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Environmental and Social Data Sheet

Overview

Project Name:	WATER PNG FACILITY
Project Number:	2024-0122
Country:	Papua New Guinea
Project Description:	The project consists of the expansion of water supply services (WSS) to urban areas in Papua New Guinea (PNG), specifically to four provincial towns and the reduction of non-revenue water in the capital, Port Moresby.
EIA required:	This is a multi-scheme Framework Loan operation. Some of the schemes might require an EIA.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

The Promoter of this operation is Water PNG, a state-owned public entity, which is the national provider of urban water and sanitation services in the whole country. As per the National Water Supply & Sanitation Act, Water PNG is entitled to plan, design, construct, operate and manage water supply and sanitation systems in the country.

All proposed schemes concern water supply within secondary cities of PNG as well as the capital city, Port Moresby. The project is fully aligned with PNG's National Environmental Management Strategy 2021-2025, PNG's Development Strategic Plan 2010-2030 and the PNG Vision 2050 document. The main objectives of these policies are to provide universal and equitable access to "fresh, clean and safe" water for all citizens, protect water resources, improve water quality by reducing pollution and substantially increase water-use efficiency across all sectors to reduce water scarcity.

The project is co-financed with the European Union (EU) and builds on the Water Supply and Sanitation Development Project (WSSDP) that was launched by the Government of PNG in 2017 and has been supported by the World Bank (WB). Hence, the Promoter has good past experience in management of projects compliant with environmental and social standards from International Financial Institutions (IFIs).

Strategic Environmental Assessment

Both the PNG's Development Strategic Plan 2010-2030 and the PNG Vision 2050 document were formally approved in 2010 and as such they provide the legal foundation for the implementation of the schemes proposed under this operation. The PNG Vision 2050 document was subject to national and long-term public consultation. The Promoter has confirmed that they are legally binding documents in terms of strategic planning for water supply in PNG.

¹ 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 CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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Environmental Assessment

The Competent Authority for environmental licensing will be the Conservation and Environment Protection Authority (CEPA).

The environmental law relevant to the Project is the Environment Act 2000 and its associated regulations, including the Environment (Prescribed Activities) Regulation 2002. For the purposes of environmental assessment and permitting, the Environment (Prescribed Activities) Regulation 2002 classifies activities as Level 1, 2 or 3 based on the level of environmental risk. Those with relatively high impact potential are categorised as Level 2 or 3 activities and must have an environment permit prior to commencement. With respect to water supply projects, this regulation specifies certain criteria which would exclusively or collectively require an environment permit. These include: (i) abstraction or use of water for commercial purposes, except where such abstraction or use is ancillary or incidental to, or associated with, any other activity in this regulation in which case that category of activity will apply to the abstraction or use of water; (ii) operation of potable water treatment plants with a design capacity of greater than one million litres per day; and (iii) construction of major hydropower schemes or water supply reservoirs inundating an area greater than 5 km².

At the time of the appraisal, one of the suggested schemes (Namatanai, New Ireland island) under this operation falls under the EIA regulation.

According to the types of schemes expected to be implemented under the proposed operation, it is unlikely that they will require a full Environmental and Social Impact Assessment (ESIA). In case a scheme requires a full ESIA, its implementation will not start before receiving first all the necessary approvals from the Competent Authority. In this case, the Bank will also require from the Promoter to provide a full copy of the required ESIA.

In addition, the suggested schemes are not likely to have negative impacts on nature conservation areas due to their nature/type. Nevertheless, their compliance with the Biodiversity and Habitats National Legislation, with international conventions, which PNG has endorsed, and with the EIB Environmental Social Sustainability Framework (ESSF) will be further checked during appraisal of individual schemes, before allocation and during their implementation.

An Environmental and Social Management Framework (ESMF) has been prepared by the World Bank. It shall be updated by the Promoter to be applied during the implementation of the project. The ESMF shall be aligned with the EIB's environmental and social standards, and it will be used for screening the schemes against EIB's ESSF.

Environmental Impacts

The project contributes significantly to the protection of both surface water and groundwater bodies by improving the efficiency of the water supply infrastructure.

Due to the nature of the investments, the schemes are expected to have only minor and temporary negative environmental impacts during construction phase. Negative environmental impacts are associated with the period of construction and are considered localised and temporary: (i) dust and air emissions, (ii) impacts on water or soil in case of mismanaged waste and (iii) noise and vibrations.

Climate Change

The Project will have a significant contribution to Climate Change Mitigation by achieving reduction in greenhouse gas (GHG) emissions. This stems essentially from energy savings due to water network loss reduction.



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The Project is also expected to contribute to Climate Change Adaptation by improving the resilience and security of the existing water supply infrastructure. All the schemes will be required to incorporate in their designs the necessary measures to mitigate physical climate risks, documented in a Climate Risk Vulnerability Assessment (CRVA), and therefore will be adapted to Climate Change.

Carbon Footprint

Framework loans are not covered by the EIB's Carbon Footprint Exercise. Each scheme will be included in the carbon footprint exercise if emissions are above the threshold.

Paris Alignment

The Project has been assessed for Paris Alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (CBR).

EIB Paris Alignment for Counterparties (PATH) Framework

The counterparty Water PNG is in scope and screened out of the PATH framework, because it is not considered high emitting nor high vulnerability.

Social Assessment

The proposed schemes are designed to enhance both the environment and the livelihoods of affected population by providing access to safe and efficient water supply. They aim to:

- improve public health by reducing waterborne diseases and increasing access to safe drinking water for all residents, especially the underserved segment of the population;
- to reduce the time and resources spent on obtaining water from alternative sources.

