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BAHAMAS
THE BAHAMAS WATER SUPPLY AND SANITATION SYSTEMS UPGRADE PROGRAM
BH-L1061

ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS)
10/11/2024

This document was prepared by:
Alessandro Farinaccio and Laura Romero

Environmental and Social Review Summary	
Operation Data	
Operation Number	BH-L1061
IDB Sector/Subsector	Water And Sanitation
Type of Operation & Modality	LON / ESP
E&S Impact Classification (ESIC)	B
E&S Risk Rating (ESRR)	Substantial
Disaster and Climate Change Risk Classification (DCCRC)	Moderate
Borrower	The Commonwealth of The Bahamas
Executing Agency	Bahamas Water and Sewerage Corporation (BH-WSC)
IDB Loan Amount (and total project cost)	\$50,000,000.00 (\$50,000,000.00)
Applicable ESPS's with requirements	ESPS 1; ESPS 2; ESPS 3; ESPS 4; ESPS5; ESPS 6; ESPS 8; ESPS 9; ESPS 10
Executive Summary	
<p>The operation has been classified as Category B due to potential Environmental and Social (E&S) impacts of small-scale interventions in Bahamas to enhance potable water supply and wastewater treatment services. These impacts are expected to be temporary and localized and related mainly to pollution of water, marine resources, soil and air, solid and liquid waste and health and safety of workers and communities. Mitigation measures are readily available to address these potential impacts. The operation will not finance the use of non-organic fertilizers or pesticides, however small quantities of hazardous waste may have to be disposed of adequately. No physical or economic displacement will result from the project; however, an updated assessment will be conducted once final project locations are defined and final designs are completed. Activities or locations that entail physical displacement or significant economic displacement will not be eligible for financing. While there are historical sites in the proximity of the project area, impacts will be prevented and mitigated through action plans aligned with national legislation and the ESPF. There are no Indigenous communities in the project area.</p>	
<p>The Environmental and Social Risk Rating (ESRR) for the operation is Substantial, driven by cause and contribution risks regarding potential direct, indirect, and cumulative impacts associated with occupational health and safety (accidents, injury, and disease arising from, associated with or occurring during construction activities). There are risks of economic displacement during construction works, however, physical displacement and significant economic displacement will be excluded from financing. The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous). Regarding performance risks, it is to be noted that WSC, the executing agency, has a limited operational capacity and does not have experience implementing IADB's ESPF. Regarding contextual risks, the disparity between New Providence Island and the Family Islands in terms of infrastructure and social services may result in differentiated impacts for the interventions on each of these islands.</p>	
<p>The Disaster Risk and Climate Change Risk (DRCCR) of the operation has been classified as moderate related to the risk of hurricanes, extreme winds, flooding sea level rise, precipitation, or others, including those caused or exacerbated by climate change, which may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment. Due to the characteristics of the works, the existing risks are not expected to be exacerbated. A disaster risk narrative has been presented within the SESA and has a Disaster Risk Management Plan (DMRP).</p>	

To meet the requirements established by the ESPE, the executing agency has already developed: (i) A Strategic Environmental and Social Assessment (SESA) and a Strategic Environmental and Social Management Plan (SESMP); and (ii) A Stakeholder Engagement Plan (SEP) with a public consultation process regarding the operation and potential works, considering culturally appropriate mechanisms and the progress of studies and management plans as per ESPE 1, 6, 8, 9, and 10. Additionally, the agency must implement an Environmental and Social Management System (ESMS) in accordance with ESPE 1. Preliminary versions of the project's Strategic Environmental and Social Assessment (SESA) and Strategic Environmental and Social Management Plan (SESMP) were disclosed on July 15th. Stakeholder consultations took place on August 27, 2024 and were attended by representatives of several government agencies. A consultations report was disclosed on IADB's website on September 18, 2024. Additional stakeholder consultations, with participation of neighbouring communities and relevant civil society organizations, are to be conducted by the executing agency once specific locations and design proposals are finalized and before the start of any construction work. These consultations must be documented and must inform the specific ESIA and ESMP that will be prepared for each project component.

Operation Description

The CCLIP and the first loan operation aim to enhance the efficiency, service quality, sustainability, and resilience of potable water supply and wastewater services in The Bahamas. The general objective of the CCLIP and the first loan operation is to contribute to improving WSC's sustainability of potable water supply and wastewater services in The Bahamas. The specific objectives are to: (i) improve coverage of potable water supply services in Family Islands and New Providence, and reliability of wastewater services in New Providence; (ii) improve WSC's operational and financial performance; and (iii) improve the governance of WSC and the water and sanitation sector. The project consists of 4 components: **Component 1, Non-Revenue Water Reduction and Advanced Metering Infrastructure, with a budget of US\$33.0 million**, will finance an NRW Reduction Contract targeting physical and commercial losses in the Family Islands, focusing on Abaco, Eleuthera, and Exuma. Activities will include setting up District Metered Areas (DMAs) and Pressure Management Areas (PMAs), leak detection and repair, pressure management, pipe replacement, hydraulic modelling, GIS updating, SCADA, and data management tools. It will also fund the procurement of approximately 65,000 ultrasonic smart meters to replace existing mechanical meters with Advanced Metering Infrastructure (AMI), improving meter accuracy, reliability, revenue, customer transparency, and staff efficiency. Additionally, a digital transformation evaluation and roadmap will be prepared. **Component 2, Institutional Strengthening, with a budget of US\$3.5 million**, will finance support WSC with first submission of tariff request to URCA; Institutional strengthening of Utilities Regulation & Competition Authority (URCA); Institutional strengthening of WSC and the Department of Environmental Planning and Protection (DEPP) for new framework for environmental regulation of the water and sanitation sector; improve corporate governance; development and implement strategy to improve human capital and; and develop national policy for water and sanitation sector. **Component 3, Access to Potable Water Supply**, with a budget of US\$8.0 million, will finance increased coverage of piped potable water in New Providence and the Family Islands. Key projects include new water mains in Abaco, South Bimini Port Royal Water Main Extension, and New Providence distribution mains extension. **Component 4, Wastewater Collection Infrastructure Update**, with a budget of US\$3.0 million, will finance urgent investments in New Providence's sewerage system, including the replacement and upgrade of 19 lift station pumps and associated SCADA components to improve energy efficiency and remote monitoring technology. These Component 4 interventions will help increase the reliability of the system and reduce accidental spills and nuisances resulting from equipment malfunctions. Additionally, by upgrading the wastewater collection infrastructure, the project will improve the overall efficiency of wastewater management, reduce the environmental impact of untreated or partially treated effluent, and contribute to better public health outcomes. The investment will also address the current environmental and social liabilities of the system by ensuring that wastewater is properly treated and managed, thereby minimizing risks associated with deep disposal wells and enhancing compliance with environmental regulations.

