GRMF Environmental and Social Safeguard Requirements and Applicable Standards

GRMF – 6th Application Round Kick-off Webinar – 6th May 2020

Claudia Eckhardt
Social and Environmental Expert - KfW

Bank aus Verantwortung
Environmental and Social Risk Management

- The assessment of environmental and social impacts and risks, including their significance and materiality, as well as the development of adequate management plans and programmes are key tools for achieving sound environmental and social performance for undertakings funded by GRMF.

- The central tool to address and manage the specific risks and impacts of geothermal projects is an appropriate environmental and social management system (ESMS), in line with relevant legislation of the host country and compliant with the *Applicable Standards*. (GRMF Developer Manual)

**The Developer’s E&S Assessment and Management System (ESMS)**

- E&S/Sustainability Policy;
- Identification of Risks and Impacts;
- Management Programme;
- Organisational Capacity and Competence;
- Emergency Preparedness and Response;
- Monitoring and Review;
- Stakeholder Engagement;
- External Communications and Grievance Mechanism; and
- Continuous Reporting to Affected Communities
The Applicable Standards

- **Host Country Law and regulations** (including international law and treaties and conventions adopted by the host country and applicable to the project)

In addition:
- IFC Environmental and Social Performance Standards (IFC 2012)
- World Bank Group’s General Environmental and Health and Safety Guidelines and selected Industry Sector Specific EHS Guidelines
- ILO Core Labor Standards
- For resettlement aspects: UN Basic Principles and Guidelines on Development-based Evictions and Displacement
IFC Environmental and Social Performance Standards (PS1-PS 8), 2012

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

PS 2: Labor and Working Conditions

PS 3: Ressource Efficiency and Pollution Prevention

PS 4: Community Health, Safety and Security

PS 5: Land Acquisition and Involuntary Resettlement

PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS 7: Indigenous Peoples

PS 8: Cultural Heritage
Stakeholder Engagement

- Developer is required to prepare and implement a continuous process of stakeholder engagement to be built into project planning and implementation.

- Information exchange with all identified stakeholder groups prior to the start of the project and at key decision-making points:
  - Inform about project’s risks and impacts
  - Consultation of affected communities during project implementation to allow for expression of their views on project risks, impacts, and mitigation measures

- Stakeholder Engagement Plan: formal Description of this approach

- Grievance Mechanism from the commencement of activities onwards

Special Case: Indigenous People

- Assessment at the very outset of the project whether indigenous communities are present in the wider concession area.

- If so and if IFC PS 7 is triggered, apply the principle of free, prior and informed consent (FPIC)
Requirements for Surface Studies

Environmental and Social Risk Screening Report
Initial environmental and social information and risk and impact screening of planned activities, work plan for acquisition of further environmental and social information and related activities during surface study phase

Draft Stakeholder Engagement Plan (SEP)
Overall approach for stakeholder engagement and corresponding activities to be undertaken during Surface Study phase, i.e. how will stakeholders be informed and consulted

Environmental and Social Scoping report
Identification of key issues to be considered in the full ESIA for Exploration Drilling, Terms of Reference for full ESIA
Stakeholder Engagement Plan
Draft SEP + information obtained during the surface study phase + outlook for engagement in exploration drilling phase

Any other E&S documentation as required by national legislation
Geothermal Development

Environmental and Social Risks (examples)

- Impacts on Flora and Fauna from earthworks, vegetation clearance, noise and vibration and emissions during the Project life.
- Loss of wildlife migratory corridors and pastoralist grazing lands through fencing and erection of Project infrastructure.
- Landscape character, visual impacts from air emission, surface scarring during construction activities and introduction of distinct features in the rural landscapes.
- Soil erosion from earthworks, material sourcing, alteration of drainage patterns and increased run-off from paved surfaces.
- Landslides and soil creep from acutely cut areas, quarries other weakened slopes from Project works.
Geothermal Development

Environmental and Social Risks (examples)

- Increase in water resource abstraction from rivers, lakes or through boreholes for use in Project construction and operation of Plants and turbines.
- Increased air quality degradation from dust, vehicular emissions and gases released during Project operations.
- Noise and vibration from equipment operations, machine and turbine engines.
- Waste generation from construction activities, process effluents and accommodation.
- Occupation health and safety risks from machine/equipment use, transport, poor workmanship...if the workforce is not well trained on safety and health.
Geothermal Development
Environmental and Social Risks (examples)

- Physical displacement associated with land take.
- Economic displacement due to loss of livelihood activities or reduction in income due to Project activities.
- Conflicts over resources
- Immigration of workers from other areas into the local community.
- Spread of communicable diseases from workforce/interaction with locals.
- HIV / AIDS and Sexually Transmitted Infections.
- Staff accommodation and management.
- Social Change and disruption associated with presence of immigrants or workforce.
- Possible marginalization of sections of the indigenous community due to introduction of new cultures and immigrant population for the Project.
Requirements for Drilling Projects

- Environmental and Social Impact Assessment (ESIA)
- Environmental and Social Management Plan (ESMP)
- Stakeholder Engagement Plan (SEP) covering all project phases;
- Any other environmental and social management plans as identified as required and applicable (e.g. Resettlement Action Plan, Livelihood Restoration Plan, etc.)

Evaluation of Application: Environmental and Social Due Diligence (ESDD), comprising a Gap Analysis against the Applicable Standards.
- Any gaps and respective actions to close these gaps become part of the Environmental and Social Action Plan (ESAP).
- Overall ESAP will become integral part of the Grant Agreement.
- Disbursements will require due implementation of the ESAP actions (Independent Review of Developer’s E&S reports and No Objection from GRMF)

Final E&S Report, referring to full implementation of the ESAP including all sub-plans

Approved final E&S Report as pre-requisite for final disbursement
## Reporting requirements

### During Surface Study Phase:
- **Monthly status reports**, comprising information:
  - on stakeholder engagement activities and respective findings
  - on the progress of environmental and social field studies.

  ➔ Template of E&S reporting will be attached to the grant contract.

### During Exploration Drilling Phase:
- **Monthly status reports**, comprising information:
  - on stakeholder engagement activities and respective findings
  - on environmental and social performance

  ➔ Template of E&S reporting will be attached to the grant contract.
Thank you for your attention.