European Investment Bank

Luxembourg, 10/12/2025

Environmental and Social Data Sheet

Overview

Project Name:	*RISED ETHIOPIA*
Project Number:	*2024-0192*
Country:	*Ethiopia*
Project Description:	*The project regards the modernization and digitalization of the electric transmission grid (automation of substations, extension of optical fibre and development of an Optical Ground Wire monitoring system), rehabilitation of Ashegoda windfarm.*

E&S Risk categorisation *Medium*

Project included in Carbon Footprint Exercise[1]: no

(Details for projects included are provided in section: “EIB Carbon Footprint Exercise”)

Environmental and Social Assessment

The Project includes three components located all over Ethiopia: (i) refurbishment of existing substation automation and control, (ii) partial rehabilitation of the Ashegoda wind farm, and (iii) the expansion of the fibre network, by around 1,590 km, with Optical Ground Wires (OPGW) cables, using existing poles to expand the telecommunication network and the monitoring of electricity grid. The scope of the project also includes the supply of 500 kV emergency transmission towers - temporary structures used to hold a transmission line in the event of damage/collapse of line towers.

The Promoter is the Ethiopian Electric Power (EEP) a state-owned electricity enterprise supervised by the Ministry of Water Irrigation and Energy.
The project is developed under Mutual Reliance Initiative (MRI) with Agence Française de Développement (AFD) as lead financier.

The project may be categorised as Medium risk from the environmental and climate perspective since it is likely to have moderate/limited adverse impacts and risks that might be addressed through the application of the mitigation hierarchy and for which the competent authorities in the host country have determined that the preparation of an EIA/ESIA report is not required. From the social perspective the main impacts of the OPGW component include the potential for loss of livelihood as a result of disturbance and/or loss of crops during the construction phase and the occupational health, safety (OHS) of the workers. The wind farm rehabilitation may also result in OHS risks in former war areas. Social risk is categorized as medium from AFD appraisal, and consequently the project as a whole is categorized as Medium risk.

Environmental Assessment

The appropriate implementation of environmental protection and rehabilitation action plans to avoid, mitigate or compensate the adverse effects of development actions is regulated primarily from the Federal Democratic Republic of Ethiopia (FDRE) constitution, issued in August 1995.

[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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Regional states have their own constitutions upholding the federal constitution in its entirety and constituting their regional particulars. All the regional state constitutions have addressed land and natural resources management and environmental protection.
The Environmental Policy of Ethiopia (EPE) was first issued in April 1997 and it has been complemented by environmental management policies, proclamations and guidelines[2] providing the guiding principles to apply a sustainable development, in particular to ensure that an Environmental Impact Assessment is developed when necessary.
The federal Environmental Protection Authority (EPA) has overall responsibility for the national Social and Environmental Assessment (SEA) or Environmental and Social Impact Assessment (ESIA) system and is the lead agency for federal or trans-regional projects. For ESIA processes managed by the EPA, Regional Environmental Protection Authorities (REPAs) are to provide input on the whole process including screening and scoping, consultation and monitoring plan. Regional authorities in turn have the responsibility to “adopt and interpret" federal ESIA guidance within their region and oversee the ESIA process for projects with only regional jurisdiction.

The component related to substation automation will insist on existing substations to install control and automation devices and to provide 500 kV emergency towers. The promoter has drafted an Environmental and Social Management Framework (ESMF), last version dated October 2024, as per the requirements of the AFD Environmental and Social Risk Management Policy and the World Bank Environmental and Social Framework (ESF) and in accordance with the national laws and regulations of Ethiopia. The sub-components as per ESMF categorization, in line with national legislation, are considered not presenting significant environmental and social impact.

According to EPA*’s Environmental Impact Assessment Proclamation (No. 299 of 2002)* classification, the activities under this component are listed under Schedule 3, where the projects would have no significant environmental and/or social impacts and thus does not require a full ESIA. The components are expected to have from low to moderate impact from the environmental point of view, mainly related with: removal of vegetation, soil and water contamination due to disposal and management of general and hazardous waste during the construction and end-of life batteries disposal, nuisances related to dust and noise emissions. Possible mitigation measures include regular herbicide treatment to prevent the growth of plants within the substation, proper storage of hazardous materials and waste management, dust abatement measures, control of traffic speed limit, proper implementation of good international industrial practices (GIIP) regarding vehicle maintenance.