Finally, the Project Administration and Other Costs component, with a budget of US\$2.5 million, will finance administrative expenses, support for Project Execution Unit (PEU) consultants, external audits, monitoring, evaluation, communication, and implementation of an Environmental and Social Management Plan (ESMP)

These islands are recognized as Marine and Terrestrial Protected Areas and Key Biodiversity Areas (KBA) (see Figure 2 in Annex C), which will not be affected by the project. No Indigenous communities have been identified. This information was confirmed during due diligence.

Rationale for Classifications/Rating

<p><i>E&S Impact Classification</i></p>	<p>The project has been classified Category B: This operation has the potential to generate local and short-term negative environmental and social impacts, and mitigation measures are known and readily available. The ESMP will be able to mitigate the impacts through its programs and measures, related principally to the pollution of water and marine resources, soil and air as well as solid and liquid waste, . The operation will generate moderate direct impacts generated by solid waste (hazardous and/or non-hazardous) and has minor direct potential to implement project activities in critical natural habitat. According to a preliminary assessment, no physical or economic displacement will result from the project. However, an updated assessment will be conducted once final project locations are defined and final designs are completed. Activities or locations that entail risks of physical displacement or significant economic displacement will not be eligible for the project.</p>
<p><i>E&S Risk Rating</i></p>	<p>The Environmental and Social Risk Rating (ESRR) has been classified as Substantial. The operation has the potential to cause moderate direct and/or cumulative impacts associated with pollution of water, marine resources, soil and air, solid and liquid waste and health and safety of workers and communities, accidents, injury, and disease arising from, associated with, or occurring in the course of work. The operation will generate moderate indirect and/or cumulative impacts generated by solid waste (hazardous and/or non-hazardous). The operation has the potential, including through the supply chain, to have low to moderate indirect and/or-cumulatively impacts on modified habitats that include significant biodiversity value. There are risks of economic displacement during construction works, however, physical displacement and significant economic displacement will be excluded from financing. The nature of project activities entails occupational health and safety risks for workers.</p> <p>Regarding performance risks, it is to be noted that WSC, the executing agency, has a limited operational capacity and does not have experience implementing IADB’s ESPF. Regarding contextual risks, the disparity between New Providence Island and the Family Islands in terms of infrastructure and social services may result in differentiated risks and impacts for the interventions on each of these islands.</p>
<p><i>DCC Risk Classification</i></p>	<p>The DCC risk has been classified as Moderate, as natural hazards, such hurricanes, storm surges, pluvial flooding, sea level rise, or others, including those caused or exacerbated by climate change, are likely to occur in the project area, and these may moderately impact the project, and/or the project may moderately exacerbate the risk from natural hazards to human life, property, and/or the environment. The works present moderate criticality for Drainage and Water Supply Systems. A disaster risk narrative has been presented within the SESA and has a Disaster Risk Management Plan (DMRP).</p>

Use of Borrower E&S Framework	No
The operation does not consider the use of the Borrower's E&S Framework.	
Will a framework approach be applied?	Yes
Since project locations have not yet been fully defined, the project will adopt a framework approach, for which a Strategic Environmental and Social Assessment (SESA) and a Strategic Environmental and Social Management Plan (SESP) has been conducted, considering the different typologies of works and risks associated with all project components.	
Will the operation be co-financed?	No
No co-financing is foreseen for this operation.	
Environmental and Social Performance Standards (ESPSs) that apply to the proposed project	
ESPS-1. Assessment and Management of E&S Risks and Impacts	Yes
<p>The project will be executed by The Commonwealth of The Bahamas, where a Project Management Unit (PMU) will be created. This unit will include at a minimum an environmental and a social specialist. The execution scheme, including coordination mechanisms, will be detailed in the Proposal for Operation Development (POD) and the Operation Manual (OM), and the Environmental and Social Management System (ESMS), which will be designed and implemented according to the requirements of the ESPF and the Bank's ten Performance Standards (PS).</p> <p>For the preparation phase of this operation, an ESMS is being developed, composed of elements identified by the ESPS as essential for a socio-environmental management system. The ESMS will be based on seven fundamental pillars:</p> <ol style="list-style-type: none"> 1- The Project Specific Environmental and Social Framework: which defines applicable environmental and social commitments, considering the requirements of the ESPSs and national legislation Relevant local laws and international commitments include the Environmental Impact Assessment Regulations, 2020; Environmental Planning and Protection Act, 2019; Environmental Planning and Protection (Extension of Application) Order, 2020; Environmental Health Services (Collection and Disposal of Waste) (Amendment) Regulations, 2013; Conservation and Protection of the Physical Landscape of The Bahamas Act, 1997 (Cap. 260); Forced Labor Convention, 1930 (No. 29) among others. International laws include the International Convention for the Prevention of Pollution from Ships (MARPOL), 1973, as modified by the Protocol of 1978 and Protocol of 1997 (Annexes I, II, III, IV, V & VI); The Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat, 1971; Convention Concerning the Protection of the World Cultural and Natural Heritage, UNESCO, 1972; The Paris Agreement, 2015; Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and others. The PMU, with support from the IDB, will establish a legal framework and an Environmental and Social Management System compatible with the ESPS s. This will support the management of the SESMP's impact control and mitigation programs, monitoring licensing processes, and complying with environmental legislation and IDB ESPF. This structure defines the objectives, principles, and goals guiding the Project to achieve the desired environmental and social performance, describing the process, structure, and general functioning of the management of environmental and social aspects. 2- Risk and Impact Identification: The socio-environmental risks and impacts of the Program were detailed in the Strategic Environmental and Social Assessment (SESA). 3- Management Programs: The socio-environmental management programs were detailed in the Strategic Environmental and Social Management Plan (SESMP) and the Environmental and Social Action Plan (ESAP). The SESMP is designed to be globally applicable to all types of interventions and their various 	

receiving environments and includes procedures for the Executing Agency to screen activities against eligibility criteria (excluding Category A projects, physical displacement and significant economic displacement). The SESMP describes mitigation measures and performance enhancement actions to address environmental and social risks and impacts identified in the SESA. Specific ESAs/ESMPs for each of the proposed works will be presented once the final location and design of the works are defined

