

Environmental and Social Monitoring Report

Semi Annual Report
October 2019

VAN: Energy Access Project

Prepared by the Vanuatu Project Management Unit for the Vanuatu Government and the Asian Development Bank.

This environmental and social monitoring report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

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Semi-Annual Environmental and Social Safeguards Monitoring Report

ADB Loan: LOAN 3572 VAN

Vanuatu Energy Access Project

Period: January – July 2019

Prepared by Stantec and VPMU for the Asian Development Bank.

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ACRONYMS

ADB	Asian Development Bank
AP	Affected Persons
CLTA	Customary Land Tribunal Act No. 7 (2001)
COTA	Custom Owners Trust Account
DOL	Department of Lands
DOE	Department of Energy
DSC	Design and Supervision Consultant
ESS	Environment and Social Safeguards
IEE	Initial Environmental Examination
GoV	Government of Vanuatu
LARP	Land Acquisition and Resettlement Plan
MIPU	Ministry of Infrastructure and Utilities
MFEM	Ministry of Finance and Economic Management.
MLNR	Ministry of Land and Natural Resources
MOA	Memorandum of Agreement
RP	Resettlement Plan
RF	Resettlement Framework
SPS	Safeguard Policy Statement
USD	United States Dollars
VEAP	Vanuatu Energy Access Project
VPMU	Vanuatu Project Management Unit

1 INTRODUCTION

1.1 Background and Purpose of the Report

1. The Vanuatu Energy Access Project (VEAP) under the ADB Loan: LOAN 3572 VAN was approved by the Asian Development Bank (ADB) and Government of Vanuatu (GoV) in October 2017. Stantec New Zealand (Stantec) has been appointed in July 2018 to the role of design and supervision consultants (DSC) to provide support to the Vanuatu Project Management Unit (VPMU) in the delivery of VEAP.
2. The present report is the second semi-annual Environmental and Social Safeguards Monitoring Report prepared for the VEAP. It also complies with the ADB Safeguard Policy Statement (2009) and Public Communications Policy 2011 and government requirements for projects, with regards to implementation, monitoring and information disclosure.
3. This report has been prepared by Stantec to document the progress to date made by the VPMU and the DSC regarding the development of social and environmental safeguarding documentation and implementation requirements for procurement and delivery of VEAP. The project is in its Pre-Construction phase and the main safeguards activities during this reporting period have been the preparation of Initial Environmental Examinations (IEE) and the land acquisition and resettlement plan (LARP) for the project site.

1.2 Description of the Project

4. The VEAP comprises of 3 infrastructure developments:
 - Brenwe hydropower plant (BHP) construction, commissioning and transmission Line – the BHP is envisaged to provide in excess of 90% of the total generated energy for the Malekula grid through to 2040. The transmission line will connect BHP to the existing Lakatoro distribution grid on Malekula.
 - Distribution grid extensions in north west Malekula.
 - Distribution grid extensions from Turtle Bay to Port Olry on Espiritu Santo.

The 400kW, run-of-river BHP currently consists of the following elements:

- Intake structure.
- 0.8 km headrace canal.
- Forebay structure and spillway.
- 175-meter steel penstock.
- Turbine powerhouse, switchgear and transformer.
- 21 km transmission line (20 kilovolts).

- Tailrace.
 - Access roads.
5. BHP is located on the River Brenwe in north-west Malekula. The infrastructure was partially constructed in the 1990's by China Chang Jiang Energy Corp (CCJEC), however construction was never completed. The location of the new BHP is envisaged to be at the same location as the earlier abandoned BHP. To facilitate construction, access roads will need to be rehabilitated and/or constructed to the different areas of the project site. The main powerhouse access road is currently envisaged from the north-west Malekula highway, along the west bank of the R. Brenwe.

1.3 National Statutory Requirements

6. Below is a list of national statutory requirements applicable to the project.

National requirements:

- Land Acquisition Act of 1992 and 2000 which establishes procedures to acquire land for public purposes or easements, including compensation for acquiring land;
- The Land Acquisition (forms) Regulations No 32 of 1994;
- Land Reform Act 35 (1980 and updated 1981, 1983, 1985, 1992, 2000 & 2013);
- Customary Land Management Act No 33 of 2013;
- Valuation of Land Act N° 22 (2002);
- Land Surveyors Act N° 11 (1984);
- Land Leases Act (1983) and Amendment (2014);
- Environmental Protection and Conservation Act 2002 (CAP 283 the Environment Act)
- Environmental Impact Assessment Regulations Order no. of 2011;
- Water Resource Management Act;
- Vanuatu Electricity Supply Act 2006;
- Health and Safety at Work Act; Volume 47 (CAP 195);
- Preservation of Sites and Artefacts; Volume 39 (CAP 39);
- Custom Land Management (Amendment) Act No. 12 of 2014;
- Mines and Minerals Act 1986 (all quarried material must be from approved quarries only);
- Mines and Minerals Act, Quarry Permit Regulation. Order No. 8 of 2005;
- Public Road Act 2013;
- Employment (Amended) Act 2010; and
- Road Traffic (Control) Act

