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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 control*



Mitigation Measures

- Identified positive and negative risks should be included in the Environmental and Social Impact Assessment (ESIA) / Environmental Social Management Plan 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 “Involuntary Resettlement” Policy OP 4.12 is triggered**

- **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 sustainable 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 Expropriation Law

Objective: Fair financial compensation

Affected persons: persons with legal land title

Compensation: Fair market value

Public information and consultation: Not obliged

Grievance redress: Not necessary, application to court

Vulnerable Groups: No requirement

Monitoring: No requirement

WB OP 4.12

Objective: Livelihood restoration: social survey, baseline data, monitoring post land acquisition

Affected persons: anyone impacted: Renters, legal / illegal users of private & public lands, grazers

Compensation: Replacement cost

Public Information and Consultation: Timely, accessible & meaningful consultation

Grievance redress: affordable and accessible GRM in place

Vulnerable groups: special measures for disabled, elderly, single women headed households

Monitoring: Project progress reports for expropriation and grievances

Associated facilities: such as roads, transmission lines, temporary worker camps

Resettlement Action Plan-RAP

! 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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Teşekkürler!
Thank You!