- 4- Organizational Capacity and Competence: During due diligence, an analysis of the Executing Agency's (EA) institutional capacity was conducted through the Bank's Institutional Capacity Analysis Platform (PACI). It was found that the PMU has insufficient technical capacity to address the Project's environmental and social issues, while the analysis indicated the need for support staff, including at least one environmental specialist and one social specialist, dedicated to supporting socio-environmental issues. These specialists should be trained in the IDB's Environmental and Social Policy Framework to take on the responsibilities and authority to coordinate the implementation of the ESMS within the PMU's organizational structure.
- 5- Emergency Preparedness and Response: The SESMP provides a Disaster Management and Emergency Response Plan. The program establishes detailed procedures for communication between the contracting party and the contractors in emergency situations. These procedures clearly define the responsibilities of each party. Specifically, the program addresses specific emergency scenarios, such as fires and floods, providing clear guidelines for managing these situations. The SESA/SESMP includes specific programs, procedures for preparedness and response to accidental and emergency situations associated with the Program's interventions, sufficient to prevent and mitigate any harm to people and the environment.
- 6- Monitoring and Review: Based on the SESMP programs and recommendations, the ESMS includes procedures to systematically monitor the implementation of socio-environmental management programs and measure their effectiveness, as well as monitor compliance with legal, contractual, and relevant regulatory requirements. It also includes recording and reporting monitoring results and necessary corrective and preventive actions, issuing reports approved by the PMU and submitted to the IDB, and planning and conducting periodic evaluations of the ESMS's effectiveness, based on systematic monitoring results.
- 7- Stakeholder Engagement: During due diligence, a Stakeholder Engagement Plan (SEP) and a Grievance Redress Mechanism (GRM) were developed, in alignment with ESPS 1 and 10. The SEP and GRM are included in the SESMP, which was published prior to the Analysis Mission on the IDB website. Section on ESPS-10 further details the content of the SEP and GRM and related steps taken during due diligence.

As a result of the due diligence, an Environmental and Social Action Plan (ESAP) was developed to complement the prepared environmental and social documents and align the operation with the Environmental and Social Policies Framework (ESPF). WSC will develop an Environmental and Social Assessment (ESA) and an Environmental and Social Management Plan (ESMP) for each project, once their executive projects are ready and prior to the bidding phase.

The environmental and social risk and impact management measures that form part of the ESMS must be included in the contracts and other legal documents of the operation, as well as in supplementary documents, and are therefore Borrower's obligations.

ESGI-1.1. Number of ESMS elements completely prepared	3
ESGI-1.3. Number of Afro-descendant and/or traditional* peoples' communities within the direct and indirect area of influence of the operation <i>* Not considered under ESPS 7</i>	N/A
ESPS-2. Labor and Working Conditions	Yes

The SESA identified that the installation of advanced metering infrastructure (under Component 1), expansion of water pipelines to improve water access (under Component 3) and the replacement of lift station pumps and electrical equipment (under Component 4) have the potential to cause moderate direct impacts to workers

associated with accidents, injury, and disease arising from, associated with, or occurring in the course of work. For the civil works, standard construction materials and water treatment equipment suppliers will be used, and no critical suppliers have been identified. During Due Diligence, it was noted that the Executing Agency should ensure suppliers are evaluated for child and forced labor and comply with legal environmental standards.

The SESA mapped relevant national legislation in Bahamas regarding freedom of association, collective bargaining, prevention of employment-related discrimination, prohibition of forced labor and minimum working age.

To address occupational health and safety risks related to construction and ensure alignment with ESPS 2 requirements, the SESMP includes:

Program on Occupational and Community Health and Safety:

- The sub-component in this program titled *Occupational Health and Safety* includes, among other measures, the requirement for the contractor to provide PPE (personal protective equipment) to its personnel, provide training on PPE use and appropriate management of work equipment, machinery and vehicles, and development of safe work procedures.
- The sub-component in this program titled *Labor Management* includes the requirement for the contractor to develop a Labor Management Procedure (LMP) that defines roles and responsibilities for the employer and the workforce according to the principles of equal opportunity and equitable treatment. The LMP developed by the contractor will include the contractor’s commitment to the prohibition of forced and child labor. Since the minimum working age in Bahamas is 14 years old, the program requires the contractor to include in the LMP the more stringent requirement included in ESPS2 for minimum working age, which is 15 years old. The program also includes the requirement for the contractor to develop a Workers’ Grievance Redress Mechanism through which workers and their organizations can channel workplace-related concerns.

Program on Socio-Environmental Training for Site Personnel:

- This program includes the requirement for the contractor to develop and implement a Code of Conduct for personnel and train workers on the content of such Code of Conduct. The SESA provides a model Code of Conduct for the contractor.

It is not anticipated that the operation will finance the acquisition of solar panels.

ESGI-2.1. Number of workers (contractors, subcontractors, freelancers and/or government entities) in the project site	N/A
ESPS-3. Resource Efficiency and Pollution Prevention	Yes
<p>Resource efficiency. The Bahamas Water Supply and Sanitation Systems Upgrade Program aims to enhance water service reliability and efficiency through advanced technologies and infrastructure improvements. By installing 65,000 ultrasonic smart meters, replacing outdated infrastructure, and upgrading sewerage systems, the program reduces non-revenue water and energy consumption, thus supporting a transition to a low-carbon economy. These measures are aligned with ESPS-3, improving water conservation, reducing GHG emissions, and increasing resilience to water stress.</p> <p>Pollution prevention. During the environmental assessment, several potential impacts were identified, including gaseous emissions, particulate matter, noise and vibrations, water and soil contamination from accidental spills, erosion, effluent and waste generation. To address these issues, specific programs was prepared as commented below:</p>	

Air Quality and Noise Program: To mitigate impacts, construction equipment will be maintained per manufacturer's specifications, dust suppression will be used on unpaved areas, and incineration of non-vegetative waste at sites will be banned. To manage noise, equipment will be maintained to reduce emissions, and activities will be scheduled during daylight hours. A comprehensive Construction Communications Plan will be developed to inform neighboring residents, businesses, institutions, and hotels about upcoming construction activities.

Erosion Control: If earthwork or soil replacement is needed, the SESMP include erosion control measures and protect the drainage system. Erosion will be managed by minimizing disturbance and clearly marking work zones. Activities will be confined to these zones, and vehicle movements will be restricted to designated roads. Runoff water and soil displacement will be managed to preserve natural flow patterns. Effectiveness of sediment controls will be monitored and inspected periodically, especially after heavy rainfall.