International obligations:

7. Vanuatu is a signatory to several international agreements. Listed below are some of the more applicable agreements to the project activities:

- The Convention on Biological Diversity (CBD); 1992;
- The United Nations Framework Convention on Climate Change (UNCCD); 1992;
- Agreement Establishing the South Pacific Regional Environment Programme (SPREP); 2005;
- Convention on the Elimination of all Forms of Discrimination Against Women

2 IMPLEMENTATION ARRANGEMENTS

2.1 Project Staffing

8. The DSC has identified the following sub consultants to assist in development of safeguarding documentation:

- International social safeguards specialist: Gerard Fitzgerald.
- International environmental safeguards specialist: Pene Ferguson.
- National social safeguards sub-consultant: Steven Tahu (Replacing Levi Tarosa)
- National environmental safeguards sub-consultant: Willy Missak

9. VPMU has compiled the following team members to assist in development and review of safeguarding documentation:

- VPMU National social safeguards specialist: Christy Haruel
- VPMU National environmental safeguards specialist: Alan Sewell

ADB Staff supervising the project:

- ADB Social Safeguards Specialist: Beth Carandang
- ADB Senior Environment Specialist: Jean Williams

2.2 Issues

10. VPMU safeguards capacity was limited and therefore in this reporting period has engaged a fulltime Environmental and Social Safeguards Officer (ESSO) in Uravo Nafuki to assist the DSC and International specialists' team on the ongoing requirements in the safeguards area.

3 ACTIVITIES AND STATUS OF SAFEGUARD COMPLIANCE

As the project is still in its pre-construction phase, safeguards activities revolved mainly around assessments and consultations with various stakeholders the land acquisition. The main documents that were prepared during the reporting period were the i) Initial Environmental Examinations (IEE) and ii) the Land Acquisition and Resettlement Plan (LARP) which included the Communications, Consultations and Participation Plan (CCPP) which are in compliance with the ADB Safeguards Policy 2009.

3.1 VEAP Progress Update

The DSC contract was awarded in July 2018 to Stantec and this progress report for this reporting period is to be read in conjunction with the first Safeguards Semi Annual Report of July to December 2018.

11. The following documents the works undertaken by the VPMU, supported by Stantec over the period January 2019 to June 2019 (6 months):

- A draft update to the IEE and EMP with identification of outstanding risk items was issued for inclusion in EPC tender documents on 16th January 2019, with final version to be updated following site visit.
- Environmental safeguards site visit was undertaken on 21st to 24th January 2019 by Pene Ferguson, Willy Missak, Karl Wood and were accompanied by Lapi Kalmet.
 - Site appraisals for the BHP location on Malekula and the distribution grid extensions for Malekula and Espiritu Santo were conducted.
 - Flow gauging of the River Brenwe was conducted at the intake and powerhouse locations, confirming inflow of water along the course of the river at the project site.
 - Meetings held with the Department for Environmental Protection and Conservation (DEPC) and Department for Water Resources (DoWR) to confirm the requirement and application processes for development consent and water use permit. VPMU confirm that DSC will support VPMU in application for consent and permit prior to EPC contract award
 - Update to IEE and EMP undertaken.
- Malampa government officials visited the project site in late January to discuss the taboo land access issues and feedback to VPMU/GoV prior to the community consultation site visit.
- A site visit to Malekula for community consultations was undertaken by VPMU, GoV and Safeguarding specialists on 25th to 28th of February 2019. The visit included dissemination of project information was given to local inhabitants and landowner consultations around taboo land on the west bank of the project site. The visit undertook the following schedule:
 - 26th February – Public awareness and Landowner consultation at Brenwe and Unmet
 - 27th February – Public awareness for Leviamp Lambubu, Kona Point.
 - 28th February – Public awareness and Landowner consultation at Tautu
 - A MoU was signed by landowners, VPMU and GoV confirming the permanent access to the Brenwe powerhouse location would follow the existing alignment of the “Chinese” track along the west bank.
- Stantec updated the bid documents and reference design to reflect the more recent agreement to use the “Chinese” track for access to the powerhouse.
- Following results of the flow monitoring undertaken during the environmental site visit, ADB have requested that further low flow studies should be undertaken on the Brenwe river to confirm the current assessment for environmental flow. The IEE was updated and cleared by ADB to reflect the above.
- VPMU and Stantec developed a terms of reference (TOR) for identifying further river investigation works for the Brenwe river. Quotes were obtained from NIWA, and are currently under assessment by ADB after clearance from VPMU and GoV.

