

Environmental and Social Data Sheet

Overview

Project Name: *STEG - PROGRAMME TRANSPORT ET DISTRIBUTION*
Project Number: *2019-0714*
Country: *Tunisia*
Project Description: *Financement d'un programme d'investissement visant à renforcer l'infrastructure de transport de l'électricité et l'assainissement des réseaux de distribution de l'électricité.*

EIA required: yes

Project included in Carbon Footprint Exercise¹: yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

The project comprises two components:

- **Component 1:** Expansion and improvement of the transmission network, consisting of the construction and reinforcement of substations and transmission lines to enable the integration of new (renewable and gas-fired combined cycle) generation capacity to be commissioned in the short-to-medium term.
- **Component 2:** Extension and reinforcement of medium- and low-voltage distribution networks in the seven national distribution areas (Centre, Grand Tunis Area, North, North West, South, South West, Sfax). The aims of these investments are to: (i) respond to evolution and increase in the load (network expansion, rural and urban electrification connection) and ensure wheeling capacity and voltage level stability of the distribution network; and (ii) adapt obsolete networks and comply with operation and maintenance standards, including safety and social and environmental safeguards. This component will contribute to 15 000 new connections, and a significant reduction in losses.

The project will be co-financed by the World Bank (WB) and the EIB on a parallel basis. EIB will finance Component 2, whereas WB will finance Component 1.

If located in the EU, the transmission facilities under Component 1 would fall either under Annex I – in particular 400 and 225 kV overhead lines – or Annex II of the EIA Directive, depending of their characteristics. For the former, an Environmental Impact Assessment (EIA) would be required, whereas for the latter, it would imply a review by the competent authorities with due regard to the necessity for an EIA. The distribution facilities under Component 2 instead would fall under neither Annex I nor Annex II of the EIA Directive but could be subject to environmental and social analyses, as appropriate, in the process for the authorisation to build and operate.

Under Tunisian legislation, preparation of environmental and social impact studies and information/consultation of the general public thereon are not required for the permitting of transmission or distribution power lines and substations.

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.

Environmental Assessment

As the exact location and route of the transmission and distribution (T&D) underlying schemes are not yet known, a final draft **Environmental and Social Management Framework (ESMF)** and of a **Resettlement Policy Framework (RPF)** have been prepared for each component. These documents set out the principles, rules, guidance, steps, responsibility and procedures for assessing and addressing environmental and social risks and impacts as part of the process of preparation of the sub-projects. The ESMF also outlines main principles for managing any potential involuntary resettlement, which would be mainly economic due to temporary disruption of economic activities during construction, loss of agricultural land needed for the T&D substations, and in particular loss of olive trees in the tracing of transmission lines and substation sites. The two sets of ESMF and RPF constitute a common framework for the compliance of the project with the Environmental and Social Safeguards Policies of the WB for the transmission component, and the Environmental and Social Standards of the European Investment Bank (EIB) for the distribution component.

The ESMF provides an overarching assessment of the E&S baseline, the potential E&S risks and the associated mitigating measures of the Programme. The ESMF will guide the promoter (STEG, Société Tunisienne de l'Électricité et du Gaz) when scoping and assessing the underlying schemes. The Bank will review the environmental and social documentation related to the underlying investments (ESIAs, RAPs, LRPs, ESMPs, etc.) prepared by the promoter as per the ESMF and RPF of each project component.

Component 1

The main potential environmental risks include impact to biodiversity areas, electrocution and collision of birds, impacts to rivers (oueds), damage to cultural and archaeological artefacts, loss of vegetation cover, and construction-related nuisances (noise, pollution, waste, traffic) as well as risks to the health and safety of workers and the general population. The ESMF outlines potential measures to mitigate the above impacts, such as ensuring that the line route avoids neighbouring biodiversity areas, improvement of line visibility and increased conductor separation to avoid bird collisions, micro-siting of pylons to minimise perturbation to riparian vegetation, chance finding procedures, finding alternative sites for substations to avoid or minimise vegetation clearing, etc.

Component 2

The main potential environmental risks include visual impacts, electrocution and collision of birds, soil erosion, construction-related nuisances (noise, pollution, waste, traffic), and risks to the health and safety of workers and the local communities. These impacts can be avoided/mitigated through planning/design that takes into account environmental criteria as well as sound implementation techniques and monitoring, as well as with adequate instruments such as an Environmental and Social Management Plan (ESMP) for construction or operation of the underlying schemes. To this purpose, the ESMF includes guidance for the selection, preparation and implementation of the various schemes in order to avoid or minimise environmental and social risks, as well as for the scoping of sub-projects to ensure an adequate and proportionate environmental and social assessment.

The project falls under the transitional period defined in the Climate Bank Roadmap (CBR), paragraph 4.6.

