

Initial Project Summary – Eucalyptus Plantation, Pulp Mill, Transmission Line, Substation and River Port Project

Project Location: Concepción Region, 400 km north of Asunción, Paraguay

Name of Applicant: - Paracel SA

Name of Project: Paracel SA

Project Description: The Project involves the development, construction, and operation of a eucalyptus plantation and kraft pulp mill in the Concepción region of Paraguay covering an area of 190,000 hectares of former cattle ranch lands. The mill was conceived to produce 1,500,000 air-dried tons per annum (ADt/a) of bleached eucalyptus pulp. The mill is expected to produce 200 MW of renewable energy, generating a surplus of 100 MW. The land will be partially converted to eucalyptus plantations to supply the mill in future years, with an estimated 47 percent of this land to remain under existing, natural land cover in preservation. Concepción lies at the margins of the Paraguay river and is located around 400 km north of the capital of Asunción. The Project consists of:

- A 220 MW renewable energy power plant fired by biomass (wood waste and wood liquor) to supply 120 MW to the mill and export the surplus 100 MW to the grid;
- A 220 kV transmission line of 33 km that will supply power to the mill from the Concepción Substation and the new Estancia Zapatero Cue Substation;
- A river port on the left bank of the Paraguay River, built as an elevated platform on a structure composed of an operating platform, an access bridge for vehicle and people, and a shed structure for the pulp transport area. The port will transport pulp by river barges at an average rate of 1,500,000 t/year and receive logs with volumes varying between 2 and 5 million underbarked m³/year besides other inputs for the pulp mill (liquid or bulk) up to 450,000 t/year;
- Plantation lands of approximately 190,000 hectares to produce up to 80% of the eucalyptus wood supply by 2028; and
- Access roads to bring wood from the forest plantation areas to the pulp mill.

Environmental and Social Categorization and Rationale: The Project has been reviewed against DFC's categorical prohibitions and determined to be categorically eligible. The Project is screened as Category A because the Project involves large scale plantation forestry. The major environmental and social concerns related to the Project include the potential for impacts on biodiversity; labor and working conditions; worker health and safety; worker influx; community health, safety, and security; indigenous peoples; and cumulative impacts of land use change in the region.

Environmental and Social Standards: DFC's preliminary environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;

- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security;
- PS 6: Biodiversity Conservation and Sustainable Management of Living Resources;
- PS 7: Indigenous Peoples; and
- PS 8: Cultural Heritage.

The Project, both in its industrial component and in its forestry component, does not occupy lands with population settlements, and does not require the physical or economic displacement of any person, family, group or community. Therefore, PS 5 is not triggered at this time.

In addition to the Performance Standards listed above, the IFC's Environmental, Health, and Safety (EHS) General Guidelines (April 30, 2007), EHS Guidelines for Forest Harvesting Operations (2007), EHS Guidelines for Perennial Crop Production (2016), EHS Guidelines for Electric Power and Transmission (2007), and EHS Guidelines for Thermal Power Plants (2008) are applicable to the Project.

Location of Local Access to Project Information:

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