Waste Management: Contractors will manage and dispose of waste generated by their activities, with all personnel trained to properly segregate hazardous and non-hazardous waste. Waste will be categorized based on properties such as reusability or recyclability and controlled to prevent dispersion. Incineration, burial, or discharge of waste into water bodies or soil is prohibited. Waste will not be left unattended at construction sites, and a detailed record will be kept. On-site washing of tools will be avoided, and temporary effluent storage will be provided if necessary. Special waste will be stored securely and managed according to regulations. In case of spills, the Environmental Agency will be notified, and containment measures will be implemented. Contaminated soil and vegetation will be treated as special waste, and pathological waste will be handled per legislation. Hazardous waste will be stored in designated facilities and transported by licensed operators only.

Chemical Substances Management: The SESMP includes measures for controlling hazardous products, such as using impermeable floors, covers, and collection systems, and ensuring proper handling with trays, emergency kits, and PPE. It aims to ensure safe refueling and maintenance of machinery, manage fuel and chemical storage, and prevent environmental contamination. Key measures include using tanker trucks for refueling, maintaining fire safety, proper spill containment, treating spills over 5 liters as special waste, safe storage with appropriate labelling, and providing training and safety data sheets. Use of pesticide: Pesticide use will not be funded by the program.

Effluent Management: Impacts identified include effluent generation and potential water contamination. Water drainage, soil movements, and stockpiles will follow natural flow patterns. Impermeable flooring and channels will direct rainwater to treatment facilities in spill-prone areas. Dry or portable toilets will be installed, with daily sanitation by authorized operators. Tool and machinery washing on-site will be minimized; a designated area for temporary effluent storage will be used when necessary.

Greenhouse Gases. The GHG calculations represent a conservative estimate of the total emissions and apply to the construction and operation of distribution mains, installation of water mains, connection of Tarpum to Jacks Bay, extension of the Queens Highway main, and sewer lift station upgrades. It was concluded that the project will emit 5,314 tCO₂e during the construction phase and 962 tCO₂e during the operation phase.

Environmental Liabilities Program: The program will be implemented at the start of the construction phase to ensure the site is free of environmental liabilities. It applies to the Sweetings Village water supply project, where abandoned cars were identified in the Direct Area of Influence, potentially leading to soil and groundwater contamination, and to any other areas with identified liabilities. Liability management involves three stages: 1) Preliminary assessment with visual and photographic surveys to detect and pre-classify environmental liabilities; 2) Laboratory characterization of special waste detected during the initial analysis; and 3) Removal or remediation of identified liabilities, following the Waste Management Program and Occupational and Community Health and Safety guidelines.

ESGI-3.1. Total estimated Greenhouse Gas (GHG) emissions during construction	5314
ESGI-3.2. Total estimated Greenhouse Gas (GHG) emissions during operation	962
ESPS-4. Community Health, Safety, and Security	Yes
<p>There are minor direct and indirect and/or cumulative health and safety risks associated with the design of structural elements or components of the operation as the digging of trenches for buried pipe, operation of small construction sites, use of stationary and mobile power generators, storage of dangerous goods. If the project will have pipe storage areas, all safety precautions must be taken, such as isolation, securing the pipes from rolling, locking systems, etc., which could result in health and safety impacts to third parties and project-affected people.</p> <p>Potentially the project can generate health risks to the workers and neighboring populations, due to the creation of ditches, wells or low points along the pipe line or the construction site in which accumulated water, if they occur, become points of generation and proliferation of disease vectors such as mosquitoes that cause commonly known diseases, cause or exacerbate community exposure to water- related diseases (i.e., waterborne, waterborne, and vector-borne diseases) and/or communicable diseases (e.g., COVID). The SESMP includes mitigation measures and these are part of the Occupational and Community Health and Safety programs, as well as Pest and Vector Control.</p> <p>Risk of impacts on ecosystem services are moderate, mainly related to increased water consumption in the project's operation to serve the population. During the construction phase the project is not expected to directly affect the public (including workers and their families) through exposure to hazardous materials released by the project, particularly those that may be life threatening. Hazardous products (chemicals) used in the operational phase for the treatment and disinfection of water have the potential to affect public health if exposed. The SESMP include measures to isolate and properly store this type of material in the project's operational areas and others measures as part of the Occupational and Community Health and Safety programs, as well as Chemical Substances Management Program. The use of security personal is not foreseen.</p> <p>The hazards present in the project area include Hurricanes (flooding and strong winds). For this operation, flooding is classified as Moderate, and strong winds are also classified as Moderate (See maps in the Annex C). The hazard related to sea level rise is considered high for the entire region of the Bahamas but is not significant for the project, as the project structures are mostly underground equipment (pipelines, lift stations). The criticality and vulnerability of the project's infrastructure components are assessed as Moderate, following the criteria shown in the criticality chart for water and sanitation systems (see Figure 8 in Annex C): (i) physical characteristics are Moderate; (ii) functionality is Moderate; and (iii) impacts on population and environment are Moderate. Therefore, the overall criticality is rated as Moderate. The infrastructures or elements are not expected to significantly increase the current conditions of natural hazards or the vulnerability of surrounding communities or the environment due to their implementation within existing installations without altering the current risk level. Considering the identified hazard levels, the estimated criticality and vulnerability for infrastructure interventions, and the degree of risk exacerbation, a Moderate-Risk classification is appropriate. A disaster risk narrative has been presented within the SESA and has a Disaster Risk Management Plan (DRMP). The hazards, vulnerabilities, and risk levels have been considered as detailed in the DRMP. Climate change considerations were addressed regarding their implications for hydrometeorological risks. The design considerations identified for managing risks include mitigation measures detailed in the DRMP, which will be implemented unless deemed inappropriate due to technical reasons or replaced after a suitable analysis of alternatives. The EIAS completed Step 3, the narrative, and determined that Step 4 is not required. The DRMP's fulfils the requirements needed for this operation, as there are no significant gaps, appropriate measures have been identified and documented in the DRMP, and it is possible to achieve a tolerable risk level with these measures.</p>	

