

SAFEGUARDS AND SOCIAL DIMENSIONS SUMMARY

A. Safeguards

1. The proposed project finance lending to Sunseap Asset (Cambodia) Co. Limited (the borrower) will be used for the first competitively bid renewable energy independent power producer project in the country. The project is a build–own–operate, public–private partnership transaction for a 10 megawatt solar power plant to be located in Bavet City in Svay Rieng Province.

2. The borrower commissioned an external consultant to conduct an initial environmental and social examination (IESE) to assess the impacts and risks associated with the project in accordance with the objectives, principles, and requirements of the Asian Development Bank (ADB) Safeguard Policy Statement (2009). The IESE found that negative impacts could occur during construction, such as air and noise emissions, and occupational and community health and safety risks. These impacts are not expected to be significant, given the short duration of the construction phase and the availability of readily implementable mitigation measures. The IESE includes an environmental and social management plan to be implemented by the sponsor to address the impacts and risks associated with the project. The sponsor has agreed that effective measures will be put in place to avoid, minimize, mitigate, and compensate adverse impacts. As a result, the project is classified category B for environment, and category C for involuntary resettlement and indigenous peoples impacts and risks in accordance with ADB's Safeguard Policy Statement.

3. The project site is far from environmentally sensitive areas and is largely surrounded by land used to cultivate rice paddies. The site is accessible via the main highway and a local commune road. A minimal and temporary increase in local traffic will be experienced when bringing in construction materials and project equipment, but this is not expected to affect local traffic significantly. The local access road will be upgraded to meet the requirements of the project. Limited noise, vibration, and dust will be created by machinery and transport vehicles during construction. This will be mitigated by using dust suppression techniques to minimize dust generation, particularly during dry and windy conditions along the access road and at the site. Trucks that haul construction materials will also be covered. The closest residential village is about 1 kilometer from the project site, so dust, noise, and vibration impacts are expected to be negligible.

4. To mitigate excess runoff from the site and minimize impacts on the surrounding properties (such as potential flooding or erosion), a retention pond will be established and the surrounding canals will be expanded to improve water flow. In addition, construction works will be put on hold during months of heavy rainfall. A construction health and safety plan will also be prepared and implemented. Measures in the plan include requiring workers to wear personal protective equipment such as hard hats, safety gloves, hearing protection, and safety boots. The plan will also include measures to manage sun and heat exposure, such as taking regular breaks and drinking plenty of water.

5. During operations, a minimal volume of underground water will be required to clean the panels. Broken photovoltaic panels will be stored and packaged for disposal. A fence will be built around the project site, and local employees will provide 24-hour security to avoid unauthorized entry. Safety signage will also be put up at the site. The project is not expected to cause any loss of property or aesthetic value. Instead, as the first utility-scale solar project in the country, it may support ecotourism in the area.

6. The project has not required involuntary resettlement. All land required for the project site (22 hectares) was purchased from 27 sellers through a negotiated settlement on a willing-buyer willing-seller basis. An independent expert reviewed all land sale documents, and sellers were consulted during due diligence to ensure that the negotiations were free of intimidation and that the sellers were aware of the project. The final transaction receipts for full payment of the contracted amount to each land seller have been presented to ADB. Much of the land was unused for agriculture at the time of purchase. Most sellers intend to use the sale proceeds to buy other nearby land and other agricultural inputs. None of the sellers were from households registered as poor, and none consulted stated they were vulnerable. The 5.5 kilometer overhead 22 kilovolt transmission line will use an existing canal and roadside right-of-way, which has been planned to avoid involuntary displacement impacts. In case of potential temporary impacts, the preparation of a framework for temporary occupation and compensation along the right-of-way has been recommended as part of the project's impact assessment.

7. The impact assessment for the project found no distinct and vulnerable indigenous peoples groups in the area who could be directly or indirectly affected by the project.

B. Social Dimensions

8. The project is expected to generate a range of positive impacts including local jobs, as well as training and development opportunities for local community members and local authorities, in particular the state-owned utility Electricité du Cambodge. The borrower has human resources policies and procedures in place, and core labor standards are ratified in national law and enforced through contractual obligations with employees, service providers, and contractors. The borrower promotes equal employment opportunities for women, and will have rights protection measures in place in the workplace such as a grievance mechanism. The environmental and social management plan includes monitoring and reporting measures to ensure the borrower and its contractors comply with national labor laws and core labor standards in accordance with ADB's Social Protection strategy.¹ As the project will require a small number of workers during construction and operation, its impact on local labor markets will be minimal. The project has engaged with stakeholders throughout the design and site preparation phases, and is committed to continuing this engagement throughout construction and operation. The borrower will report annually to ADB on its performance against these commitments.

¹ ADB. 2003. *Social Protection*. Manila (adopted in 2001).