



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Solomon Islands	EAST ASIA AND PACIFIC	P173018	
Project Name	Solomon Islands Sustainable Mining Development Technical Assistance Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	10/1/2020	12/1/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance and Treasury	Ministry of Mines, Energy and Rural Electrification		

Proposed Development Objective

To build capacity of SIG to achieve sustainable mining investment and benefit flows

Financing (in USD Million)	Amount
Total Project Cost	5.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The National Mining Policy of 2017 set out a vision of mining contributing to Solomon Islands' sustainable development through improved management of the sector leading to investment by responsible mining companies and more equitable benefit flows. The project will support SIG to strengthen capacity of regulatory institutions to implement revised mining and related laws consistently, transparently and effectively. To assist the Solomon Island Government (SIG) in realizing these benefits the World Bank has provided support since 2010 through the use of six small grants. The grants have supported engagement through forums and workshops and ultimately the completion of the National Mining Policy (NMP) in late 2016 and review of the Mining Act 2009. In October 2019, SIG requested further support to sustain the preparation of mining legislation and include mining sector technical assistance in its concessional borrowing program in the IDA19 cycle.



D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Solomon Islands is an archipelago of 997 islands with a total land area of 2,840 km² spread over 1.34 million km² of ocean. The population of approx. 580,000 is dispersed across 90 inhabited islands and has among the lowest population densities (20.8 persons/km²) and urbanization rates (17%) in the world.

The population of Solomon Islands remains predominantly rural-based and economic activity in the formal sector is heavily concentrated on Guadalcanal, especially in the capital, Honiara. The incidence of poverty remains high with an estimated 25.1% of Solomon Islanders living below the global extreme poverty line and economic opportunity is distributed very unevenly. Plantation, logging and fishery based commercial activities have dominated since Independence in 1978, with very little change observed in the structure of the economy in over four decades and limited opportunities for new and diversified sources of growth.

As in many resource-rich countries, weak and inconsistent management of the mining sector has played a role in inhibiting investment. Governance challenges include low levels of regulatory capacity, high levels of discretion with respect to the approvals process, friction relating to land rights and the rights of vulnerable groups, the inequitable distribution of taxes and royalties and poor environmental controls. In summary, the mining sector in Solomon Islands has substantially under-performed in terms of overall levels of investment, the quality of companies that operate in the sector and the capability of regulatory institutions. The sector has therefore generated few of the benefits that sustained investment by well-funded and responsible miners could offer in a well-governed regulatory environment.

To assist the Solomon Island Government (SIG) in realizing these benefits the World Bank has provided support since 2010 through the use of six small grants. The grants have supported engagement through forums and workshops and ultimately the completion and adoption of the National Mining Policy (NMP) in late 2016 and review of the Mining Act 2009. In October 2019, SIG requested further support to sustain the preparation of mining legislation and include mining sector technical assistance in its concessional borrowing program in the IDA19 cycle.

The adopted NMP contains the following statement in the Minister's foreword: "The mineral resources of Solomon Islands will be developed for the benefit of all the people of our country in a way that causes minimal environmental impact and respects the different cultures, interests, and relationships that make up this diverse community, both now and for future generations."

In response, the new Project Development Objective (PDO) is to build capacity of SIG to achieve sustainable mining investment and benefit flows. The Project components include:

- Component 1: to complete the design of the regulatory framework in line with the National Mining Policy following enactment of the Mining Act. Delivery involves procurement of policy and legal advisers across a range of domains and the completion of workshops, consultations and reviews.
- Component 2: to build capacity of government regulatory institutions to fulfill their functions effectively. Delivery involves procurement of policy advisers across a range of domains, acquire critical equipment, skills development activities and possibly limited geological survey work.



- Component 3: to support MMERE to overcome near term operational challenges. Delivery involves procurement of a resident regulatory operations adviser, acquire and install critical equipment and provide skills development.
- Component 4: project management. A Project Office will be established for the proposed Project that will exercise project management responsibilities on MMERE’s behalf during project implementation.