The schemes considered are not expected to require any land acquisition as all infrastructure will be implemented on State land. The works are expected to create disruptions to the activities of vendors working along roads sections (movable or with fixed structures). Works scheduled will be agreed with impacted population to avoid and minimize impacts. A resettlement policy framework, covering compensation for temporary loss of income and other mitigation measures has been prepared by the World Bank and shall be updated.

Schemes triggering permanent displacement will not be eligible for financing with the EIB loan.

The foreseen infrastructure will be sited within urban areas which are expected to comprise heterogeneous populations. An indigenous people planning framework has been prepared by the World Bank as part of the ESSF and schemes will be screened to determine applicability of EIB standard on vulnerable groups and indigenous peoples.

A labour management procedure is included as part of the ESMF. The promoter has previous experience in the application of international standards related to occupational health and safety (OHS) procedures. Specific provisions will be included in the terms of contracts for civil works in line with EIB standards and the ESMF. A labour and OHSS mid-term review will be conducted to determine if additional measures are needed.

PNG ranks 160 out of 161 countries on UNDPs 2022 gender inequality index and women are under-represented in the country's workforce. Water supply to households in PNG's secondary cities tends to be intermittent and delivered at odd hours. The lack of clean water supply and sanitation systems and services in PNG particularly impact poor households. Women and girls spend a lot of time on water collection or caring for family members affected by water related illnesses. This compounds women's and girls' care burden in the project locations.



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The project will target water supply and sewerage connections towards poor households where women and girls tend to have higher time/care burdens linked to intermittent water supply and poor sanitation services. Water PNG will establish a Gender Equality and Social Inclusion (GESI) cell to advance gender equality work within the institution, promote inclusive workplaces, including through its contractors so that women can benefit from equal opportunities to access the jobs generated by the project.

Public Consultation and Stakeholder Engagement

The schemes included in this Framework Loan will be consulted with stakeholders according to the applicable legislation and in line with EIB standards. A stakeholder engagement framework will be prepared to define the communication channels, engagement activities foreseen during implementation, the strategy will be operationalized for each scheme. The grievance mechanism applicable to the schemes (as part of the ESMF) is also being updated.

Other Environmental and Social Aspects

The Promoter has good past experience in management of projects compliant with environmental and social standards, namely similar type of projects financed by the World Bank.

The Promoter has a project management team in place. For the preparation of each scheme the Promoter will be supported by a Technical Assistance consultant funded by the EU.

Conclusions and Recommendations

The project contributes towards the fulfilment of UN Sustainable Development Goals (SDGs), particularly SDG 6 “Clean water and sanitation”, SDG 11 “Sustainable Cities and Communities” and SDG 13 “Climate Action”.

Overall, the project has positive net social and environmental benefits. Based on the information available and characteristics of the Project, ESIA studies are unlikely to be required for all schemes. However, if required, these will be prepared according to the National Legislation, aligned with the EIB’s Environmental & Social standards and to the satisfaction of the Bank.

The negative impacts expected from the schemes are mainly construction related, that means minor and temporary ones and thus they can be addressed through adoption of good engineering practices and appropriate mitigation measures during project implementation.

The following conditions and undertakings shall be included in the finance contract:

- Before the first allocation request, the Promoter will finalise updating the Environmental and Social Management Framework (ESMF), drafted in line with the EIB’s Environmental & Social standards and to the Bank’s satisfaction. The ESMF will include a Resettlement Policy Framework (RFP), a Stakeholder Engagement Framework (SEF) and a Grievance Mechanism (GM) and an indigenous people planning framework (IPPF). The ESMF will be used during the implementation of the project, and sufficient resources will be dedicated to its implementation.
- Before the first allocation request, the Promoter will prepare a Gender Action Plan to the Bank’s satisfaction. The Gender Action Plan will be used and reported on during the implementation of the project.
- The promoter shall not commit EIB funds to schemes triggering permanent involuntary resettlement.
- Unless a scheme to be financed by EIB is already covered by a Climate Risk Vulnerability Assessment (CRVA) to the Bank’s satisfaction, before the first allocation



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request, the Promoter will prepare scheme-specific CRVAs satisfactory to the Bank's requirements. All the schemes financed by the Bank will include in their designs the necessary measures to mitigate identified climate risks (if required).

- The Promoter shall not commit any EIB funds against schemes that require either an ESIA study or a Nature/Biodiversity (Appropriate) Assessment according to applicable laws without, prior to commitment, either receiving the consent from the competent authority or the screening out decision, and sending the ESIA to EIB for publication on the Bank's website.
- The Promoter shall store and maintain updated the relevant documents (including environmental studies related to the ESIA's, Nature/Biodiversity Assessments, Environmental, Social Management Plans, Resettlement Documents and Stakeholder Engagement Plans) to be provided to the Bank upon request. In case the EIB requires such documentation, the promoter shall provide all documents requested promptly.
- The Promoter shall prepare a Mid-Term Review (mid-term defined on disbursed amount basis) of the occupational health, safety, security (OHSS) and labour practices used by the contractors, undertaking works at EIB financed schemes. The promoter undertakes to implement the recommendations of this review in all ongoing and future works contracts financed by EIB.
- The Promoter will ensure that the contractors implement the schemes in compliance with EIB's Environmental and Social Standards, and International Labour Organisation core labour standards.

Considering the above, the project is acceptable for EIB financing from an environmental and social point of view.