EIB Carbon Footprint Exercise

The source of CO₂ equivalent (CO₂-e) emissions for the project is the ohmic losses in the network extensions implemented. At completion, the corresponding absolute emissions are estimated at 34 kt CO₂-e/year. In terms of relative emissions, the project results in a saving of 342 kt CO₂-e/year. This is because the network extensions implemented under the project result in an overall network loss coefficient remarkably lower than the loss coefficient without the project and the resulting decrease of losses overcompensate the increase of losses due to the new demand enabled by the project.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment, where applicable

The project is expected to affect positively the beneficiary communities by improving quality and security of supply of the electricity service. This will improve the living conditions for the beneficiaries in particular through improved opportunities for income-generating activities, greater security due to street lighting, and lower risk related to MV/LV components that will be replaced in the project. However, the project also has the potential for some adverse social impacts as described below.

Component 1:

Potential economic displacement primarily linked to loss of olive trees on the substations and overhead line pylon sites. The related RPF quantifies this potential impact at 3500 olive trees, over a total surface of 140 ha. The RPF provides for a methodology to scope underlying schemes, as well as an outline of the grievance mechanism to be put in place, and the terms of reference for the potential Resettlement Action Plans (RAPs) or Livelihood Restoration Plan (LRP) – as applicable – to be prepared for the underlying schemes.

Component 2:

Potential economic displacement primarily linked to loss of land for the new MV/LV substations, switching stations and underground cables. The RPF provides for a methodology to scope underlying schemes, with a threshold of 200 project-affected people (PAPs) below which an Abbreviated Resettlement Action Plan (A-RAP) or an A-LRP can be prepared.

The RPFs of both components clearly lay out the scoping methodologies, the scope and structure of the Resettlement Action Plans (RAPs) that may be needed, as well as modalities to determine the compensation for lost land or crops, including olive trees. In addition, the RPFs clearly indicate that all compensation will be effective prior to the commencement of works. Finally, the RPFs present the grievance mechanisms – in terms of their structure and implementation – to be put in place to ensure effective access to remedy for affected stakeholders.

Public Consultation and Stakeholder Engagement

The ESMF and RPF of each component of the project have undergone stakeholder consultations involving community representatives, the affected local populations and NGOs.

Component 1

The ESMF and RPF were consulted in a public consultation meeting in March 2019. Concerns raised include the health impact of electromagnetic fields, the impact of the project on centenary olive trees, the careful management of any potential resettlement in particular in Skhira and Tozeur. The final ESMF and RPF documents included all comments from the project stakeholders.

Component 2

Stakeholder engagement took place during three remote meetings in September 2021, due to Covid-19 restrictions in Tunisia. These meetings included government and private institutions, and administrative district officials concerned, and consisted of a presentation of the project followed by a discussion of the participants' concerns. A fourth consultation meeting was focused on NGOs, associations, and potentially affected people. The participants included NGOs focused on environmental and cultural protection, unions and professional associations. Concerns raised include the impacts on avifauna (in particular the white stork) and protected (RAMSAR) sites and the related mitigation measures, the modalities for compensation of affected assets, and the sub-project scoping methodologies.

These comments will be integrated in the final versions of the ESMF and RPF documents, and will be taken into account in the final design of the underlying sub-projects. Overall, the project is well received and the investments for improving the electricity supply are considered urgently needed.

Luxembourg, 26.10.2021

Other Environmental and Social Aspects

In order to properly implement the ESMF and RPF related to each project component, the promoter will strengthen its environmental and social capacity by the recruitment of a social specialist in the Project Management Unit of each component, as well as a consultant to prepare Environmental and Social Impact Assessments (EIAs), ESMPs, (A)RAPs, (A)LRPs, etc. as needed.

In addition, the Bank is financing a consultant to verify the quality of the implementation of the ESMF related to Component 2, during the implementation period

Conclusions and Recommendations

Based on the information available, and with appropriate conditionalities (see below) and monitoring, the Project is expected to be acceptable in environmental and social terms for Bank financing.

The following disbursement conditions will apply:

- Conditions related to labour rights, working conditions, including security arrangements, and workers' accommodation in line with EIB's standards will have to be integrated in the bidding documents and in the contracts for the implementation of the schemes financed by the Bank.
- The promoter will send copies of the documents below – relative to the underlying investments of both components – as and when available and satisfactory to the Bank:
 - ESIA report(s), including a non-technical summary, in accordance with the ESMF;
 - In case of resettlement, a final version of the RAP(s) or LRP(s), in accordance with the RPF;
 - Final version of the ESMP(s);
 - The permit(s) issued by the relevant competent authorities, when applicable.
- Recruitment of an environmental and social consultant to implement the ESMF and RPF, to the Bank's satisfaction.

In addition, the following undertakings will apply:

- The Promoter undertakes to implement the project in accordance with the EIB's Environmental and Social Standards and in compliance with the environmental permits from the respective environmental authorities.
- The Promoter shall ensure that the project is implemented in accordance with the ESMF and RPF, as approved by the Bank, prior to authorising the start of any works, and shall ensure that the Project is implemented in accordance with these documents.