ESGI-4.1 Consistent narrative complying with at least step 3 of the Disaster Risk and Climate Change methodology	Yes
ESGI.4.3 Types of natural hazards present in project/program <i>Types of Natural Hazards: Earthquake, Landslides, Soil Erosion, Coastal Erosion, Fluvial Erosion, Tsunami, Volcanic, Subsidence, Drought, Frost-Cold Wave, Hailstorm, Storm Surge, Fluvial Flooding, Pluvial Flooding, Tidal Wave, Extreme Winds, Hurricane-Wind, Tropical Storm, Heat Wave, Glacial Retreat, Sea Level Rise, Heavy Rains, Water Scarcity, Wildfire</i>	Extreme Winds, Hurricane-Wind, Pluvial Flooding, Sea Level Rise, Coastal Erosion
ESPS-5. Land Acquisition and Involuntary Resettlement	Yes
<p>The SESA concluded that no impacts related to physical displacement are anticipated in relation to the construction activities included in the project (installation of advanced metering infrastructure – Component 1, expansion of pipelines to increase water access – Component 3, and the replacement of lift station pumps and electrical equipment – Component 4). Project activities or final locations that entail physical displacement will not be eligible for the operation and the corresponding exclusion clause will be included in the loan agreement. To comply with the exclusion of physical displacement, once final project locations are defined and final designs are finalized, an assessment will be conducted to confirm construction works will not entail physical displacement.</p> <p>Regarding economic displacement, the SESA noted that businesses were identified in the proximity of the area where main extensions will be built (expansion of pipelines to increase water access – Component 3). Once final project locations are defined and project designs are completed for this and all other construction components of the project, an updated assessment on economic displacement shall be conducted and, if needed, plans for the prevention of business disruption or livelihood restoration will be developed. The final version of the SESA and SESMP will include guidelines to update the economic displacement assessment and to prepare corresponding management plans, if needed. The update of the resettlement assessment and the development of management plans is included as an action item on the ESAP. Project activities or final locations that entail significant economic displacement will not be eligible for the operation and the corresponding exclusion clause will be included in the loan agreement.</p>	
ESGI-5.1. Number of households (families or socioeconomic units) physically displaced* <i>*Includes physically displaced households and people that are both physically and economically displaced</i>	N/A
ESGI-5.2. Number of people physically displaced* <i>*Includes physically displaced households and people that are both physically and economically displaced</i>	N/A
ESGI-5.3. Number of households (families or socioeconomic units) economically displaced.	N/A
ESGI-5.4. Number of economically displaced people	N/A
ESPS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources	Yes
<p>The operation will finance interventions that take place in Critical Habitat as defined by the Bank, including Key Biodiversity Areas (KBAs), Important Bird Areas (IBAs), and Alliance for Zero Extinction Sites (AZEs), as well as Protected Areas. In the Bahamas, according to the IBAT (Integrated Biodiversity Assessment Tool) (https://www.ibat-alliance.org/country_profiles/BHS) and the registry of KBAs (https://www.keybiodiversityareas.org), 54 protected areas and 50 KBAs are recognized, which include IBAs and AZEs (N=2). Tables 1 and 2 shows the overview of Protected Areas.</p>	

Table 1. Overview of Protected Areas

Designation Type	Number of Protected Areas
Total	54
National	53
Regional	0
International	1
With IUCN category count	54
With IUCN category percentage	100.0

Source: https://www.ibat-alliance.org/country_profiles/BHS

Table 2. Total number of Protected Areas designated at a national level and under international conventions and agreements.

Designation Name	Number of Protected Areas	Jurisdiction Name
Ecological Reserve	2	National
Fishery Reserve	2	National
Marine Managed Area	3	National
Marine Park	1	National
Marine Reserve	2	National
National Park	40	National
Plant Preserve	1	National
Protected Area	2	National
Ramsar Site, Wetland of International Importance	1	International

*The WDPA only includes Natural and Mixed World Heritage Sites.

Source: https://www.ibat-alliance.org/country_profiles/BHS

Table 3 presents the list of protected areas and their IUCN classification.

Table 3. Protected Areas under each IUCN Management Category

IUCN Management Category	Number of Protected Areas	% of total number Protected Areas
Ia	1	1.85%
Ib	1	1.85%
II	5	9.26%
III	1	1.85%
Not Reported*	46	85.19%

*Not reported: An IUCN category is unknown and/or the data provider has not provided any related information.

Source: https://www.ibat-alliance.org/country_profiles/BHS

The Biodiversity Map and KBA (Key Biodiversity Areas) are presented in Annex C - Figure 2.

Eleuthera Water Main Extension from Tarpum Plant to Jack's Bay is in the Key Biodiversity Area (KBA) South Tarpum Bay. There is a single species with a Near Threatened IUCN classification (the bird *Setophaga kirtlandii*), which would trigger IDB's definition of critical habitat. However, given the nature of the works –underground piping being built on the side of an existing highway – and the scale of the works - a 4.6 km linear pipe relative to a 175 km² KBA – it is expected that the project does not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated, or on the ecological processes supporting those biodiversity values. Management measures aimed at its proper management have been included, using the mitigation

hierarchy. The use of exotic invasive species will be forbidden in revegetation activities, which will be designed to achieve a net zero loss of vegetation in intervened areas.

Environmental management actions for the interventions in South Tarpum Bay KBA: Specifically for the interventions in Westside National Park, and in addition to the prior measures, additional management and mitigation measures have to be implemented to avoid or minimize conflicts and reinforce habitat restoration and sustainable use of natural resources. These management measures include:

- Avoid critical zoning areas, in particular, strict conservation areas and buffer zones.
- Prior to start of the interventions, acquire all necessary permits required for construction activities.
- Engage in consultations with relevant environmental agencies and institutions prior to the start of the interventions.
- Anticipate potential conflicts between different area users or stakeholders and outline proactive measures to avoid them.
- Detail how regulations and guidelines will be enforced, including consequences for violations.

The IDB will not finance any activities within critical habitat except under the following criteria: 1) After having demonstrated that there is no alternative to intervening in critical habitat; 2) After having demonstrated that there will be no quantifiable adverse impact; and 3) Upon presenting a Biodiversity Action Plan to achieve a net gain in biodiversity values.

ESGI-6.1. Area in Hectares (ha) of negatively affected natural habitats (e.g., converted or degraded)	N/A
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ESGI-6.2. Area in Hectares (ha) of negatively affected critical habitats (e.g., converted or degraded)	N/A
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ESPS-7. Indigenous Peoples	No
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The SESA confirmed that there are no Indigenous communities in all potential project areas.

ESGI-7.1. Number of Indigenous communities* that are within the direct and indirect area of influence of the operation <i>*For the purposes of ESPS 7, traditional peoples are treated as indigenous peoples, as recognized by national laws</i>	0
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ESPS-8. Cultural Heritage	Yes
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The SESA identified potential project impacts on cultural heritage related to the lift station upgrades included in project component 4 - wastewater collection and treatment. These potential impacts are related to the proximity of some of the lift stations to be intervened to historical sites, however, the SESA concluded that such potential impacts were of low magnitude and probability and could be prevented or mitigated through measures included on the SESMP.

