



Project Summary Information

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| Date of Document Preparation: December, 5 th , 2023 | |
| Project Name | Thuan Bac Solar Project |
| Project Number | P000773 |
| AIIB member | Viet Nam |
| Sector/Subsector | Energy |
| Alignment with AIIB's thematic priorities | Green infrastructure |
| Status of Financing | Under Preparation |
| Objective | To provide long-term financing and enhance climate resilience for existing solar photovoltaic (PV) assets in Viet Nam by upgrading and operating the Project solar PV plants. |
| Project Description | <p>The Project involves the upgrading and operating of 200MW solar PV plants located in the southern-central coastal area in the Thuan Bac district, Ninh Thuan province of Viet Nam. The solar PV plants have been in operation since achieving commercial operations dates in April and June 2020.</p> <p>The proposed AIIB loan will support project operation and upgrade capital expenditures to mitigate climate vulnerability and enhance Project climate resilience.</p> |
| Expected Results | Renewable energy generation; Greenhouse gas emission avoidance |
| Environmental and Social Category | [B] |
| Environmental and Social Information | <p>Applicable Policy. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to this Project. The ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement) are applicable, as prior government-led land acquisition and civil works linked to the project activities are likely to have caused permanent and temporary economic displacement along with adverse environmental impacts. The Project is not situated in a commune where ethnic minority</p> |

groups are present in but there are 40 ethnic minority households who are living in the nearby commune purchased agricultural land in the project commune before the Project for cultivations. Although these ethnic minority households had their land partially acquired for the Project, they are residing scattered in the commune - so the Project affects ethnic minority individuals, rather than ethnic groups or communities; therefore, the ESS 3 (Indigenous Peoples) is not triggered.

E&S Categorization and Rationale. The Project has been classified as Category B, based on AIIB ESP, the potential adverse environmental and social (ES) impacts associated with the activities considered for financing are limited, not unprecedented or irreversible, localized to the Project's site, and can be successfully managed using good practice in an operational setting.

E&S scoping and planned instruments. The solar farm is already constructed and in operation. An Environmental and Social Due Diligence (ESDD) is currently being conducted to identify gaps with AIIB's ES policy and will propose an Environmental and Social Action Plan (ESAP) to bring the project in line with AIIB's ES policy principles and requirements. The ESAP will outline gap-filling measures for implementation and monitoring by the Project's investor. Together with the ESDD and the ESAP, other ES instruments such as Land Acquisition Audit (LAA), Livelihood Restoration Program (LRP) for Affected Households by Land Acquisition and Resettlement, Community Development Plan (CDP), and Stakeholder Engagement Plan (SEP) are being prepared for implementation by the Project's investor.

Environmental Aspects. The Project site is in rural farmland, not interfering with the protected areas. Eligibility criteria, including restrictions from operating in or close to protected or otherwise sensitive areas, shall be reflected in the ESAP. The location of the associated facilities, principally the alignments of access roads and power export lines will be reviewed in the ESDD and addressed in the respective ESAP. The site's operation activities may affect the natural and engineered water channels, permanent and seasonal vegetation cover, potential fauna's habitat or corridor, and topsoil characteristics. During operation, maintenance activities will induce principal impacts such as replacing solar panels and electrical equipment, water consumption for solar panel cleaning, and limited domestic waste and wastewater volumes. These and other impacts induced by construction and operation activities will be addressed in the ESAP.

Climate Change Risks and Opportunities. The Project is automatically aligned with the Paris Agreement on mitigation. The ESDD will evaluate climate risk considerations for alignment on adaptation.

Land Acquisition and Involuntary Resettlement. The land for the Project was acquired through a government-led process. The project owner's role in the land acquisition was limited to providing administrative support and arranging the necessary budget. A phased approach was taken to acquiring of land thus 169.13 ha and 85.83 ha of land were acquired in

Phase 1 and Phase 2, respectively. A total of 160 households who had land partially acquired for the Project. Land acquisition for the project was completed by 2019. Before acquisition, the land was used to grow short-term crops (paddy and corn). There was no physically displaced person by the land acquisition. All affected households received compensation in cash and handed-over the affected land to local government to allocate to the Project. There is no pending complaint or grievance related to the conducted land acquisition. The Land Acquisition Audit is being carried out to identify gaps, if any, between the carried-out land acquisition for the Project with the principles and requirements of AIIB policy and the ESS2 as well as the provisions of Government's laws and regulations at time of land acquisition. The Corrective Action Plan will be prepared for implementation to bridge the gaps, if any, to the provisions of AIIB's policy and the ESS2. In addition, in order to ensure that livelihoods of affected households by land acquisition for the Project, including affected ethnic minority households and other vulnerable affected households are enhanced – or at least restored in real terms relative to pre-project levels, a Livelihood Restoration Program is being prepared to provide necessary support to affected households in developing their livelihoods.