- Strict environmental criteria were developed and added to the evaluation criteria of the bid documents to ensure Contractors are aware and able to adequately manage the construction at the request of GoV. These were:

- *“The bidders will be evaluated on their response to all the environmental design and management requirements as specified in:*

- *Part II Section 6 Part 2.1.2, and*
- *Part III Section 8 Special Conditions of Contract (SCC)*

In addition, the bidder is required to provide a short statement that confirms the following three points:

- That all the Environmental Management Requirements have been costed into the bid price.*
- The Contractor is to provide prior experience of preparing, implementing and monitoring Construction Environmental Management Plans (CEMP).*
- The Contractor is required to provide the name, details of qualifications and experience and proposed designation/role of the person(s) on the Contractor’s team who will be responsible for the environmental management requirements, including implementation and monitoring of the CEMP.*

The statement is to be attached to the Bid as part of the Method Statement. During bid evaluation these strengths will be evaluated in the selection of the Contractor. Should the contractor not provide the statement, the bid will be judged as non-compliant and the bid rejected.”

- The IEE has been updated to reflect progress made over the period prior to issue of the bid documents and has been cleared by ADB. The updated IEE was issued to Bidders for the hydropower scheme.
- The LARP has been updated to reflect progress over the period and issued to Bidders for the hydropower scheme in bid amendment no. 4.
- VPMU have lodged development permit with DEPC and a water works permit with DoWR, based on the information in the ADB cleared bid documentation. A response is expected circa November 2019.

3.2 Capacity Building

12. In September 2018 the VPMU contracted Ms Christy Haruel to undertake social safeguards activities on behalf of the Government. Mr Lapi Kalmet from the Malampa Provincial Government assigned to support social team work on Malekula. Local site guiding has been provided by Mr Walter Jonas. Ms Haruel’s contract expired in March 2019, and the Unit has engaged Uravo Nafuki as its in-house ESSO from May 2019. The MALMPA Secretary General has been formally requested to assign Mr Kalmet to support the work on Malekula

3.4 Land Acquisition Progress

13. VPMU carried out further safeguard visits in February / March 2019 to consult with all parties to agree on land ownership claims. These are reflected in the MOUs signed by the GoV representatives and the landowners.

VPMU undertook a mission with GOV and safeguard personnel to Malekula in February 2019. Dissemination of project information in three different languages was given to local inhabitants during various community engagement meetings across north-west Malekula.

15. The LARP has been updated to reflect progress over the period to June 2019 by VPMU, was cleared by ADB and was issued to Bidders for the hydropower scheme in bid amendment no. 4.

3.4.1 Implementation Schedule

13. The following implementation schedule has been replicated from the LARP.

Table 1: Implementation Schedule

N°	Activities	Progress / date completed
1	Confirmation of land requirement and consultation/information disclosure with landowners/APs	Completed
2	Land survey and valuation	Completed
3	Confirmation of landowners by the Customary Lands Management Office (CLMO)	Completed Appeal with Supreme Court for Tervaut land complete.
4	Submission to Department of Lands (DOL) of land survey report and to prepare for formal negotiation with landowners/APs and budget allocation for land acquisition	Land Survey Report submitted Valuation reported to APs
5	Negotiation with landowners/APs: consultation with affected landowners to negotiate for land acquisition/purchase.	MOA with each land claimant to proceed with project until ownership is determined (December 2017) MOA for access roads has been signed with landowners (February 2019).
6	Agreement on land acquisition/purchase and approval by the government on allocation and release of fund for land compensation payment	Valuation done and given to land claimants. 1 claimant lodged objection to valuation.
7	Vanuatu Project Management Unit (VPMU) in coordination with Department of Energy (DOE) and DOL updates the LARP including agreements on compensation rates with landowners and discloses updated LARP to APs.	September 2017, September 2018, and ongoing. VPMU update undertaken June 2019 and cleared by ADB
8	VPMU submits the updated LARP to ADB for approval and posting on ADB website	Latest Update cleared by ADB in June 2019 and posted including DOE and DOL
9	Execution of land acquisition and payment of compensation	Compensation has been transferred to the Customary

