

This is a Category A Project under the IIC Environmental and Social Sustainability Policy. The Project's main positive impacts are, among others, an increase in vehicle traffic flow and safety, and a decrease in traffic delays resulting mainly from freight vehicle congestion. The Project is expected to significantly contribute to the business and social development, both at the regional and domestic levels. The Project's main adverse impacts are associated with the construction phase, and they include, among others, adverse effects on air and water quality, soil contamination and erosion, namely caused by noise emissions, dust and combustion gases due to vegetation removal and soil movements, generation of solid and liquid waste, and rainwater action in construction work areas. As for any negative social impacts associated with the construction work phase, they include the typical road work impacts (adverse effects on quality of life due to dust, noise and vibrations, car traffic resulting from road detours and narrower traffic lanes, an increased likelihood of road accidents, etc.), and the involuntary resettlement of people living within the so-called Project eminent domain area. Any health and safety risks affecting workers and community members are mainly associated with air, water, and soil contamination, and an increase likelihood of road accident occurrences due to the Contractor's heavy construction equipment and vehicle traffic within the Project influence areas. A preliminary land registry study of all properties affected by the right of way, as carried out by the MOPC in August 2015 (Contracting Agency, sole responsible of such Project waiver before any private sponsoring organizations), shows that there would be around 1,850 households settled in the Project area (including indigenous people), thus resulting in some formal and informal eminent domain situations. With the purpose of conducting a final land registry study, and designing and implementing a Social Action Plan for waiving property rights due to eminent domain (PASFLD in Spanish), the MOPC has engaged the services of an Environmental and Social Specialist for an estimated 18-month period as of November 2016. A preliminary review of all available documentation allows us to state that, in general, the PASFLD content is aligned with the IIC policies applicable to the Project, since it includes the development of a Resettlement Plan, and a Community Outreach Program and Inquiry and Complaint Mechanism, involving the Paraguayan Indigenous Institute (INDI or Instituto Paraguayo del Indígena), together with the MOPC, with the purpose of managing all issues regarding any indigenous people living in the Project eminent domain area. As for any relevant issues associated with the IIC Environmental and Social Sustainability Policy as applicable to the Project, the Involuntary Resettlement Policy (IDB), Information Disclosure Policy (IIC), Indigenous People Policy (IDB), and Gender Equality Policy (IDB) should be mentioned. Furthermore, the following IFC Performance Standards are applicable to the Project: PS1 (Assessment and Management of Environmental and Social Risks and Impacts), PS2 (Labor and Work Conditions), PS3 (Efficiency in Resource Use and Pollution Prevention), PS4 (Community Health, Safety and Security), PS5 (Land Acquisition and Involuntary Resettlement), PS6 (Biodiversity Conservation and Natural Habitats), PS7 (Indigenous Peoples), and PS8 (Cultural Heritage). The IIC intends to engage an independent environmental and social specialist to assist with the Environmental and Social Due Diligence (ESDD) process, assess any likely environmental risks, confirm the project categorization, review any plans to mitigate such risks, and define an environmental and social action plan (ESAP) for the Project. While conducting the ESDD, the IIC will visit the Project site, and assess the environmental, social, health, safety and security system to be adopted, including any associated plans and procedures, inspect any camp sites and industrial areas, verify the scope of the public consultation process, review any baseline data, and social and labor matters associated with the Project. An Environmental and Social Review Summary (ESRS) will be developed and posted on the IIC web site, once the ESDD is over.