Ethnic Minorities. Ethnic groups belonging to Cham and Raglay ethnic minorities reside with the project area of influence as per the initial findings of the red flag report. ESDD process identified 40 ethnic minority households who are residing in the nearby commune but are with their farmland in the project commune partially affected by the Project. The households are residing scattered in their commune. The project does not impact on the ethnic minority communities but impacts on these 40 ethnic minority households particularly. The Land Acquisition Audit will cover the land acquisition impacts of the households and these ethnic minority households are entitled to participate in the Livelihood Restoration Program. Meaningful and culturally appropriate consultations will also be conducted with the affected ethnic minority households and their community to prepare the CDP in which community development measures will be proposed to be implemented for the project commune and also the ethnic minority commune nearby the project commune. Further-more, implementation of the SEP will cover the affected ethnic minority households and the ethnic minority community.

Gender Aspects. Construction phase was completed and the Project is in the operation phase. The Project does not discriminate between gender and has hired workers based on their skills and ability. An employment mechanism has been developed in the Client's corporate level which promotes equality of opportunity and women empowerment. The ESDD will assess if there are potential adverse gender-specific risks and impacts of the Project. Mitigation measures will be developed and specified in the ESAP to implement if gender impacts and risks of the Project are identified.

Stakeholder Engagement, Consultations and Information Disclosure. Meaningful consultations will be conducted with the stakeholders during the ESDD on potential ES risks and impacts of the Project as well as the measures to address the

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| | <p>risks and impacts to be implemented. A SEP will be prepared with adequate disclosure, including meaningful public consultations. LAA, LRP and CDP will be prepared with participation of local authorities, affected households and the communities, including the ethnic minority commune. The ES instruments both in English and Vietnamese will be disclosed on AIIB's website and a dedicated project website by the client. Summaries of ES instruments, particularly the ESAP and SEP will be translated to Vietnamese and timely disclosed in an appropriate manner. The Client will be required to prepare semi-annual ES monitoring reports to submit to AIIB for review. AIIB will conduct onsite supervisions in its field missions.</p> <p>Labor and Working Conditions. AIIB has advised the Client of the need for provisions on labor and working conditions (LWC) related to solar farm activities. All suppliers and contractors will be advised of the importance of implementing appropriate management measures to identify and address issues related to the ES provisions of the Client's ESMS, including LWC and health and safety matters. According to the Project Team's on-site due diligence, the ESAP will include requirements to implement adequate OHS measures to identify and mitigate potential health, safety, social, and environmental hazards in all project activities that pose a risk to employees and may also have the potential for disruption of site works.</p> <p>Project Grievance Redress Mechanism (GRM). Currently, the Project has no community or dedicated workers GRM in line with AIIB's ESF that is in place. The ESAP will include provisions to establish and operationalize project-level and workers GRMs. It would require dedicated personnel to manage the GRM process and to make the project-level GRM more accessible to the project affected households, including the affected ethnic minority households. The project-level GRM will receive, acknowledge, evaluate, and facilitate the resolution of the complaints relating to ES issues with the corrective actions proposed and settle. This will be undertaken using understandable and transparent processes that are gender-responsive, culturally appropriate, and readily accessible to all segments of the affected people. Records of grievances received, corrective actions taken, and outcomes shall be adequately maintained. The information of established GRMs including the information of AIIB's Project-affected People's Mechanism (PPM) in local understandable language will be disclosed timely in an appropriate manner.</p> |
| Cost and Financing Plan | AIIB loan of up to USD [45] million |
| Borrower/Investee Company/Counter party/Guaranteed entity | Xuan Thien Ninh Thuan Joint Stock Company; Xuan Thien Thuan Bac Joint Stock Company |

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| Implementing Entity/Sponsor | EDP Renováveis, S.A. | | | | |
| Estimated date of last disbursement (NSBF) | [2024] | | | | |
| Contact Points: | AIIB | AIIB | Borrower | Borrower | Sponsor |
| | | | Xuan Thien Ninh Thuan Joint Stock Company | Xuan Thien Thuan Bac Joint Stock Company | EDP Renováveis, S.A. |
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| Date of Concept Decision | October 2023 | | | | |
| Estimated Date of Appraisal Decision | January 2024 | | | | |
| Estimated Date of Financing Approval | Q1 2024 | | | | |

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| Independent Accountability Mechanism | <p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy (ESP) in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms (GRMs) or AIIB Management's processes.</p> <p>For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p> |
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