D. 2. Borrower’s Institutional Capacity

The World Bank (WB) commenced engagement with SIG in 2008 through a series of small grants. A scoping mission in 2008 in connection with a Sources of Growth study by the country team reported:

“The Ministry has identified a number of priority items for donor support:

- 1) The development of a Mineral Policy to guide the future exploration and development of the mineral potential of the Solomon Islands
- 2) Revision and completion of the regulatory framework for exploration and mining
- 3) Technical Assistance for capacity building to redevelop the capacity of the Ministry of Mines and Energy as the key regulatory agency in the sector
- 4) Review and development of a system for landowner engagement and benefits management including a review of the potential for landowner equity participation as a means of maintaining community support for operations
- 5) Development of a national geological database and GIS for investment promotion”

The first three points have been addressed in varying degrees through previous engagements and the current IPF will support development of the institutional capacity and processes necessary to continue this work and to achieve the objectives of Point 4.

The implementing agency for this project are the MMERE who operate on a meagre budget and have had difficulty attracting and retaining qualified staff as well as providing itself with facilities and equipment commensurate with its functions. It is widely perceived to lack capacity to monitor mineral exploration and mining operations and enforce compliance to an adequate standard.

For the previous World Bank supported SIMGov project, the implementation unit (PIU) was not fully resourced and procured ad hoc specialists to deal with defined pieces of work related to consultation exercises for the draft NMP. Fiduciary and eventually general project management services were provided through a private accounting firm and as such, the PIU has not built up any in-house safeguards capacity over the years. As this is the first project in the country that is applying the ESF, neither the MMRE or the SIG in general are familiar with its requirements.

The Project's implementation arrangements are still being discussed with the SIG, but it is intended that a PIU office is established in the MMERE building and that an environmental and social specialist is recruited to ensure the Project activities are implemented in compliance with the objectives of the ESF and its standards. Additionally, a resident advisor will be included in the PIU to complete quality assurance and liaise with other ministries for cross-cutting activities.



Due to the low capacity of both MMRE and the Environment Conservation Division (ECD), it is expected that the PIU will require ample support from the Bank's ESF team in preparing and implementing the instruments. The project will include a focus on capacity building; in the early days of the project it is expected that the PIU will largely consist of consultants but this will transition towards more ministry staff with time in order to build internal capacity. Given that the PDO is to achieve sustainable mining investment and benefit flows, the project will include many capacity building activities such as a series of workshops including PIU members, Ministry staff and local regulators, site inspections lead by an experienced international consultant and policy and legal advice. Component 1 includes assistance with staff development plans and Component 2 includes training for compliance monitoring and enforcement and the specialised software and laboratory equipment that will be funded by the Project.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The project is expected, overall, to generate positive environmental outcomes through the modernization of mine health and safety legislation, harmonization of environmental regulation, improvement of the environmental approvals process and better enforcement of compliance and mine closure requirements. The project includes technical assistance activities (including capacity building), the purchase of some laboratory equipment and software, refurbishment of the MMERE HQ building in Honiara and possibly some limited geological survey work.

A number of the ESF standards have been triggered but it should be noted that this is largely due to the potential downstream impacts associated with future increased investment in the mining industry following the successful project interventions which are aimed at a more harmonized licensing process, as well as the potential for the project TA outcomes and recommendations not to be adopted or implemented by the SIG. The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining. Should the project fail in the implementation of any sub-component it would not cause significant or adverse direct risks and impacts but rather be a missed opportunity.

The environmental impacts related to the refurbishment works are expected to be low (increased noise and dust, waste disposal and occupational health and safety) and can be managed through the development and implementation of environmental and social management, health and safety and waste management plans or codes of practice depending on the scale of the works.

The environmental impacts related to the potential geological survey work to be undertaken are also expected to be low and can be managed through the development and implementation of an ESMF (including health and safety considerations).

