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Managing Social Risks and Impacts in Geothermal Projects Turkey Geothermal Development Project







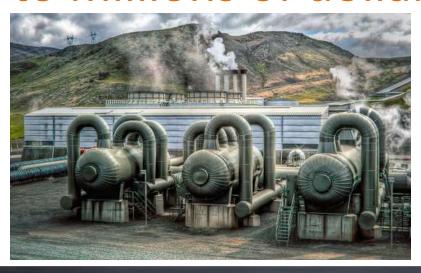




Why is it critical to effectively manage environment and social risks?

GETTING THE SOCIAL LICENSE TO OPERATE

"73% of delays in 190 mega projects world wide were related to Environmental & Social issues which led to millions of dollars in losses"



ERM (2010)





Identification of Social Risks

- Environmental and social risks can be a financial risk, not only a reputational risk
- Reputation—until you lose it, you do not understand its value



- ✓ integrated assessment is needed to identify the environmental and social impacts, risks, and opportunities of projects;
- ✓ Start engaging effectively with the community early on and take on systematic consultations with local communities on project related matters that directly affect them;
- ✓ Gather environmental and social baseline data
- ✓ What are the physical elements of the project that may lead to environmental and social risks and impacts?
- ✓ What is the project's area of influence?
- ✓ What could be other risks to investors from different stakeholders? (Government, media, NGO, financiers, employees, community)

What Are the Main Social Impacts of Geothermal Investments?

- Most potential social impacts of geothermal development are associated to the resource and power plant development phases:
 - Involuntary resettlement and land acquisition
 - Impact on livelihoods due to involuntary land take
 - Impact on Vulnerable groups
 - Impact on archaeology and cultural heritage
 - Gender-differentiated impacts

Social uses of ecosystem services







What Are the Main Social Impacts of Geothermal Investments?

- Occupational Health and Safety, Labor conditions
- Community Health and Safety
- Construction impacts (labor influx, increased traffic, damage to assets, roads, irrigation etc)
- Employment creation and local procurement services

- Post-construction (operation phase) maintenance, monitoring and





Mitigation Measures

- Identified positive and negative risks should be included in the <u>Environmental and Social Impact Assessment</u> (ESIA) / <u>Environmental Social Management Plan</u> as per the World Bank's safeguards policies OP 4.01 Environmental Assessment
- If there are unavoidable adverse impacts, then mitigation measures should be taken and referred in the ESIA/ESMP:
 - Community Health and Safety Plan
 - Land Acquisition and Resettlement Action Plan
 - Stakeholder Engagement Plan
 - Grievance Redress Mechanism
 - Monitoring and Evaluation



Key Social Safeguard Issues in Turkey Geothermal Development Project

- World Bank is supporting 2 components under the Geothermal Development Project:
 - (a) Component 1: supporting exploration and confirmation drilling stages via Risk Sharing Mechanism (financial intermediary: Turkiye Kalkinma Bankasi)
 - (b) Component 2: Support resource development stage and power plant development phase via loan facility (financial intermediaries: TSKB & TKB)
- If there is involuntary land acquisition taking place, in order to mitigate land induced economic and/or physical resettlement which might cause loss of assets for project affected people, a Resettlement Action Plan is required as per World Bank's Safeguard Policy on "Involuntary Resettlement" OP 4.12

Anticipated Land Impacts under Component 1 – RSM

- Land Acquisition Occurs Gradually:
 - Under the Component-RSM, land acquisition is expected in well areas (about 0.5 hectares each) for exploration drilling
- 2 types of land acquisition: Voluntary vs Involuntary
- If Involuntary Land acquisition is taking place (meaning if developer has public benefit decision or applies to expropriation), as per World Bank requirements <u>"Involuntary Resettlement" Policy OP 4.12 is triggered</u>
- In such case, developers are expected to comply with the World Bank requirements and prepare necessary mitigation plans/measures

World Bank Operational Policy on Involuntary Resettlement (OP 4.12) Turkey Geothermal Development Project

WORLD BANK OP 4.12 INVOLUNTARY RESETTLEMENT-KEY PRINCIPLES

- Avoid resettlement, if cannot minimize or seek alternative design
- Conceive as sustinable development program
- Consultation and participation with displaced people in planning and implementing resettlement programs
- Assistance for improving livelihoods
- Restoring income/living standards



World Bank Operational Policy on Involuntary Resettlement vs Turkish Legal Framework

Turkish WB OP 4.12 **Expropriation Law Objective:** Livelihood restoration: **Objective:** Fair financial social survey, baseline data, compensation monitoring post land acquisition **Affected persons:** anyone impacted: **Affected persons:** persons Renters, legal / illegal users of private with legal land title & public lands, grazers **Compensation:** Fair market **Compensation:** Replacement cost value Public Information and Consultation: **Public information and** Timely, accessible & meaningful consultation: Not obliged consultation **Grievance redress:** Not **Grievance redress:** affordable and necessary, application to court accessible GRM in place Vulnerable groups: special measures Vulnerable Groups: No for disabled, elderly, single women requirement headed households **Monitoring:** Project progress reports Monitoring: No requirement for expropriation and grievances Associated facilities: such as roads. transmission lines, temporary worker

camps

Private entities can comply with WB/IFC policies easily and can top up above the national requirements



World Bank Operational Policy on Involuntary Resettlement Turkey Geothermal Development Project

WORLD BANK OP 4.12 INVOLUNTARY RESETTLEMENT-KEY PRINCIPLES

 Investors are expected to approach financial intermediaries either at early stage or in middle stage

If land acquisition/expropriation not yet started



Resettlement Action Plan

If land acquisition/expropriation completed

before financing



Detailed Ex-post Social Review



Content of a Resettlement Action Plan

- 1. Project Description
- 2. Minimizing resettlement (indicate any design changes to minimize)
- 3. Socio-economic survey
- 4. Legal framework (including national framework, WB policies and gap analyses)
- 5. Entitlement Matrix and Income Restoration
- 6. Institutional Arrangements
- 7. Participation & Consultation
- 8. Grievance Redress Mechanism
- 9. Monitoring & Evaluation
- 10. Implementation Plan and Budget

Good Practices: Integrating Social In Environmental Assessment & Management

- Rule of thumb for adverse impacts: Avoid, minimize, mitigate and compensate
- Early and continuous Stakeholder Engagement
 - Disclosure of information
 - Consultation
 - Informed Consultation and Participation
- Effective Grievance Redress Mechanism
- Environmental and Social Staff Capacity



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