N°	Activities	Progress / date completed
		Owners Trust Account (COTA) and landowners advised.
10	VPMU submits to ADB a land acquisition and compensation completion report	Process not yet complete
11	VPMU submits safeguard monitoring report	This report October 2019

3.4.2 Recommended key activities for the next phase

14. Update the LARP: The updated LARP was cleared by ADB in June 2019 and included as an amendment to the bid documentation. Following Contract Award, the EPC Contractor will need to review and update as appropriate to their method.
15. Work needed for next 6-12 months on social impacts and social safeguards.
 - VPMU to undertake additional consultation with local communities -, including project awareness, consultation on impacts and opportunities, impacts management, benefit sharing.
 - VPMU, Roads and other relevant agencies to continue consultations with local communities on transmission lines corridors, infrastructure placement, and transmission construction impacts and their management as the design and construction progresses.
 - Update of Brenwe HPP land acquisition and livelihoods plan, with follow-up consultations with APS.
 - Begin an assessment of the environmental and social impacts of the Santo network extension.

3.4.3 Issues

West Bank Tabu Land

16. During topographical survey of the proposed powerhouse access road alignment through plantation on the west bank of the Brenwe, a local person/s identified that a section of the land due to be surveyed was tabu due to sacred sites / burials in the area. Access was not permitted, and the survey works abandoned. No issues were raised previously during numerous site visits and land consultations between VPMU/ GoV/ Stantec and land claimants.
17. Following a site visit on 26th February 2019, A MoU was signed by landowners, VPMU and GoV confirming the permanent access to the Brenwe powerhouse location would follow the existing alignment of the “Chinese” track along the west bank.

3.4.4 Questions of land and asset ownership

18. This process has been running for some time. Land and asset owners need more information and clarity on the acquisition and compensation process – whether it be by MOU, lease, or formal acquisition. Lack of resolution of ownership questions create risks of local conflict, perceived injustices, and potential distrust of government and government officers/agencies - which are a risk to the project.
19. The above relates to the access roads that fall outside of the 30Ha boundary previously purchased by GoV for the scheme. Access roads will be required to cross claimant land from the public highway corridor to the 30Ha boundary.
20. As noted above in17, a MoU has been agreed for access to the land where the “chinese” track passes through to the land purchased by GoV.

3.4.5 ESS Capability

21. VPMU/GOV needs to address the issue of retaining capability in environmental and social safeguards for the VEAP, and have a long term plan for building and retaining such capability. VPMU has engaged an ESSO as referred above

3.5 Environmental Assessment Progress

3.5.1 Commentary on key activities completed or in progress.

22. The IEE for Brenwe Hydropower Plant and associated transmission and distribution lines has been updated as was cleared by ADB in April 2019. The update IEE’s were issued as part of the bid documents for the prospective contracts.
23. Several site visits had been conducted in the week of 21 January 2019 and included below:

Monday 21 st January 2019	<ul style="list-style-type: none">○ Stantec team Travelled to Santo, Met with concessionaire, VUI, and visited transmission line route.○ Traveled to Malekula
Tuesday 22 st January 2019	<ul style="list-style-type: none">○ AM – Stantec team and Malampa representative visited transmission and distribution line route to Lambubu plantation and Lakatoro concessionaire compound / diesel generation facility.○ PM – Stantec team and VPMU/ Malampa representative visited Brenwe HPP project site for appraisal and river flow gauging.
Wednesday 23 st January 2019	<ul style="list-style-type: none">○ AM - Stantec team traveled to Efate.○ PM- Stantec team met with VPMU team to discuss site visit findings and project progress.
Thursday 24 st January 2019	<ul style="list-style-type: none">○ All day –24th January 2019 Stantec and VPMU teams held meetings with GoV; DEPC, DoWR, Department of Women’s Affairs

24. Work undertaken /to be undertaken the next 6-12 months (2019):

Early February	Completed IEE for Brenwe and Malakula Transmission and Distribution Lines for Bid Documents
Mid February	Completed IEE for Santo Distribution Line extension for Bid Documents
March / April	ADB review and clearance of updated IEE's for inclusion in the bid documents.
June	Apply for and obtain water works permit and development permit from Govt. of Vanuatu.
June to September	Evaluate Contractor's safeguards capacity in their tender response.
Quarter 3/ 4	<ul style="list-style-type: none"> • Inductions to VEAP safeguards to Contractor (awareness raising and introductory training) • Update IEEs following detailed design presented by Contractor. • Review Contractor's CEMP and work with Contractor to complete CEMP satisfactory to ADB and Govt of Vanuatu.

