

MEMORANDUM

MICI-BID-CO-2018-0133

Date: July 20, 2018

To: Victoria Márquez-Mees, MICI Director

From: Rigoberto Ariel Yépez-García, INE/ENE

CC: Executive Vice President, Vice President of Countries, Vice President of Sectors and Knowledge, Manager - Andean Countries, Country Representative in Colombia, Chief of Environmental Safeguards Unit

Re: Management Response to Request MICI-BID-CO-2018-0133 referring to the Proyecto "Support for Structuring the Ituango Hydroelectric Project"- (CO-T1250).

I. Introduction

1. The purpose of this memorandum is to present the Response of the Bank's Management (hereinafter, "Management") to the document "Notification of Request Registration and Request for Management Response" (hereinafter, "Notification") sent by MICI to Management by email on July 3, 2018, in connection with case MICI-BID-CO-2018-0133 concerning the Project "Support for Structuring the Ituango Hydroelectric Project"- (CO-T1250) (hereinafter, "THE TECHNICAL COOPERATION"). The Executing Agency of the technical cooperation (TC) was *Empresas Publicas Medellín* (EPM).

II. Background

2. The objective of the technical cooperation was to support the analysis of the financial, technical, economic, and environmental structuring aspects of the Ituango Hydroelectric Project. The environmental and social studies focused on identifying environmental and social gaps through the following studies: (i) modeling of water quality in the future reservoir and downstream; (ii) updating the baseline of the fish component; (iii) updating the design of the social management plan; and (iv) updating the baseline for the flora and fauna components.

III. Management's Remarks

3. With regard to the TC, it is important to note that, although this cooperation originally provided for the financing of four environmental and social studies of the HidroItuango project (see previous paragraph), two of them were eliminated at the request of EPM. The activities financed by the TC included "modeling water quality in the future reservoir and downstream" and "updating the baseline for the flora and fauna components," and did not include the financing of the activities listed in paragraphs 2(ii) and 2(iii). The different studies financed by the TC were prepared following IDB policies and guidelines.

4. Attached for your consideration are the annexes documenting the final scope of the TC, supporting the contents of paragraph 3 of this memorandum.

- (a) Official note from EPM (Official Letter No. 201530102253) requesting IDB approval of the updated Procurement Plan indicating that it excludes specified activities that would not be carried out, in particular, activities 4.2 and 4.3 *“Studies for updating the baseline of the fish component; and updating the design of the social management plan.”*
- (b) No objection letter from the IDB in response to the Executing Agency’s request for no objection to the update of the Procurement Plan.

Finally, we are prepared to proceed with the Consultation Phase if the activities financed by the TC are relevant to that phase, which the complainants have requested.