

## Environmental and Social Data Sheet

### Overview

Project Name:	CAMBODIA IRRIGATED AGRICULTURE IMPROVEMENT
Project Number:	2019-0827
Country:	Cambodia
Project Description:	The project will modernize and upgrade existing irrigation schemes, enhancing water supply reliability and reducing the adverse effects of weather-related disasters. The project is structured as a framework loan and a pipeline of five schemes has been identified in the provinces of Battambang, Kampong Cham, Kampong Thom, Takeo and Kampot, covering a total command area of about 51,000 ha of existing agricultural land.
EIA required:	YES. Multi-scheme investment. EIA is required for scheme sub-investments (not available yet for all schemes).
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

Cambodia's agriculture sector plays an important role in food security and provides a major source of livelihood and household income to the large share of the rural population. Despite its abundance of water resources, inadequate or outdated infrastructure (i.e. catchment areas, distribution networks and drainage canals) hinders the country's efforts towards increased productivity and crop diversification. Frequent floods during the wet season and water scarcity during the rest of the year prevents smallholder farmers from shifting towards higher value production models with lower environmental footprints. Furthermore, the country's extreme vulnerability to climate change coupled with a low adaptive capacity is resulting in ever more frequent crop and infrastructure damage which is likely to worsen in the future according to current forecasts.

The project is structured as a framework loan to the Government of Cambodia and will include a series of sub-projects that will be selected and guided by a series of pre-established eligibility conditions.

Project interventions include the rehabilitation and modernization of existing schemes, the replacement of pumping and water distribution control system, and the improvement of farming practices for increased agriculture productivity and crop diversification, in a total area of 51 000 ha of existing agricultural land. In addition, the project aims at improving water governance at management.

<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO<sub>2</sub>e/year absolute (gross) or 20,000 tonnes CO<sub>2</sub>e/year relative (net) – both increases and savings.

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This framework project will focus on sub-projects involving irrigation for agriculture. As such, if in the EU, sub-projects would fall under Annex II of the EIA Directive (2011/92/EU) and be subject to an environmental screening decision by the competent authority. The Cambodian Law on Environmental Protection and Natural Resources Management (1996) regulates the sustainable use of natural resources. Under this law, developers or project promoters need to prepare an initial EIA or a full EIA report for their proposed or existing development projects. The Sub-decree No. 72 of the law includes an Annex, which provides a schedule of developments which require EIA. For irrigation projects, it establishes that an EIA must be conducted for works concerning more than 5,000 hectares (ha) of newly irrigated land or land previously without reliable irrigation. The Decree is applicable to all irrigation schemes under the current operation, which will also imply requirements for formal public consultation. The EIB will in any case require the Promoter, through the corresponding undertakings, to apply and follow environmental and social standards established in the EIB Environmental and Social Handbook for the implementation and operation of the different sub-projects within this framework. This includes submitting an EIA of any scheme to be allocated under the loan to EIB for acknowledgement.

A PIU has already been established under the Ministry of Water Resources and Meteorology and staffed with officials from different line departments. The PIU ensure the quality of the project implementation, including the social and environmental assessment and monitoring. The capacity of the PIU is deemed adequate for this operation. The promoter has a track record in delivering similar projects in the sector, notably for the ADB, World Bank and JICA. Procedures covering project management as well as social and environment assessment are defined in Cambodia's SOP for all externally financed projects and will require adjustments to be consistent with EIB standards, prior to the submission of sub-projects to the EIB. The PIU will engage with international expertise to support the adaptation and standardisation of their procedures to EIB requirements.

In order to ensure that the source of water supply for irrigation is sustainable, only sub-projects located in areas covered at least by finalised draft River Basin Management Plans (RBMPs) and/or Integrated Water Resource Management (IWRMPs), on which relevant stakeholders have been duly consulted and broad agreement reached will be considered for financing under this framework. The Promoter will further commit to have the relevant draft River Basin Management Plans/Integrated Water Resource Management Plans adopted before the completion of sub-projects located within the relevant river basin.

As a member of the Mekong River Commission (MRC) since 1995, Cambodia complies with its annual obligations for riparian notification to the MRC through the Cambodian National Mekong Committee (CNMC) under the supervision of MOWRAM. An IWRM-based Basin Development Strategy endorsed in 2016 provides a framework for transboundary governance, including alignment of national plans and projects, basin management processes and the identification of strategic analyses to address current knowledge gaps.

Sub-projects under this framework are unlikely to generate substantial impacts on the water flow of transboundary rivers or imply water transfer schemes among the international Mekong River Basin. An assessment of these impacts will nevertheless be part of EIB's appraisal process. The finance contract will also include government undertakings of notification to the Mekong River Commission.

A large proportion of the project is considered to support Climate Action through adaptation and mitigation. The Climate Action contribution will be achieved through the following adaptation objectives, in a context of high climate change vulnerability: (i) water savings in upgraded and modernized irrigation infrastructure, and (ii) flood control and reduced crop and infrastructure damage. Climate change mitigation outcomes will be derived from replacement of diesel

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powered pumping stations with high efficiency electric pumps and introduction of improved cultivation practices.

### **Social Assessment, where applicable**

The project aims at contributing to the increase in productivity as well as diversification of crop and to food security of the rural population of Cambodia by financing the rehabilitation and modernization of water irrigation schemes in five provinces.

The provinces currently considered under this framework loan are: Battambang, Kampong Cham, Kampong Thom, Takeo and Kampot.

