

Environmental and Social Data Sheet

Overview

Project Name: Power Sector Recovery Project Sao Tomé Island

Project Number: 2016-0226

Country: Sao Tomé & Príncipe

Project Description:

The project comprises multiple schemes concerning power infrastructure and provides technical assistance for implementation, capacity building and sector reforms. The project aims to increase renewable capacity and reduce losses in the network while improving overall system security and safety of supply. This will be done by rehabilitating an existing 1.9 MW hydropower plant, upgrading the low and medium voltage distribution network, and installing electricity meters.

EIA required: yes

(But only for the hydropower plant rehabilitation, to be prepared together with the detailed design.)

Project included in Carbon Footprint Exercise¹: no

Environmental and Social Assessment

Environmental Assessment

If located inside the EU, the project would fall under Annex II of the EIA Directive 2011/92, requiring a screening decision by the competent authority. Given the nature and characteristics of the activities no significant negative environmental impact is foreseen for the project. However, since the detailed works proposed are not known until the final detailed designs have been carried out, the implementing agency and the promoter in coordination with the World Bank have developed and published² an Environmental and Social Management Framework (ESMF) to be applied to the project. The ESMF shall ensure that activities to be financed under the project would not create adverse impacts on the local environment and on local communities, and that the residual and/or unavoidable impacts will be adequately mitigated. The framework envisages that the promoter will carry out an Environmental and Social Impact Assessment for the hydropower component. A specific E & S Management Plan will also be prepared to address any environmental and social issue arising, including assurance that the residual (ecological) river flow will be acceptable.

It is expected that the potential negative impacts will be site-specific, limited, and mostly temporary, all manageable during implementation. The potential adverse impacts are associated with implementation of rehabilitation and potential expansion of generation, transmission and distribution infrastructures.

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

² Published by World Bank's Infoshop and by the Government.

Luxembourg, 09.11.2016

The potential negative environmental impacts during site preparation and rehabilitation of the existing hydropower plant, substations and distribution lines mainly include: (i) increased levels of dust, noise, and other emissions from excavation activities, land clearing activities, material stockpiles, operation of heavy equipment, and transportation of construction materials and electrical equipment; (ii) waste generation; (iii) traffic disturbance and road damage due to the transportation of building materials and equipment; (iv) health and safety issues for workers and community; (v) hazard and solid waste from obsolete equipment replaced.

The potential negative environmental impacts during operation would be effects associated with exposure to public safety risks, noise and electromagnetic fields from power lines. However, these potential impacts are expected to be small, site-specific and mitigation measures can be designed.

Some water channel infrastructures for the hydropower plant are located on the northern boundary of a national park, Obo Natural Park, established in 2006. The impact on the park's ecology and biodiversity is expected to be limited and temporary, to be assessed by the ESIA. The works shall apply the guidelines of the ESMF and mitigation measures proposed.

Social Assessment

AFAP, *Agência Fiduciária de Administração de Projeto*, the implementing agent under the Ministry of Finance and Public Administration, has confirmed to the Bank that the project will be implemented in line with ILO's core labour standards as defined in the 1998 ILO Declaration on Fundamental Principles and Rights at Work.

Social issues relevant in the context of electricity provision in Sao Tomé & Príncipe include a widespread culture of non-payment of bills as well as energy theft. Large-scale behavioural change required to alter such practices is challenging to achieve. To address these issues, the project is developing a community engagement and outreach campaign to raise awareness about project activities among the population. This aims to improve trust among the government, the utility, and citizens.

No major negative social impacts are expected from the project, to be verified by the ESIA. It should be noted in particular that the project will not require any land acquisition that would lead to involuntary resettlement or loss of assets. The land area where rehabilitation works will take place is owned by the utility and there are no people (including squatters) living in that area.

Public Consultation and Stakeholder Engagement

The affected people and communities and other relevant stakeholders were consulted during the elaboration of the ESMF in February 2016. The feedback from the consultations has been incorporated into the preliminary project design, and in the final ESMF. During project implementation AFAP is expected to consult project-affected groups, local governmental and non-governmental organizations on all environmental and social aspects, and take note of their views accordingly. Preparation of any additional environmental and social safeguards instruments will also be prepared through a consultative and participatory process involving all stakeholders.

Other Environmental and Social Aspects

Unrelated to the project, there is illegal deforestation (logging) happening, especially near one of the water intakes to the hydropower plant. These activities pose a risk to the operation of plant and should be stopped. If not, they could lead to landslides, increased sedimentation and changes in the water availability.

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The screening of the sub-components will be done by the Environmental Department of the line ministry. With the support of the Environmental Department, AFAP will procure the consultants that will be responsible for the monitoring of the implementation of the ESMP, as required. AFAP will also ensure that all contractor contracts include environmental and social clauses, in order to guarantee adequate environmental and social management practices during implementation phase.

Conclusions and Recommendations

Considering the scope and nature of the project and based on the environmental and social information provided by the promoter until now, the project is acceptable for EIB financing in E&S terms, subject to the E&S loan conditionality to be included in the Finance Contract.

The following finance contract conditions will be required by the Bank:

Disbursement conditions

First disbursement:

- AFAP to submit any ESIA deemed necessary by optimised/detailed design, to the Bank for comments and for publication. Such studies must be satisfactory to the Bank.
- The Government's competent authority to confirm satisfactory to the Bank that the project's impact on the Obo Natural Park ecology and biodiversity will be insignificant and acceptable.

Particular undertakings

- Submission of all additional environmental and social studies and reports, as required for the project, satisfactory to the Bank.