The historical sites which could be potentially impacted include:

- Fort Montagu, colonial-period coastal fortress in New Providence, close to Montagu Lift Station.
- Parliament Square, site of colonial inspired buildings that house the House of Assembly, the Senate and the Supreme Court of the Bahamas and located 50 feet from Rawson Square Lift Station.
- Pompey Museum, housed in an 18th century historic building, located 400 meters from the Rawson Square Lift Station.
- Balcony House Museum, housed in an 18th century house and the oldest residential building in Nassau, located 400 meters from the Rawson Square Lift Station.

The SESMP includes the requirement of permits for conducting construction work near historical sites, as it is stated in the Bahamas Antiquities, Monuments and Museums Act of 1998. Moreover, SESMP Program No. 10 includes a sub-component on protection measures for historical sites, which includes actions to identify and

document historical sites in the project area, install physical protection measures, monitor and report, conduct personnel training and stakeholder engagement.

Finally, the SESMP included a chance find procedure to address eventual chance findings of historical, cultural or archaeological relevance, which could take place during the excavation or construction works required for the expansion of potable water pipelines (project component 2).

ESGI-8.1. Area in Hectares (ha) of tangible cultural heritage negatively affected	4
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ESPS-9. Gender Equality	Yes
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The SESA identified that due to the influx of construction workers for project-related activities there is an increased risk of sexual and gender-based violence in surrounding communities.

The SESMP includes the following measures to prevent sexual and gender-based violence:

- Guidelines for a contractor Code of Conduct which includes the definition and states the prohibition of sexual harassment and sexual and gender-based violence, and establishes the sanctions for non-compliance (SESMP, Program 13).
- Requirement to project contractor to establish a protocol to address cases of sexual and gender-based violence (SESMP, Program 13). The protocol will include the steps to respond to cases of sexual and gender-based violence and provide assistance to victims including, if needed, referral to health and psychological services and/or competent authorities.
- Guidelines for training programs addressed to project workers to prevent gender-based violence (SESMP, Program 13). The guidelines include minimum content (awareness-raising on sexual and gender-based violence and the guidelines included in the Code of Conduct and response protocol) and required frequency for the trainings.
- Guidelines for a Grievance Redress Mechanism (GRM) for project workers and GRM for communities which can channel grievances related to sexual and gender-based violence, including the requirement for the GRM to include measures to raise complaints anonymously and ensure confidentiality.

ESGI-9.1. Percentage of women participating in public consultation	N/A
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ESPS-10. Stakeholder Engagement and Information Disclosure	Yes
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The SESA and SESMP include a Stakeholder Engagement Plan (SEP), including stakeholder mapping and aligned to ESPS-1 and ESPS-10, which will be implemented by WSC. The SEP includes a Consultations Plan with one round of meaningful, culturally appropriate and gender-sensitive public consultations, which will inform project design and the definition of E&S mitigation measures.

The SEP also includes a Grievance Redress Mechanism (GRM) to channel and process stakeholder questions, concerns, or claims and will include actions for continuous engagement of project beneficiaries and affected people throughout the duration of project execution.

In compliance with the ESPF, a fit for disclosure version of the E&S documents, including the SEP, was disclosed on July 15, 2024,, and the final versions (adjusted according to the stakeholder consultation results and including stakeholder consultation reports) will be disclosed prior to approval of the operation.

Stakeholder consultations took place on August 27, 2024, and were attended by representatives of several government agencies, including the Department of Environmental Planning and Protection, Department of Environmental Health Services, Forestry Unit, Public Hospitals Authority, and others. Key questions and comments were related to the selection of eligible islands in the Program, duration of the works, the strategies to transition from well water to piped water for final users, and institutional strengthening required at WSC for supervision of the Program, among others. A consultation report was disclosed in IADB’s website on September 18th, 2024. .

<p>Additional stakeholder consultations, with participation of neighbouring communities and relevant civil society organizations, are to be conducted by the executing agency once specific locations and design proposals are finalized and before the start of any construction work. These consultations must be documented and must inform the specific ESIA and ESMP that will be prepared for each project component.</p>	
<p>ESGI-10.1. Number of socio-environmental documents disclosed by the IDB and the Borrower</p>	<p>3</p>
<p>Information Disclosure requirements (for the IDB)</p>	
<p>Fit for disclosure SESA/SESMP disclosed on July 15th, 2024. https://idbg.sharepoint.com/teams/ez-BH-L1061/50%20Environmental%20and%20Social/BH-L1061%20-%20SESA%20-%20Preliminary%20Version.pdf; The final version of the SESA was published on September 6, 2024. https://idbg.sharepoint.com/teams/ez-BH-L1061/_layouts/15/DocIdRedir.aspx?ID=EZIDB0001812-502478042-25 Public Consultation Report on September 18, 2024. https://idbg.sharepoint.com/teams/ez-BH-L1061/_layouts/15/DocIdRedir.aspx?ID=EZIDB0001812-502478042-29</p> <p>https://www.iadb.org/en/project/BH-L1061</p>	
<p>Annexes</p>	
<p>Annex A</p>	<p>The Environmental and Social Action Plan (ESAP)</p>
<p>Annex B</p>	<p>E&S Legal Requirements</p>
<p>Annex C</p>	<p>E&S Maps</p>

Annex A. The Environmental and Social Action Plan (ESAP)

The Environmental and Social Action Plan (ESAP)	
Operation Name	The Bahamas Water Supply and Sanitation Systems Upgrade Program
Operation Number	BH-L1061
	V.1
<p><i>As agreed by the Bank and the Borrower, this ESAP may be revised from time to time during Project execution to reflect adaptive management of Project changes and unforeseen circumstances or in response to the assessment of Project performance conducted under the ESAP itself. In such circumstances, the Borrower, through the Executing Agency, shall agree to the changes with the Bank and will update the ESAP to reflect such changes. Agreements on changes to the ESAP shall be documented through the exchange of letters signed between the Bank and the Borrower, through the Executing Agency. The Borrower, through the Executing Agency shall promptly disclose the updated ESAP.</i></p>	