The proposed schemes (sub-projects), are likely to have minor social negative impacts, limited to possible disruption of services, noise and temporary occupation of public and private space, during construction only. The sub-projects considered are not expected to trigger any large permanent involuntary resettlement. In the Battambang province 15 household (54 people) will be affected in different degrees by construction works, and resettlement documents were already prepared (ADB financing). In the unlikely event that economic or physical displacement becomes necessary during further implementation the Promoter will be responsible for the preparation of resettlement documentation as required by the EIB standard on involuntary resettlement. A Resettlement Policy Framework will be part of the environmental and social management framework –ESMF.

The schemes are not expected to have any negative impacts on ethnic minorities or Indigenous people. Nevertheless a mechanism for meaningful engagement of Ethnic minorities (and IPs) and a planning framework will be prepared as part of the project implementation manual ()

Cambodia has ratified all Fundamental ILO Conventions. The Promoter will ensure that agreements with the selected contractors include occupational and community health & safety provisions (including Gender Based Violence) and access to grievance mechanisms for workers, as part of their contracts and that works are carried out in line with the applicable national requirements, ILO standards and EIB standards. The Promoter will apply a project-wide grievance mechanism.

### **Public Consultation and Stakeholder Engagement**

The promoter carried out public consultations in four of the five provinces included in this operation, as part of the project preparation and with the support of the ADB. The promoter will prepare stakeholder engagement framework (SEF) in order to coordinate and define the line of communication, provide information and opportunities for stakeholder engagement in each province (all five). Stakeholders' consultation activities will be organized in line with this framework and with the applicable Cambodian legislation.

### **Other Environmental and Social Aspects**

The Royal Government of Cambodia (RGC) applies Standard Operating Procedures for all internationally financed programmes/projects. These procedures combine guidelines of the Ministry of Environment and the possibility to adopt the Environmental and social policies of co-financiers. For this framework loan, EIB's Environmental and Social Standards will be adopted for components directly financed by EIB,

An Environmental and Social Management Framework (ESMF) will be prepared as part of PIM and will include screening and procedures for land acquisition and resettlement (defining the need and level of resettlement document to be prepared), Ethnic minorities/Indigenous people engagement and planning, stakeholder engagement and the management of grievances.

The framework will be prepared for the project prior to allocation of funds on works' contracts for sub-projects co-financed by EIB.

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The ESMF will include, inter-alia, procedures for:

- Environmental and Social Standards screening of sub-projects and mitigation requirements or plans (such as: critical habitat assessments, due diligence on resettlement, indigenous people plan, among others);
- Preparation of sub-project Environmental Management Plan (EMP), where needed;
- Procedures for mainstreaming Environmental and social standards in construction contracts and in supervision;
- Procedures for the safe and meaningful engagement with stakeholders in COVID-19 environment.

The ESMF will define the requirements and the level of Environmental and Social documents needed for each sub-project. All safeguard instruments will be disclosed in-country and on the EIB website in due course.

For ethnic groups identified as indigenous peoples, an Ethnic Group Engagement Plan (EGEP) will be prepared and implemented. Their compliance with EIB social standards will be verified prior to allocation of the sub-project.

Civil works will not commence on any specific sub-project until it is confirmed that Project Affected People (PAPs) are treated in accordance with the principles of the project's ESMF.

The Promoter, through the PIU and external technical assistance will be responsible for managing and monitoring and updating the ESMF.

The Promoter will ensure full compliance of the sub-projects with applicable Cambodian legislation and EIB Environmental and Social Standards, and will be subject to reporting requirements to the Bank.

## **Conclusions and Recommendations**

Overall, the promoter has identified the projects' environmental and social impacts and has proposed mitigation measures in line with EIB standards. The project is expected to have significant impacts on smallholder resilience to climate change, with positive effects in poverty reduction and food security, and will generate substantial water savings.

The institutional capacity of the Promoter - with the support of a TA –in terms of social and environmental impact management, is deemed adequate. Therefore, subject to conditions mentioned below, the Project is acceptable to the Bank in environmental and social terms.

The Promoter shall provide a statement or declaration, as a signature condition, that the final PIM for IAIP will incorporate EIB requirements in compliance with the EIB Environmental and Social Standards.

Before Submission of the first Sub-Project Allocation, the Promoter shall submit to the Bank an Environmental and Social Management Framework (ESMF) including environmental screening, Resettlement screening and due diligence system, ethnic minorities/Indigenous people planning Framework, Stakeholder Engagement Framework, Grievance Mechanism, labour and occupational health and safety provisions to be prepared by the Promoter and endorsed by the competent authorities.

The promoter shall also submit a River Basin Management Plan (RBMP) adopted by the RGoC before start of construction or a final RBMP draft including consultation with relevant stakeholders and to be adopted before the end of the implementation period of the sub-projects.



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The Promoter undertakes to implement each sub-project in accordance to the finalised PIM, the ESMF, or equivalent, and in accordance to EIBs Environmental and Social Standards, and will consult with the Bank prior to entering into any material amendments to these documents. For all subprojects under the proposed framework loan, the Promoter shall submit, if required in accordance with the ESMF, and to the satisfaction of the Bank required E&S specific plans (environmental assessments, resettlement; IP; ESMPs; et al.)

The Promoter also undertakes to alert EIB on any projects that could negatively affect transboundary water flows in any of the rivers affected by sub-projects under this framework loan and to fulfil riparian notification obligations to the MRC and in line with the World Bank policy (OP No. 7.50) where and as deemed necessary by the EIB.

Further disbursement conditions may arise when the due diligence of specific sub-projects is conducted.