The expansion of the fibre network deals with OPGW cables to be installed over existing pole infrastructure (proposed methodology is cradle block application on existing EEP live transmission line), replacing legacy cables, for the installation of the new telecommunication network. During the construction, the route of the existing power lines will be used for deployment of the new fibre network. A dedicated ESMF has been drafted by the promoter, dated June 2024.

According to the studies, main impacts identified during installation are related to the access to the right of way areas under the existing lines with the possible needs to create temporary access roads and store construction material or waste, soil and water contamination due to disposal and management of general and hazardous waste during the construction. Possible mitigation measures include: implementation of a post-installation clean-up protocol to ensure collection and appropriate disposal of all types of residual waste materials.

[2] Relevant environmental management policies, proclamations and guidelines: Environmental Impact Assessment-Proclamation No. 299-2002, Environmental Pollution Control-Proclamation No. 300-2002, Establishment of Environmental Protection Organs-Proclamation No. 295/2002, Solid Waste Management-Proclamation No. 513/2007, Regulation to Provide for the Prevention of Industrial Pollution-Regulation No.159/2008, Directive on overhead electric lines &quality of supply-Directive no. EEA/1/2005, Labor Proclamation 1156/2019, Expropriation of Land for Public Purposes, Payments of Compensation and Resettlement of Displaced People Proclamation No. 1161/2019 and Expropriation and Valuation and Compensation and Resettlement Regulation No. 472/2020

According to the ESMF, there will be no significant adverse impacts on Gedeo Cultural Landscape and Lower Valley of the Awash, which are UNESCO World Heritage sites, as these sites are not on the direct route of the existing lines where the project interventions will take place. Additionally, a chance finds procedure will be adopted to ensure safeguarding the cultural heritage in case of findings during works.

Some sections of the project might be implemented within several nationally protected areas including Awash West Controlled Hunting area and Mille-Serdo Wildlife Reserve. While there will be no new footprint of the project interventions and the already existing access roads will be utilized to the extent possible, site-specific Biodiversity Management Plans (BMPs) will still be developed and implemented by the contractor. These plans will include measures to prevent habitat destruction and fragmentation, enhance ecosystem resilience through restoration and conservation initiatives, and ensure compliance with environmental laws and regulations. The project planning will be developed in consideration of the nesting period of the vultures which are known to be winter-breeding in Mille-Serdo Wildlife Reserve. The specific measures required by the local forestry and wildlife authorities will be integrated into the site-specific Environmental and Social Management Plans (ESMPs) and BMPs as needed. The existing routes within those areas will be utilized for access to the works and no encroachment will be allowed.
According to EPA's classification, the activities under this component are listed under Schedule 3, where the projects would have no significant environmental and/or social impacts and thus does not require a full ESIA. Yet, in accordance with its E&S policy and standards, AFD may still require additional analysis during the detailed design phase with the supervision of an ESHS consultant to provide indications to the contractor and prevent or mitigate possible adverse effects. The results of these analyses will be also presented to EPA for its validation.

The rehabilitation of the existing Ashegoda wind farm is focused on substitution of spare parts without changing the turbines and the production capacity, main impacts can be related to: waste management. The windfarm is currently in operation with a limited capacity (10-15% of its total one) and the area is owned and controlled from EEP. According to EPA and AFD no significant environmental and social impacts are anticipated due to activities in the Ashegoda Windfarm.

The Government of Ethiopia has initiated the Climate-Resilient Green Economy (CRGE) initiative to protect the country from the adverse effects of climate change and to build a green economy that will help realize its future ambition of reaching middle-income status.
The OPGW wires will be installed on the top of EEP's high voltage transmission towers and are hence subject to the same climate risks of the transmission network. Based on the climate change risks and vulnerabilities assessment report, these risks include heat waves, strong winds/storms, floods and landslides. Mitigation measures include the use of air conditioning in substations and strengthening transmission towers against extreme weather and geological events. For the wind farm turbines are protected against potential risks of high wind speed.

The Project complies with the Energy Lending Policy and is therefore Paris Aligned. Furthermore, as part of the eligibility criteria for allocations for grid projects, assets for the connection of generation with lifecycle emissions above 100gCO2e/kWh will not be eligible for the allocation of EIB financing under this Investment Loan.

