to second disbursement
4.3	Road Safety Plan	The Consortium will produce and implement a road Safety Plan aimed at minimizing the effects of the works on the local communities, implementing, at least, the following: i) Identification, with the endorsement of the local authorities, of the routes and times when trucks and machinery required for the construction works may circulate, in order to minimize the possible impacts on the safety and quality of life of the population; ii) Allocation of Consortium personnel to direct vehicular traffic in detours or roads with restricted circulation; iii) Instructions to in-house and contracted truck drivers on the driving modality that should be applied when traveling through socially sensitive areas, and the permitted and prohibited actions; iv) Washing of tires at the exit of workplaces or quarries, especially when mud is present, to avoid depositing mud on the streets or roads; v) Continuous visual control of the conservation and operational status of the vehicles required for the works and the application of corrective measures, if applicable	Road Safety Plan	Prior to first disbursement
<b>PS 5 Land Acquisition and Involuntary Resettlement</b>				
5.1	Monitoring on the implementation of expropriation and involuntary resettlement plans	The Consortium, through its social specialist, will participate in periodic meetings to review the progress of the expropriation and rehousing processes carried out by the Directorate of Topography of the MTOP, together with specialists from the funding entities. The results will be documented and periodically sent to the funding entities in the Environmental and Social Compliance Reports.	Monitoring reports on the implementation of expropriation and involuntary resettlement plans	Continuous Delivery
<b>PS 6 Biodiversity Conservation and sustainable management of living natural resources</b>				
6.1	Biodiversity Management	The Consortium will submit the Biodiversity Plan for its review by IDB Invest's Environmental and Social Unit before delivering the final version to the MTOP. The purpose of such a review will be to ensure that the Plan	Biodiversity Plan	Before its referral to the MTOP

Item	Aspect	Action	Product	Due date
		effectively meets the requirements of IFC Performance Standard 6.		
<b>PS 8 Cultural Heritage</b>				
8.1	Cultural Heritage	The Consortium will hire a competent professional (archaeologist) to collaborate in the identification and protection of the cultural heritage; this professional will be responsible for preparing an operating procedure that defines the preventive actions and responses to possible archaeological findings during the execution of the works, in accordance with the legal requirements and in accordance with IFC Performance Standard 8. Such procedure will be mandatory for in-house and contracted personnel. All personnel working in work fronts that involve excavations or earthworks shall be periodically trained in the implementation of the procedure. In the event of a fortuitous discovery, the professional hired by the Consortium will proceed immediately to the site to collaborate with the authorities regarding the actions to be implemented.	Archaeological chance-find management procedure	Prior to first disbursement