3.5.2 Issues

25. Currently working to validate the appropriate environmental flow, which may impact on operational regime in the future. The original proposed environmental flow of 10% of mean flow was based on a 'rule of thumb' which is relevant for a different type of river system. This river system has a large amount of base flow, and the low flow does not vary much from the average flow. This will be concluded in the updated IEE.
26. Following results of the flow monitoring undertaken during the environmental site, ADB have requested that further low flow studies should be undertaken on the Brenwe river to confirm the current assessment for environmental flow. The IEE was updated and cleared by ADB to reflect the above.
27. VPMU and Stantec have developed a terms of reference (TOR) for identifying further river investigation works for the Brenwe river. Quotes were obtained from NIWA, and are currently under assessment by ADB after clearance from VPMU and GoV.

3.6 Environmental Incidents

28. None to report. No physical works.

3.7 Health and Safety Incidents

29. None to report.

4 Grievance Redress

30. A grievance Redress mechanism has been put in place for the pre-construction and construction phase. Details of the process are outlined in the Communications, Consultation and Participation Plan included in the LARP. Statistics of complaints received and managed:

Total number received in 2018	2
Total number closed out in 2018	1
Total number still open as at Dec 31, 2018	1
Total number still open as at June 30, 2019	Nil

31. The main grievances received were:

1. The letter written by the Tele Harry, the representative of the Harry Kemuel family, who resides in Vila to the Department of Lands acquiring officer. The family was not agreeable with the valuation amount and questioned the valuation process. Department of lands replied to the letter to Tele Harry and also sent copies of the letter to the other two claimants. VPMU with the DG for Ministry of Lands & Mineral Resources met with the Harry family in the February 2019 visit and this issue was amicably resolved with the Harry Family urging the GoV team to proceed with the project expeditiously.
2. The landholders of the west bank, Joshua Mathew, prevented the Stantec surveyors from surveying the proposed access road through the west bank to the power house, because of an ancestral burial ground which was located in the way of the access road. Mathew refused for the surveyors to traverse through the area as it is considered 'taboo'. The grievance was reported to VPMU and VPMU, DoE discussed the issue in January 2019 and decided that the old Chinese road would be the only option on the west bank, to be used as the access road to the power house. VPMU in its February 2019 Consultations visit has signed up the landowners through an MOU to confirm the use of the Chinese road alignment for the Project and the LARP updated accordingly.

5 Stakeholder Consultations

5.1 Summary of consultation with stakeholders over the reporting period

32. VPMU have led a number of consultations in both Malekula and Santo, supported by Stantec

5.1.1 VPMU consultations:

26 th to 28 th February 2019	Malekula site visit by VPMU, GoV and safeguarding specialists: <ul style="list-style-type: none"> • community consultations at various location across north west Malekula • meeting with land claimants and agreement of MoU for west bank access.
6 to 9 May 2019	VPMU, DOE led the Pre bid Site Visit with 3 contractors and consultation with MALAMPA Provincial office and local community guides

5.1.2 Stantec consultations:

5.1.2.1 Social safeguards visit itinerary:

26 th to 28 th February 2019	o National Safeguarding specialist accompanying VPMU and GoV on their site visits and consultations in Malekula
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5.1.2.2 Environmental safeguards visit itinerary:

24 th January 2019	Stantec and VPMU teams held meetings with GoV; DEPC, DoWR, Department of Womens Affairs
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5.2 Summary of consultation plans with stakeholders over the next year.

33. The Communications and Consultation Plan will be updated to reflect the pre-construction phase and construction phase of the project, in the Brenwe area, along transmission line and at distribution line destinations. VPMU will update the existing CCP with review/ support from Stantec once the Contractor is signed up.

5.3 Issues

34. VPMU capacity has been increased with the appointment of an in-house ESSO and this issue is resolved.

6 Summary and Conclusions

35. The VPMU has completed the Land Acquisition process and monies have been transferred to COTA as agreed with the Customary Landowners. The Landowners have been advised to prepare their applications to the CLMO to attain the green certificate prior to release of monies to them.
36. In addition, the VPMU has entered into a MOU with the respective landowners for the access roads into the project site and this has been completed
37. The VPMU with the support of the GoV departments and the DSC will continue the Communications, Consultations and Participation Plan are implemented to all stakeholder levels throughout all phases of the project.