Social Assessment, where applicable

The project presents possible positive social impacts including employment creation as well as improved communication and access to essential services as a result of more reliable electricity supply to communities and local businesses.

The construction of the project will require a considerable workforce. The Project will comply with all relevant national employment and labour law (1156/2019) and international standards

including International Labour Organisation (ILO) convention. Applicable labour management policies and procedures (commensurate to the project's size and workforce) will be integrated into the site-specific Environmental and Social Management Plans (ESMPs) and Labour Management Plans (LMPs) as needed. These will be communicated in a culturally appropriate manner to the project workers.

For both the substation automation and OPGW components and the rehabilitation of the existing Ashegoda wind farm, there may be occupational and community health and safety risks during construction works. The situation in Tigray region (Ashegoda) is still fragile with isolated incidents, activities will be then scheduled prioritizing workers safety.

Stringent health and safety procedures must be implemented and enforced by the project proponent and contractors considering the need to work on live line conditions (OPGW). A robust contractor management procedure should be developed along with a Health and Safety Management Plan, outlining mitigation measures to minimize risks during the installation phase ensuring workers are adequately trained, protected from Malaria and provided with appropriate PPE.

Any potential risks related to public health and safety arising from accidents involving construction equipment, transportation of bulky items (such as blades), operational traffic, structural failures, release of hazardous materials, exposure to diseases and the activities of workers will be addressed through the site-specific ESMP measures. Also, a Health, Sanitation and Safety Programme will be conducted to alert local communities to construction-related safety issues and to educate them about health and sanitation issues.

For the OPGW component, there may be potential economic displacement, mainly related with the loss of crops and livelihoods on the access roads, around towers and below the transmission lines during the period of works. To mitigate adverse impacts on affected persons, a Resettlement Policy Framework (RPF) will be developed to clarify resettlement principles, eligibility criteria, compensation entitlement, organizational arrangements and guidelines for carrying out census surveys and a Livelihood Restoration Plan (LRP) will be developed in order to improve, or at least restore, livelihoods of affected persons before the start of the construction phase.

The risk of affecting Indigenous Peoples (IPs) or vulnerable groups will be also assessed for the different sections covered by the project. The process of Free, Prior and Informed Consent (FPIC) will be applied and an Indigenous Peoples Development Plan (IPDP) or equivalent will be developed in case IPs are affected by the Project, in accordance with EIB Standard 7.

To ensure an effective engagement process, Stakeholders' Engagement Plan (SEP) will be developed and Grievance Redress Mechanisms (GRM) will provide a formal avenue for workers and affected communities or other stakeholders to engage with the project implementers or owners on issues of concern.

Public Consultation and Stakeholder Engagement

The consultation on the ESMF covering electricity grid components has been conducted on 29 August 2024 between EEP and EPA staff with the involvement of AFD. Major outcomes of the discussion are relevant to the coordination between EPA and EEP, the measures to prevent potential risks and a better definition of the responsibilities among different entities for the implementation of the ESMF.

EEP will develop a Stakeholder Engagement Plan (SEP) for the project to identify and map all the relevant stakeholders. The sub-project level SEPs will be developed and implemented by the contractors, on the basis of the project level SEP.

For components that may have significant adverse effects on affected communities, EEP will conduct an Informed Consultation and Participation (ICP) with project affected communities.

Other Environmental and Social Aspects

To improve its general capacity to manage E&S aspects for all projects financed either by EEP or funding agency, the promoter has developed an Environmental and Social Policy & Procedures covering all the aspects of E&S procedures (legal and institutional framework, EPA guidelines, International Financers' guidelines, duties and responsibilities of EEP, E&S safeguard instruments and risks monitoring) and alignment with national and international standards (World Bank, International Finance Cooperation, International Labour Organization, Kampala Convention) that it is expected to be approved by its Board by the end of the year. The implementation of the new procedures will consistently support the implementation of the project, as described in the previous sections providing a clear distribution of duties and responsibilities of EEP's units in implementing the policy and procedures including GRM, SEP, Labor and Working Condition and Environmental and Social Risks Monitoring.