Topic	Action	Evidence	Milestone	Due Date	Cost (estimated)	Responsible Party
ESPS-1. Assessment and Management of E&S Risks and Impacts						
Environmental and Social Management System	Finalize and adopt an ESMS for the project.	ESMS-Synthesis document	Before eligibility		0 (included in the actual consultancy scope)	WSC
SESMP in Bidding Documents	Annex the SESMP to the bidding documents of each project or set of projects that will be bid upon.	Bidding Documents-Annex	Before eligibility		0	ESC/Contractor
ESIA/ESMP -Specifics	Deliver the specifics environmental and social impact assessment and management plans once the final project locations are defined and project designs completed. Include an assessment to determine whether the increased	ESIA/ESMP update report	Once final designs are completed		US\$ 30.000,00	WSC/contractor

	potable water demand on the family islands from the projects can be accommodated in the context of water resources availability.					
ESIA/ESMP -Specifics	Deliver the specifics environmental and social impact assessment and management plans once the final project locations are defined and project designs completed. Include an assessment to determine whether the increased potable water demand on the family islands from the projects can be accommodated in the context of water resources availability.	ESIA/ESMP update report	Once final designs are completed		US\$ 30.000,00	WSC/contractor
ESPS-2. Labor and Working Conditions						
ESPS-3. Resource Efficiency and Pollution Prevention						
Environmental Liability	Implement an Environmental Liabilities Program in Sweetings Village (Abaco) project site	Environmental Liability Assessment Report	Prior to the start of works		US\$ 15.000,00	WSC/Contractor

	Sweetings Village (Abaco) project site, conduct soil sampling and contaminant analysis, and ensure the site is cleaned.					
ESPS-4. Community Health, Safety, and Security						
ESPS-5. Land Acquisition and Involuntary Resettlement						
Economic Displacement	<p>Based on final locations, design and construction plans for for installation of advanced metering infrastructure – Component 1, expansion of pipelines to increase water access – Component 3, and the replacement of lift station pumps and electrical equipment – Component 4, update the assessment of displacement to:</p> <ul style="list-style-type: none"> a) Confirm that no physical displacement will take place, in compliance with the exclusion clause. b) Assess economic displacement, ensure no significant 	<p>Updated assessment on displacement to confirm no physical displacement takes place and assess economic displacement. If needed, plan to prevent business disruption and/or Livelihood Restoration Plan (LRP).</p>	<p>The updated assessment must be conducted once final design is prepared and before any construction begins. If they are needed, management plans should be implemented before the start of construction.</p>		0	WSC

	economic displacement takes place in alignment with the exclusion clause and, if needed, develop a plan to prevent business disruption and/or Livelihood Restoration Plan (LRP).					
ESPS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources						
Critical Habitat Assessment and PAB	Conduct a Critical Habitat Assessment for each eligible project or set of projects identified during execution that takes place in Critical Habitat and submit it to the Bank. If the projects are deemed eligible, also submit a Biodiversity Action Plan (BAP) to the Bank in order to satisfy the requirements of ESPSG6.	Document: Critical Habitat Assessment and PAB	Prior eligibility of each project		US\$ 5000,00	WSC
ESPS-7. Indigenous Peoples						

ESPS-8. Cultural Heritage						
ESPS-9. Gender Equality						
ESPS-10. Stakeholder Engagement and Information Disclosure						
Stakeholder Engagement Plan-SEP	1. Update the stakeholder mapping once final project locations and designs are completed. 2. Implement the Stakeholder Engagement Plan, including stakeholder consultations for each of the final projects and continuous information disclosure and community engagement actions. 3. Implement and monitor the effectiveness of the Grievance Redress Mechanism (GRM). Grievance processing should be documented in a report.	Updated stakeholder mapping, project stakeholder consultation reports, report on SEP implementation during execution and GRM report.	1. Once final designs are completed, 2. before construction starts, and 3. periodically during execution of the project.		0	WSC

Annex B. The Environmental and Social (E&S) Legal Requirements

Special Conditions. “Article XX. Other Documents Governing Program Execution. (a) *The Parties agree that the Program’s execution shall be governed by the provisions of this Contract and those established in the OM and ESAP. If any provision of this Contract should present any inconsistency or contradiction with the OM or ESAP, the relevant provision of this Contract shall prevail. Moreover, the Parties agree it shall be necessary to obtain the Bank’s written consent prior to making any change to the OM and ESAP.”*

General Conditions

The General Conditions, specifically Article 6.03 General Provisions for Execution of the Program, Article 6.06 Environmental and Social Management, and Article 7.02 Plans and Reports provide for the legal basis to ensure compliance with the Environmental and Social Performance Standards during operation execution.

“Article 6.06. Environmental and Social Management.

(a) *The Borrower, directly or through the Executing Agency, agrees to carry out the execution (preparation, construction, and operation) of the activities included in the Program in accordance with the Environmental and Social Policy Framework of the Bank (ESPF), its Environmental and Social Performance Standards, pursuant to the specific provisions on environmental and social considerations included in the Special Conditions.*

(b) *The borrower, directly or through the Executing Agency, agrees to immediately notify the Bank of any breach of the environmental and social commitments established in the Special Conditions.*

(c) *The borrower, directly or through the Executing Agency, agrees to implement a corrective action plan agreed upon with the Bank to mitigate, correct, or compensate for the adverse consequences that may occur due to failure to implement the environmental and social commitments established in the Special Conditions.*

(d) *The Borrower, directly or through the Executing Agency, agrees to allow the Bank, by itself or by contracting consulting services, to carry out supervision activities, including environmental and social audits of the Program, to confirm compliance with environmental and social commitments. established in the Special Conditions.”*

Definitions to be included in the Loan Contract

“Associated Facilities”: *refer to new or additional works and/or infrastructure, irrespective of the source of financing, essential for a Bank-financed project to function, such as the following: new/additional access roads, railways, power lines, pipelines required to be built for the project; new/additional construction camps or permanent housing for project workers; new/additional power plants required for the project; new/additional project effluent treatment facilities; and new/additional warehouses and marine terminals built to handle project goods.*

“Environmental and Social Action Plan” or “ESAP” *means the environmental and social action plan of the Program, agreed on date 08/30/24, which set out the necessary actions, within a specific timeframe, for the Program to comply with the Environmental and Social Performance Standards.*

“Environmental and Social Performance Standards” or “ESPSs” *refer to the 10 Performance Standards that are part of the Environmental and Social Policy Framework (GN-2965-23).*

SESA: *Strategic Environmental and Social Assessment.*

SESMP: Strategic Environmental and Social Management Plan

ESMS: Environmental and Social Management System

ESHS: Environmental, Social, and Health and Safety

“Code of Conduct”: Formal declaration of principles that establish the standards of behaviour for workers in relation to measures for the prevention and management of environmental, labor and social risks of the Program, including occupational health and safety risks, sexual and gender-based violence, discrimination, and abuse and sexual exploitation of children and other vulnerable people or groups, insofar as this is applicable to the works, other consulting services, consultancies, and goods.

