

## Environmental and Social Data Sheet

### Overview

Project Name:	LEBANON INDUSTRIAL ZONES
Project Number:	2017-0158
Country:	LEBANON
Project Description:	Construction of three industrial zones in Baalbek, Tourbol-Kosaya and Deir El Moukhaless-Jleiliye
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

The project involves the construction of three new industrial zones close to Baalbek, Tourbol-Kosaya and Deir El Moukhaless-Jleiliye cities. The industrial zones will host both new industries as well as companies re-locating, mainly local SME's (agri-food, car repair and services, construction, creative industries, etc), for around 60 plots (30 for the 1<sup>st</sup> phase under EIB financing) in Baalbeck, 150 plots (70 for the 1<sup>st</sup> phase) in Tourbol-Kosaya and 90 plots (30 for the 1<sup>st</sup> phase) in Deir El Moukhaless-Jleilive. The Council for Development and Reconstruction (CDR), a State owned national body dedicated to implement infrastructure projects is the promoter.

#### Environmental Assessment

The Lebanese Ministry of Environment (MoE) issued the Decree No. 8633 "Fundamentals of Environmental Impact Assessment" in August 2012, which provides a comprehensive description of the EIA procedures. It also identifies the responsibilities of major stakeholders, as well as the role of the MoE as a principal coordinator within the EIA system.

When the project is in its preliminary and final design stages, an EIA study for each industrial zone shall be carried out to be approved by the MoE, following Decree 8633 of 2012. Preliminary ESIA and ESMP have been already prepared through the project feasibility study.

In addition, when the project is to be implemented, each industrial facility investing in the Industrial Zones shall follow the Decree No. 8633 and conduct an EIA/IEE (Environment Impact Assessment/Initial Environment Examination) study prior to any construction activities, based on their classifications (Ministry of Industry Decree 5243/2001) in order to maintain environmental quality.

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<sup>1</sup> 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 CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

The Resolutions issued by the MoE that are relevant to the construction and operation phases of the project shall also be abided by, namely Resolutions 52/1 of 1996, 8/1 of 2001 and Decree 1039 of 1999 which set the threshold limits for potential discharges.

This operation is expected to entail several environmental benefits. To begin with the project will result in the separation of industrial activities from urban areas, to reduce pollution and environmental degradation in cities. Moreover, the concentration of dedicated infrastructure, in a delimited area, will reduce the per-business expense and the potential environmental impact of that infrastructure such as roadways, energy supply through dedicated generators, water network and waste treatment by providing an integrated and optimized infrastructure in one location. The production and use of renewable energy will also be encouraged through the installation of solar panels and potentially biomass/bioenergy plants.

The sites will be vegetated, protecting and enhancing the natural habitats. The existing trees onsite will be kept and integrated in the landscape of the industrial zone. Indigenous trees will be used for landscaping. Finally, the presence of several industrial facilities on the same site will encourage the adoption and sharing of best practices.

The Deir El Moukhaless-Jleiliye site is located at around 15 km from the Shouf nature and biosphere reserve but no impact is expected due to the kind of activities to be implemented (no polluting SMEs). This point will be nevertheless carefully reviewed with the EIA.

During the construction phase, transport of construction materials to the project site, construction vehicles and machinery and construction activities will temporarily affect the air quality in the project area (e.g. emissions of dust, smoke, etc). Several mitigation measures are established in particular dust control by application of water, speed limits for hauling trucks, regular maintenance of construction vehicles, control measures to minimize air/noise emissions during construction works.

During the operation phase, negative impacts could be noise and vibration impacts resulting from the operation of different activities in the industrial zones and release of pollutants and contaminants from the factories to be located in the industrial zones. These risks will be mitigated through the enforcement of the legal requirements and applicable standards described above by the Ministries of Industry and of Environment with the support of the dedicated Manager of each zone, the creation of industrial subzones depending on pollution risks and compatibility of activities for avoiding cross contamination among the different factories, recycling and reuse of materials and employing cleaner production options by optimizing their resource use and conserving their energy use, make full use of the proposed infrastructure within the industrial parks.

## **Social Assessment**

The Project feasibility study describes the socioeconomic baseline conditions for each of the project areas, including site assessment and planning, livelihood assessment and land tenure, use and ownership.

The expected social positive impacts include the optimization of the labor force and revival of the regional economic activity, an increase in job opportunities, including for Syrian refugees, the adoption of health and professional safety conditions and criteria, the upgrading of existing facilities including the vegetable market in Baalbeck and access roads and the relocation of industrial activities currently taking place within residential/commercial areas that will improve the quality of life of the residents.

Land for the 1<sup>st</sup> phase under financing belongs mainly to Municipalities or will be leased for a long term. The plots will not be sold to the industrialists but leased on a long term basis.