The promoter will also be supported by an external team of Environmental and Social (E&S) experts (composed of one environmental, one social and one safety expert) for:

- Ensuring alignment between Ethiopian national regulations and World Bank standards (endorsed by AFD), and liaising with the Ethiopian Environmental Protection Authority (EPA);
- Supporting technical project officers in drafting the E&S sections of the bidding documents prior to AFD's no-objection to ensure safeguard compliance;
- Monitoring Environmental, social, health and safety (ESHS) impacts and mitigation measures at the sub-project sites for each component of the project.

It is worth noting that EEP has experience in preparing and implementing Resettlement Action Plans (RAPs) and Livelihood Restoration Plans (LRPs) for high-voltage transmission and generation projects financed in the past by the World Bank.

All the measures that need to be taken by the Promoter and agreed between with AFD are detailed in the Environmental and Social Commitment Plan (ESCP) which is part of the legal agreement between AFD and the Promoter.

Conclusions and Recommendations

The legal, environmental and social obligations under the national laws, integrated with AFD standards provide comfort and support the fulfilment of the EIB's E&S standards under this operation. The Bank reviewed the environmental and social capacity of the Promoter, including its organisation, processes and procedures, and considers them satisfactory together with AFD support.

Based on the information available, the Project is acceptable in environmental and social terms for the Bank's financing with appropriate conditions (see below).

Signature conditions

- Develop of a Resettlement Policy Framework (RPF), to the Bank satisfaction.

Disbursement conditions, to be met from the Promoter with confirmation endorsed by AFD, applicable separately for each component of the project

- Finalize to the Bank's satisfaction the ESMF (Environmental and Social Management Framework) for Substation Automation and OPGW components, with particular reference to the screening mechanism to be developed within the ESMF, integrating possible impacts on Indigenous Peoples, Biodiversity and Ecosystems in accordance with Standard 7 and Standard 4 of the EIB, respectively.

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- The promoter shall ensure that SEPs for each component, including a GRM procedure, are established in accordance with EIB and AFD E&S Standards.
- The promoter shall ensure that Resettlement Action Plan (RAP) and/or a Livelihood Restoration Plan (LRP) are established in accordance with RPF, including reports on the Public Consultations, as applicable for the components.
- For disbursements related to construction works, the Promoter shall implement/provide to the satisfaction of the Bank evidence of the delivery and payment of compensation to project affected persons as defined in the RAP and/or LRP and in compliance with EIB and AFD E&S standards, before the start of works.
- For OPGW component, the promoter shall ensure that possible impacts on biodiversity and ecosystems are assessed and mitigation measures will be proposed during the detailed design phase to address the relevant risks and impacts, in accordance with EIB and AFD E&S standards.
- The promoter shall ensure that Biodiversity Management Plans (BMPs) will be prepared following EIB and AFD E&S standards, in line with the management plans of the protected areas in case of works inside those areas, and that the project is legally permitted by the management authorities of the protected areas, as needed.
- For OPGW component possible impacts on Indigenous Peoples will be assessed for the different sections once the detailed network layout is finalized, possible significant impacts will be addressed and mitigated in accordance with EIB E&S Standard 7 and AFD E&S standards.
- The FPIC process will be applied and an Indigenous Peoples Development Plan (IPDP) or equivalent will be developed in case IPs are affected by project's components (in accordance with EIB E&S Standard 7).

Undertakings

- The Promoter shall ensure that the components are developed in accordance with the ESMF and the RPF, as applicable, prior to authorising the start of any works, and shall ensure that the implementation is done in accordance with these documents.
- The Promoter shall implement / provide the results of the screening mechanism within the scope of the ESMFs, to the satisfaction of the Bank, for each component as applicable, and before the design is finalised.
- No components included in the project will adversely affect UNESCO or wildlife reserve sites; permits required from the competent authorities to conduct works in these sites will be sought and the necessary measures required by the competent authorities will be integrated into the site specific ESMPs.
- The site-specific environmental and social instruments including ESMPs, RAPs/LRPs, SEPs, OHS management plans, hazardous and solid waste management plans, BMPs, IPDPs etc. will be duly implemented and monitored by the promoter.
- The E&S Policy and Procedures developed is approved by the promoter's Board and adopted.
- Maintain adequate staffing of qualified Environmental and Social (E&S) specialists within the Project Implementation Unit (PIU) to ensure effective management of environmental and social aspects of the project.