

Luxembourg, 09/07/2024

Public

Environmental and Social Data Sheet

Overview

Project Name:	Water-Energy Framework Loan Malawi
Project Number:	2022-0718
Country:	Malawi
Project Description:	Framework Loan for the Malawi Water sector meant to improve 1) access to water in low-income areas, 2) improve operational efficiency, 3) reduce greenhouse gas emissions and 4) increase drought resilience. The Framework loan finances amongst others renewable energy means and energy efficient water pumps.
EIA required:	no
Project included in Carbon Footprint Exercise ¹ :	no (below threshold)

Environmental and Social Assessment

Environmental Assessment

The operation concerns a Framework Loan for Lilongwe Water Board, Central Region Water Board, Southern Region Water Board and Northern Region Water Board in Malawi from 2024 to 2029. This is a follow-up operation to the various individual projects for Water Boards in Malawi. This new investment programme will increase the overall water efficiency and drought resilience of the Water Boards and will also finance sanitation components.

Malawi is a signatory to the 1992 Rio Declaration on Environment and Development. Principle 17 of the declaration commits Malawi to undertaking environmental impact assessments (as a national instrument for environment management), subject to a decision of a competent authority, on all proposed activities likely to have significant adverse impact on the environment. Following the declaration, several policies and legislations on environmental management have been developed, of which the overarching legislation is the Environment Management Act (EMA) of 1996. From the same, The Malawi Guidelines for Environmental Impact Assessment were developed in 1997 and are under revision.

The Environmental Affairs Department (EAD) in the Ministry of Natural Resources, Energy and Mining (MNREM), is the responsible authority for development and enforcement of environmental policy and legislation. The EAD, with support from the Technical Committee on the Environment (TCE), and in line with the provisions of the EMA as well as the Environmental Impact Assessment Guidelines of 1997, determines whether an ESIA is required or not, for all projects. The TCE reviews environmental and social impact assessment reports for proposed projects and makes recommendations to the Director of Environmental Affairs, who reports to the National Council for the Environment (NCE). The NCE considers the recommendations

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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from the EAD and advises the Minister for approval and issuance of the environmental certificate for a project to proceed.

If the project was located within the EU, none of the schemes would fall under Annex I of the Environmental Impact Assessment ("EIA") Directive 2014/52/EU amending the EIA Directive 2011/92/EU. If a scheme was to fall under Annex II, the decision whether an EIA is required would be left to the Competent Authority

In accordance with these guidelines, the promoter will commission an Environmental and Social Screening and prepare the relevant documents as needed prior to committing any EIB funds.

The main expected impacts of the project could include:

Positive impacts

- Improved and generalized access to water supply services: the most beneficial impacts of the Project will be the increase in potable water distribution coverage;
- Public Health improvement: increase in potable water coverage both in terms of quantity and quality has a direct impact on personal hygiene and thus public health;
- Economic attractiveness: the project areas are fast growing due to economic development (tourism and light industries);
- Gender and water security: water supply is traditionally the responsibility of women in Malawi, thus by improving the water supply (access and security) the project will have a positive impact on women's daily life especially through the reduction of the distance of water points.

Negative impacts

- Works impacts: during construction, occurrence of occasional and localized disturbances (mainly dust, noise, construction waste and traffic). Mitigation: an Environmental and Social Management Plan has been prepared and will be included in the works tender document for implementation by the future contractor;
- HIV and AIDS: during construction, presence of numerous workers can have an impact on the spread of Sexually Transmitted Diseases (STD). Mitigation: the ESMP under review includes a programme of actions for the minimization of HIV and AIDS transmission.

Climate change

The project aims at improving the sustainability of the water supply service in the service areas of Lilongwe Water Board, Central Region Water Board, Southern Region Water Board and Northern Region Water Board, including their resilience toward climate change, which is already severely affecting Malawi through more frequent and longer drought spells. The project addresses climate change impact in terms of adaptation.

Social Assessment, where applicable

In addition to the positive impacts listed above, the project will have further positive social impacts related to employment opportunities. It will create different employment opportunities during the various phases of the project such as assisting with social surveys, unskilled and skilled labour during construction period. In addition to the direct employment opportunities, there will be also secondary opportunities such as transport, accommodation, food services and laundry services for example.

Based on the indicative investment plans each Water Board submitted it is expected that no land acquisition is necessary.

The project's ESMP addresses social impacts appropriately and is acceptable to the EIB.



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Other social issues

Malawi has been a member of the International Labour Organization since 1965. Malawi has ratified 32 ILO conventions which include worker's compensation, safety provisions, minimum age, and forced labour among others. Labour standards will apply to first tier contractors.

Recent reports are pointing out the possibility of use of forced labour in the supply chain of solar PV panels. The project shall comply with the EIB Group Environmental and Social Policy and the EIB Environmental and Social Standards, which foresee a zero tolerance of forced labour.

Public Consultation and Stakeholder Engagement

Based on the indicative investment plans each Water Board submitted, it is expected that no EIAs will be required. A condition in the Finance Contract will require the Water Boards to undertake an ESIA screening for all investments and submit the relevant information to the EIB prior to committing funds to any of these investments.

Consultation meetings would be held with all the institutions, which will have a role in the project implementation. These include Water Boards; Environmental Affairs Department; City Councils; Ministry of Lands, Housing and Urban Development; ESCOM; and Ministry of Water, Irrigation and Water Development.

Conclusions and Recommendations

- The implementation of this Framework Loan will lead to improved potable water supply and sanitation services and public health, an enabling environment for economic activities in the project areas.
- The Project is not expected to have significant adverse impact on the environment. Possible negative environmental effects should be temporary and confined to the immediate construction sites.
- There will be no resettlement or economic displacement.

The Project is acceptable for EIB financing from an environmental and social point of view with the following conditions relating to environmental and social matters:

- The Water Boards commit to submit all investments to a Climate Resilience and Vulnerability Assessment (CRVA) as part of each allocation request.
- The Water Boards shall not commit any EIB funds against schemes that require an ESIA or biodiversity assessment according to national law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the ESIA having been made available to the public. Each ESIA will include a project Environmental and Social Management Plan (ESMP), a Stakeholder Engagement Plan (SEP) and a Resettlement Action Plan (RAP) (if required).