With respect to the technical assistance activities, the legacy of mining in the country along with weak and inconsistent management of the mining sector and low levels of regulatory capacity at central and provincial levels means that the project has the potential to have significant, long-term and cumulative adverse downstream impacts if not implemented well, albeit indirectly (again, it is noted that the project's intent is to prevent and mitigate against

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these potential downstream impacts). Mining has to date been associated with unmet expectations in the Solomon Islands, whether in the case of Gold Ridge, in which resentment was closely tied to the Tensions in the early 2000s, or more recent experiences with unrehabilitated mining sites and coastal pollution from bauxite mining incidents on Rennell. As in several other countries in the region, the types of mining operations often rely on low cost extraction methods targeting easily accessed near-surface pockets of bauxite. Unfortunately, this is a segment of the mining industry open to companies with limited sophistication and regard for safe or environmentally sound operating practices.

All TA activities are designed to build SIG’s capacity on implementing the National Mining Policy, which is anchored in WB engagement over a period of 10 years, is highly consultative, highly innovative and widely supported by both SIG and other development partners. As the current project is a continuation of a long-term engagement with an implementing agency whom have demonstrated their commitment to working with the WB, and consists of implementing low risk TA and capacity building activities mainly, the team considers the environment risks to be substantial. The risk rating will be re-assessed during preparation based on the further refinement of the individual activities to be funded.

Social Risk Rating

Substantial

The social risk is assessed as Substantial as the mining sector in Solomon Islands has been linked with historic unrest resulting in mine closure. Gold Ridge was a mine that was operating between 1998 and 2000, it was abandoned because of civil unrest (referred to as the Tensions) on the island Guadalcanal because of fighting that took place between different ethnic militant groups. The ethnic tensions escalated during this time because the people of Guadalcanal (the Guales) resented the influence of settlers from other islands and their occupation of undeveloped land in and around Honiara. The social unrest in the mining sector has had adverse impacts to local communities and inequitable benefits to customary communities. Much of the population living in other provinces, in the outer islands were drawn to Honiara because of its economic opportunities.

Nevertheless, the projects is not expected to result in any direct social impacts, and overall the project is likely to deliver improved capacity to manage mining activities and therefore improve outcomes from mining development. Benefits are likely to be realized from improved revenue administration though impacts associated with inequitable distribution need to be carefully considered and communicated to stakeholders. The potential introduction of the EITI standard is also likely to bring benefits through increased transparency and strengthened governance. The regulatory and institutional support to be provided by the project, may not address the social risks and may not adequately engage local stakeholders, a harmonisation of legislation would be important and therefore require that the technical assistance provided is coordinated with other relevant Ministries, such as the Ministry of Lands, Housing and Survey. There are no direct impacts to land or land access associated with the Project but there may be potential impacts associated with the proposed changes to the cadastral system for mineral deposits, which will require careful consultation with stakeholders and potentially affected land owners. In strengthening the capacity of government regulatory institutions, the project is likely to improve impacts on decision making, regulation and the capacity to engage responsibly with mining affected communities.

In furthering risk mitigation, the project will support active engagement of the CMU with other development partners, as well as working together with the country team to advance the dialog on the mining sector governance

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reforms and identifying actions beyond the project. Citizen engagement and activities to mitigate social risks will be sequenced by targeting provincial government locations in which social conflict risk is highest.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project will not involve any activities promoting and engaging in mining directly but is likely to shape environmental and social outcomes of future mining activities arising from the advice provided. ESS1 applies as the project may have downstream environmental and social impacts associated with increased mining activity due to the more stable legislative framework and better capacity to manage and monitor the sector activities. The project will not have direct physical impact on land acquisition, land use restrictions or resettlement and any direct environmental or social impacts associated with refurbishment works of the HQ building in Honiara or geological survey work are expected to be minimal and easily managed.

Refurbishment works of HQ building in Honiara: the environmental and social impacts related to the refurbishment works are expected to be minimal (increased noise and dust, waste disposal and occupational health and safety) and can be easily managed through the development and implementation of environmental and social management, health and safety and waste management plans or codes of practice. Particular care must be taken with respect to the identification and handling of hazardous materials that may be present such as asbestos. The scale of any renovations will be better understood during the pre-appraisal stage, with detailed design likely to be undertaken only during implementation. The requirement to complete either the appropriate management plan or codes of practice prior to the commencement of works will be included in the Environment and Social Commitment Plan (ESCP). The ESCP will include a negative list of activities that will be excluded from the project.

