

Early Warning System

IFC-33512

Ghana Grid Company Limited

Early Warning System
Ghana Grid Company Limited

IFC-33512

Quick Facts

Countries	Ghana
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	B
Voting Date	2014-04-03
Borrower	GHANA GRID CO LTD
Sectors	Energy
Potential Rights Impacts	Healthy Environment, Housing & Property, Labor & Livelihood, Right to Food, Right to Health, Right to Water
Investment Type(s)	Loan
Investment Amount (USD)	$ 170.00 million

Project Description

IFC is considering a loan of up to $170 million to the Ghana Grid Company to support development of an electrical substation, construction of some 1.5 km of high voltage transmission line and upgrade of 10 km of existing transmission lines.

The location for the electrical substation to be supported by IFC is located within the site where the 350 MW Kpone gas-fired thermal power plant is being constructed by the Volta River Authority (VRA), the state owned power generation utility. The power plant is being constructed in Tema, located at Nmlitsapko, about 2 kilometres off the road from the Kpone Barrier on the Tema-Aflao road (One kilometre from the barrier to the turn-off junction and about one kilometre off the junction on the Tema-Aflao road to the project). The new section of transmission line will be constructed from the substation to link into the broader GRIDCo transmission network. The power plant will be commissioned in December 2014 and construction of the substation and transmission lines is expected to commence in early 2014. GRIDCo is yet to appoint a construction contractor for the substation. This will be undertaken by a public tender process.

Relationship between GRIDCo Transmission Lines & the Kpone "VRA" plant:

According to the IFC, this US$ 42 million additional investment in transmission lines will allow the Company to evacuate power from the 350MW Kpone Thermal Power Plant ("KTPP"), currently under construction by Volta River Authority (a state-owned electric utility, "VRA"), into the national grid. This means that the functioning of GRIDCo's transmission lines is reliant on the functioning of the Kpone Power plant. However, the Kpone power plant can function and evacuate power via alternative lines. For this reason, the Kpone power plant would be an associated facility from GRIDCo's perspective. IFC does not explicitly state Kpone to be an associated facility in its documentation, but did utilize the Kpone EIA in assessing GRIDCo's environmental and social impacts in order to determine the applicability of IFC Performance Standards.

Early Warning System Project Analysis

RISk ASSESSMENT: CATEGORIZATION

IFC states that "this is a Category B project according to IFC's Environmental and Social Review Procedure because the limited number of specific impacts that may occur are generally site specific, and those impacts can be avoided or mitigated by adhering to generally recognized performance standards, procedures, guidelines or design criteria."

IFC identified key issues relating to i) effective integration of environmental and social issues when planning projects; ii) occupational health and safety during construction and operations, including public health and safety; iii) management of environmental issues solid and liquid waste, disturbance to fauna and flora during construction and operations; and iv) management of social issues notably resettlement and livelihood restoration during construction.

IFC found that PS4 is not considered applicable to this investment because "[n]o specific public health, safety or security-related risks have been identified with respect to GRIDCo's activities, including the new substation and transmission line project, and there have been no related incidents recorded in the past three years."

With regards to PS 5, IFC found that "economic displacement and resettlement associated with the Kpone power plant and the transmission line has already occurred (in 2009) and was the responsibility of VRA."

Because "the Environmental Impact Assessment undertaken for the power plant identified no biodiversity issues and the land was already disturbed," IFC determined that PS6 is not applicable to the substation either.

Lastly, IFC determined that PS 7 on cultural heritage is not applicable, though the company will develop and implement a chance find protocol, and states that there are no indigenous people in Ghana thus PS8: Indigenous Peoples is not found to apply to any of GRIDCo's activities.

APPLICABLE PERFORMANCE STANDARDS

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
PS 2 - Labor and working conditions
PS 3 - Resource Efficiency and Pollution Prevention

People Affected By This Project

ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT

It is important to note that while IFC funding is limited to the transmission lines in this project, the property and power plant have been acquired and constructed by the Volta River Authority, and the transmission lines and underlying infrastructure will operate together, making any possible human rights violations due to the overall operation of the system attributable to the cumulative effect of both projects.

LABOR RIGHTS

GRIDCo employs 801 people of whom 768 are permanent staff and the remaining are on contract. Of the total staff, 95 employees are female. IFC states that, in accordance with national legislation, employees are free to join unions and there is a signed collective bargaining agreement with the Public Service Workers Union valid for two years. Of the total staff at GRIDCo (801 employees), 353 are unionized and Senior Staff are represented via the Senior Staff Association.

Although the minimum age for employment in Ghana is 18 years, Ghana has had a history of child labor abuse in the construction and operation of development projects, such as mining, according to Human Rights Watch. Ghana is a member of the International Labor Organization and has ratified 46 Conventions including those related to minimum wage, weekly rest, child labor and discrimination. GRIDCo must require any employees or private contractors that may be employed in the future undertaking activities core to the company's activities, to comply with the requirements of this Performance Standard where applicable. Additionally, GRIDCo must ensure that personal records be checked at the time of employment to ensure potential employees are over the age of 18.

