

This Project represents an initiative of the Government of the Republic of Panama through the Ministry of Education (MEDUCA, for its Spanish acronym), to eradicate 189 aulas rancho located mainly in the most secluded and poverty-stricken areas nationwide. The MEDUCA, through a public tender process, awarded 10 construction contracts to the contractor A&A Arroyo y Asociados ("A&A") for the design, demolition, remodeling and construction of 28 rural schools located in vulnerable and difficult to access regions of the Ngäbe-Buglé district (15 of the 28 schools, 54%) and the provinces of Bocas del Toro and Coclé (the remaining 13 schools, 46%). Once A&A has finalized its contract and delivered the new or refurbished schools or learning centers, the preventive and corrective maintenance of these schools will be entrusted to the National Direction of Engineering and Architecture of the MEDUCA, which has the technical—both in trained personnel and in procedures/guidelines/technical guides (it has the School Infrastructure Maintenance Manual)—and financial (mainly through budgetary allocations and the Fund for Equity and Quality of Education - FECE, for its Spanish acronym) capacity for such purpose. The scope of IDB Invest's environmental and social review included the analysis of the Project's environmental and construction permits, meetings and conference calls with representatives of the sponsor (mainly Grupo HMG Investment Corporation & Affiliates and A&A Arroyo y Asociados). In addition, on January 16-17, 2019, IDB Invest's environmental and social specialists conducted an environmental and social due diligence (ESDD) visit in Panama's Ciriquí Province and Ngäbe-Buglé district, which included the following activities: (i) meeting with A&A's management and planning personnel, as well as those responsible for environmental, safety and security, and health and hygiene issues and construction permits; (ii) a visit to the school grounds where the construction/remodeling will take place, and their surrounding area of influence; and (iii) a meeting with the Ministry of Education (MEDUCA) personnel in charge of the Aulas Rancho Eradication Program and the National Direction of Engineering and Architecture. At the end of this ESDD visit, we continued with the review of documents associated with manuals, procedures, and progress reports, among others.