A. Clauses to be incorporated in the Special Conditions for all Category A and B

Conditions for First Disbursement

- a) *The Borrower directly or through the Executing Agency has approved the Operating Manual and has entered into effect under the terms and conditions previously agreed with the Bank, which must include, among other elements, the environmental and social requirements and includes as Annexes the Environmental and Social Management System, the Environmental and Social Management Plan and the ESAP.*
- b) *That as part of the execution structure of the Program whose formation is a condition prior to the first disbursement of the financing resources of the Program, the Borrower directly or through the Executing Agency will hire/assign 01 social specialist and 01 environmental specialists in charge of the environmental and social Management of the Program, according to the conditions and profiles established by the bank as indicated in the OM.*

Justification: Necessary condition to ensure compliance with ESPS 1.

Special conditions for execution of the Program

To apply and put into practice Article 6.06 Environmental and Social Management paragraph (a) of the General Conditions, the following provisions must be included in the Special Provisions clause corresponding to Environmental and Social Management for all Category A and B operations.

Clause XX. Environmental and Social Management

2. For purposes of Articles 6.06 and 7.02 of the General Conditions, the parties agree that the Program execution shall be governed by the following provisions, which have been identified as necessary for compliance with the Environmental and Social Performance Standards:

- a) *The Borrower agrees to design, build, operate, maintain, and monitor the Program and manage the ESHS risks of the Program’s Associated Facilities, if any, directly or through the Executing Agency or through every other contractor, operator or any other person performing Program related activities in accordance with the Environmental and Social Management System, The Environmental and Social Management Plan, Disaster and Climate Change Risk Management Plan, Environmental and Social Action Plan, and other environmental, social and occupational health and safety plans that may have already been developed and/or will be developed during execution, and the requirements included in the Corrective Action Plan.*

- b) *The Borrower, directly or through the Executing Agency, must ensure that the Program is implemented in accordance with the Environmental and Social Action Plan (“ESAP”) dated 08/30/24, in a manner acceptable to the Bank. For this purpose, the Borrower must ensure that its costs are covered and have the personnel required for its implementation. The ESAP can be modified with the prior written consent of the Bank, as indicated therein.*
- c) *The Borrower, directly or through the Executing Agency, will: (i) implement participation processes with the affected communities and interested parties for the activities planned in the Program; (ii) disclose all environmental and/or social documentation of the Environmental and Social Management System; (iii) establish, publicize, maintain and operate an accessible, effective and efficient grievance mechanism to facilitate support or resolve concerns that may arise from the implementation of the activities of the Program, in a manner acceptable to the Bank.*
- d) *The Borrower, directly or through the Executing Agency, will ensure that all bidding documents and contracts to be financed with Loan proceeds include provisions that require applicants, bidders, proponents, contractors, consultants, representatives, staff members, subconsultants, subcontractors, and suppliers of goods and services, their representatives, and supervisory entities, among other aspects, to: (a) comply with the environmental and social instruments of the ESMS, as ESAP, SESA/SESMP, including provisions and procedures to prevent child labour and forced labour; (b) adopt and enforce the Program Code of Conduct, which must be provided and properly communicated to all its workers.*

Justification: Necessary conditions to meet the requirements of the NDAS applicable to the Program.

Supervision and Evaluation

The following clauses must be included for all Category A and B operations in Chapter V “Supervision and Evaluation of the Program”:

1. The Borrower, directly or through the Executing Agency, will:

- a) *Prepare and submit, to the Bank’s satisfaction, an Environmental and Social Compliance Report, in form and content agreed with the Bank on the implementation of the ESMS and compliance with the ESAP, if any, as part of the semi-annual progress report and up to two years after the last disbursement.*
- b) *Adopt all necessary measures to collect, compile, and provide the Bank through regular reports, with the frequency agreed between the Bank and the Executing Agency, or when required by the Bank, including: (i) the information on the status of implementation of the ESMS and compliance with the ESAP, if applicable; (ii) the conditions, if any, that interfere or could interfere with the implementation of the ESMS and/or compliance with the ESAP, if applicable; and (iii) the corrective and preventive measures that have been taken or that must be taken to address the conditions indicated in the previous literal (a).*
- c) *With respect to the Program, the Executing Agency will notify the Bank in writing within ten (10) days of becoming aware of any (1) material non-compliance with environmental and social requirements ; (2) incident or serious accident related to the works of the Program that has resulted in fatalities or injuries with permanent disability of workers or third parties, as well as cases of sexual violence associated with a worker contracted by the Program and any other that, at the discretion of the executing agency, may generate a significant impact on the environment, the community or workers; (3) regulatory action of an environmental, social and/or occupational health and safety nature that initiates a disciplinary process for serious misconduct; or (4) any newly identified environmental and social risks and impacts that may affect the environmental and social aspects of the Program; in each case such notification will include actions taken or proposed with respect to such events.*

Justification: Necessary conditions for the supervision of the socio-environmental performance of the Program.

B. Clauses to be incorporated in the Special Conditions, on a case-by-case basis where justified (Category A and B)

- a) *The Borrower, directly or through the Implementing Agency, must not engage in any of the following activities with respect to the Program and/or subprojects: Category A projects, projects that require physical displacement and significant economic displacement, projects that involve significant conversion or degradation of natural habitats, projects that pose a risk of quantifiable adverse impact on critical habitats or legally protected areas, and projects that cause significant negative impact on critical cultural heritage assets, such as religious, archaeological, paleontological sites, and others.*

Justification: Eligibility criteria exclude projects that generate impacts not characteristic of the types of projects considered by the program and evaluated in the SESA (e.g., Category A).

- b) *The Borrower, either directly or through the Executing Agency, shall submit: (a) prior to the design bidding of works, the Disaster and Climate Change Risk Analysis and a preliminary Disaster and Climate Change Risk Management Plan; and (b) prior to the commencement of the work, the final Disaster and Climate Change Risk Management Plan.*

Justification: Necessary conditions to meet the requirements of ESPS 4 applicable to the Program.

C. Provision to be incorporated into the Operational Manual (all categories)

The following provision should normally be included in the OM:

- a) *Any changes that at the Bank criteria is substantive to the ESMS, and any ESHS Plans shall be in writing and approved by the Bank in a manner consistent with the Bank's Environmental and Social Performance Standards.*

In the absence of an Operating Manual, those conditions should be incorporated in the Special Conditions of the contract.

Justification: Necessary conditions to meet the requirements of ESPS 01 applicable to the Program.

Figure 5- Criticality Cube for Drainage and Water Supply Systems

Drainage and Water Supply Systems