Expropriation for road access could happen, in particular for the Tourbol-Kosaya zone. In this case, the land owner will be duly compensated in line with the EIB E&S standards.

No resettlement is forecasted during the 1<sup>st</sup> phase of implementation to be financed. In Baalbek, a small area of informal settlement, near the food market, is excluded from the project. On the Tourbol-Kosaya site, there are two or three poultry and cattle farms currently located within the site boundary. Areas available for animal husbandry could be reduced by the Project and, in this case, other equivalent areas will be provided nearby.

Due to job creation, planned to be around 900 in Baalbeck, 3,000 in Tourbol-Kosaya and 800 in Deir El Moukhaless, a progressive influx of workers will happen with different needs (transport, housing, education, social facilities,...). It will be requested that the ESMP will include a plan with measures to address these needs, mainly by Municipalities (which will be able to finance the costs by the revenues generated by the industrial zones through the rents to be paid to the Municipalities by the industrialists).

Lebanon has ratified 50 ILO Conventions, including 7 of the 8 fundamental conventions. Convention 87 related to freedom of association has not been ratified. Lebanon does not have a comprehensive or coherent national social protection policy and its social protection system remains fragmented with those employed in the formal economy covered by the National Social Security Fund (NSSF) and those in the informal economy reliant on subsidies and hand-outs.

Industrial activities to be implemented in the industrial zones are part of the formal economy and gathering them in dedicated industrial zones will support to enforce labor and social standards.

## **Public Consultation and Stakeholder Engagement**

Townhall meetings with residents, officials (Ministry of Industry, Governor, Mayors and Muktars of the villages neighboring) and industrialists have been organized in December 2016 for the Tourbol-Kosaya and Deir El Moukhaless-Jleiliye industrial zones.

Participants responded with suggestions and concerns related to environment impact (types of industries that will occupy the zones, potential increase of traffic, relocation of farm activity in Tourbol-Kosaya, etc.), governance and lack of infrastructure including roads leading to the zones. These issues have been addressed in the project design including new access roads, focusing on local SME's and reinforcing the local governance of the zones. Of special concern was the employment opportunities provided by the construction and operation of the industrial zone, where participants feared that it may induce an influx of migrant workers and have little positive impact on the local population.

Law 444 has included, in its article 4, the principles of the Rio Declaration on Environment and Development (1992), in particular on public participation (principle 10) which has been included in the process of environmental assessment through the Environmental Impact Assessment Decree No.8633 of 2012.

A Stakeholder Engagement Plan, including a grievance mechanism, will be set up by the Promoter, as designed in the feasibility study and with the support of the Technical Assistance to be provided to the Project.

## **Other Environmental and Social Aspects**

A preliminary environmental and social management plan (ESMP) issued by the feasibility study proposes several potential impact mitigation or control measures to eliminate or reduce to the extent possible and in any case monitor many of the impacts that have been identified and discussed in detail above. It will be the responsibility of the Council of Development and Reconstruction (CDR), as Project Implementation Body, and of each industrial zone manager under the supervision of the Ministry of Industry and of the local authorities to abide by the measures stated in the ESMP during the construction and operation phases, respectively. The CDR will be supported by the adequate Technical Assistance, supervised by EIB and

potentially funded by the Neighbourhood Investment Facility (NIF) or the Economic Resilience Initiative (ERI).

## **Conclusions and Recommendations**

The project intends to have long-term positive environmental and social impacts in terms of employment and economic activity, social cohesion and inclusion, and to contribute to a higher standard of living in the considered areas and a higher economic resilience of the country.

The project must comply with the EIB Environmental and Social Principles and Standards, as contained in the Volume 1 of the EIB Environmental and Social Handbook. According to the Lebanese Law, EIA will be issued for each industrial zone.

Council for Development and Reconstruction (CDR), as promoter and implementation body, the Ministry of Industry, the local authorities and each industrial zone manager will be requested to implement the Environment and Social recommendations issued by the feasibility study (which includes a preliminary EIA study and ESMP) and mentioned above and the EIA's to be done for each industrial zone. Technical assistance provided by the project will support them during implementation and monitoring.

Full ESIA and detailed ESMP for each industrial zone, including the Stakeholder Engagement Plan, any needed relocation/livelihood restoration/compensation plan, and a plan with measures to address workers needs in the area, are to be provided to the satisfaction of the Bank prior to the 2nd disbursement as condition of disbursement. This will be supported by a Technical Assistance.

In order to ensure that the core principles and standards of ILO Convention 87 (not ratified by Lebanon) are nevertheless upheld throughout the Project, provisions will be required in the tender documents for works relating to the Project, which would apply to the main contractor and first-tier sub-contractors.

Therefore, given the nature of the operation and the procedures concerning EIA and the technical assistance to be provided to the project, subject to the conditions mentioned in this ESDS, which are included in the Finance Contract, the Loan is acceptable to the Bank in environmental and social terms.