According to IFC documentation, occupational safety and health hazards expected during the operational phase of the project during maintenance activities by the worker including the risk from falling and/or swinging objects, potential collapse of towers due to rainstorms or vandalism, electrocution, falling from heights and snakebites. These hazards pose a potential threat to the safety and health of the workers.

The following questions may be relevant in determining whether your community has suffered a violation of your labour rights during the construction or operation of GRIDCo's transmission lines, or the combined energy activities of the GRIDCo and the VRA Kpone plant:

- Are your working conditions safe and healthy?
- Do all workers receive equal pay for work of equal value?
- What opportunities (legal or other) are available if you consider that your working conditions are not just and favourable?
- Are your wages sufficient to feed yourself and your family?
- Are children under 14 being recruited and employed by the company (or any joint venture partners, subsidiaries or sub-contractors) in the context of this investment project?

RIGHT TO HEALTH

The 2006-2010 Ghana United Nations Development Assistance Framework (UNDAF) noted that health care remains poor in Ghana, and that the national average of access to health care is just over 50 percent. When the VRA was conducting its environmental and social impact assessment in 2005 for the construction of the Kpone power plant, 21% of individuals surveyed in local communities expressed their concern regarding noise and health implications stemming from construction and operation of the project. According to IFC documentation, during operation of the plant, the main sources of noise are likely to be the exhaust stacks, exhaust diffuser, air inlet, turbine building and main transformers. High noise levels as a result of operation of the plant could be a health concern to the workers, while external noise at the plant boundary has the possibility of posing a disturbance to the local community. Additionally, dust levels due to construction in the area could pose a

Investment Description

- International Finance Corporation (IFC)

IFC is considering a corporate loan of up to $170 million to the Ghana Grid Company ("GRIDCo" or the "company") to support development of an electrical substation, construction of some 1.5 km of high voltage transmission line and upgrade of 10 km of existing transmission lines. In addition, a portion of the funds will be used to refinance some of the company's existing debt.

Private Actors Description

Established in December 2006 as the Independent Transmission System Operator, GRIDCo is wholly owned by the Government of Ghana. GRIDCo carries out the transmission of electricity from facilities of wholesale suppliers to distribution companies and bulk customers across the Country. GRIDCo owns and operates over 4,000 km of 330 kV, 225kV, 161 kV transmission lines. These lines transmit electricity from various generating stations to over 40 transformer substations.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Ghana Grid Company Limited	Client	-

Contact Information

Contact person: Rev. S.F. Kwofie
Physical address: GRIDCo Engineering Office, Tema
Postal address P.O Box CS 7979 Tema, Ghana
Phone: +233-30-3304818
Fax: +233-302-676180
Email: sfkwofie@gridcogh.com

CONSULTATION PROCESS

Stakeholder engagement by GRIDCo is typically limited to the development phase of projects including construction. IFC states that the focus is on communities potentially affected by the project. All new transmission lines require an EIA undertaken by external consultants and consultation on projects is undertaken within this context and takes the form of one-on-one meetings, focus group meetings and public meetings. In accordance with national legislation, EIA documentation is made available for a period of 30 days prior to the relevant department taking a decision on the project. In addition, a public hearing may also be convened. However IFC notes that there is no clearly defined and consistent approach to stakeholder engagement, including a grievance mechanism ,and thus the company must develop a Stakeholder Engagement Plan inclusive of a grievance mechanism.

Stakeholder engagement for the Kpone power plant, inclusive of the sub-station and transmission line section, was conducted by VRA and their consultants as part of the environmental impact assessment process. The process involved identification and consultation with various interested and affected parties including local and national authorities, land users and representatives from adjacent properties. This consultation took the form of one-on-one meetings with stakeholders and there was a public hearing on 29 April 2010, which was advertised in national newspapers. As part of this process the environmental impact assessment documentation was also made available for comment for a period of 30 days. The latter process was repeated on 30 May 2012 when there was a subsequent public meeting as the project was being registered as a Cleaner Development Mechanism project; this also required the environmental impact assessment documentation to be disclosed. Both the public hearing and the public meeting were attended by authorities, community members residing in the area and the traditional authorities. Notably, however, during the EIA process 33% of local residents interviewed regarding their views on the project said it was not a good project and 66% of the residents interviewed said they would not benefit in any way from the project.

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Kpone Thermal Power Plant_EIA Final Report_August 2012 - Final.pdf
- Kpone Thermal Power Plant_EPA Permit.pdf

Campaign Documents

- L'intégration énergie-exploitation minière pourrait être une bonne opportunité de développer l'Afri