Geological survey work by MMERE: the E&S impacts associated with the proposed drilling works will be managed through the development and implementation of an ESMF, with due consideration of health and safety issues, in the absence of details on location, environmental and social settings, survey scope and methodology. It is proposed that the ESMF provides guidance on the screening of E&S risks for all proposed exploration activities, both those to be undertaken by MMERE geologists (and possibly funded by the project) and private sector investors who have obtained an exploration license, followed by directions for targeted assessments of these risks and identification of suitable mitigation measures. The ESMF for geological survey activities will be prepared during project implementation prior to any survey work commencing and this will be captured in the ESCP for the Project.

Downstream impacts: the potential downstream E&S risks relating to increased mining activity due to the more stable legislative framework and better capacity to manage and monitor the sector activities, though manageable, are cross cutting and include long term and/or cumulative environmental damage, land and resource-based conflicts, impacts of unmanaged artisanal mining, occupational and community health and safety impacts, livelihood impacts, issues around social inclusion and benefit sharing and other aspects common in the resources sector. These risks will primarily be managed through: the development of an overarching project terms of reference (ToR) that includes an overview of previous engagements, outputs and a macro-level assessment of the SI mining sector E&S risks and impact, outlines the project activities and details how they will be completed, assesses environment and social risks



and associated controls, clearly defines accountabilities and includes a negative list; the subsequent screening of ToRs for technical studies and advisory services for potential E&S risks and the inclusion of provisions to ensure that advisory services are in compliance with the objectives of ESS1 and the overarching Project TOR; the recruitment of an environmental and social specialist to the PIU; as well as the inclusion of environmental and social aspects management in consultant and staff terms of reference (ToR). The World Bank will provide 'no objection' to all ToRs for consultants, PIU staff, as well as technical studies and will review outcomes and reports to ensure compliance with the objectives of the relevant standards. An ESCP (including negative list), stakeholder engagement plan, labor management procedure and overarching Project TOR will be developed prior to project appraisal.

The NMP outlines the environmental and social risks and impacts associated with mining in the Solomon Islands and informs the SIG's strategies and reform processes. The NMP will drive the project design, acting as an overarching control and link between various TAs and will be reflected in the project ToR. In the absence of a national mining master plan, the ability to undertake a Sectoral Environmental and Social Assessment is severely hampered. To mitigate this, the team will work MMERE and the Environment Conservation Department (ECD) to include a requirement for a cumulative, regional impact assessment to be undertaken by mining development proponents as part of the mining license application and environmental permitting procedures.

In addition, the project is considering a number of mitigation and remedial measures to minimize and respond to risks associated with SIG continuing to approve mining operations that have potentially substantial E&S risks during project implementation, as follows:

- The endorsement of the Mining Bill is a pre-requisite to project effectiveness; the bill (in its current version) enshrines the principles of the NMP and is widely supported by internal and external stakeholders;
- Suspension of financing in the event that the Mining Bill is modified during project implementation in a way that contravenes the NMP principles and project design;
- The project will support the development of regulations that facilitate the implementation of the NMP and Mining Bill, which will allow mining operations to be governed by a 'rule based system' rather than discretionary practices;

The team draws attention to elements of the NMP that capture environmental and social considerations, including the Policy's Objective 10 "To require that companies' liabilities to protect the environment and to close and rehabilitate mine sites are backed by suitable financial security so that this does not become a burden on public finances", Objective 23 "To protect the environment where possible and to manage and mitigate the environmental effects of mining", Objective 25 "To ensure a clear and coordinated pathway for obtaining environmental consents for exploration and mining activities", Objective 9 "To ensure that mining revenue is shared equitably between the National Government, Provincial Government, Landowners and Communities", Objective 16 "To create strong, constructive, and responsive engagements whereby all men, women and youth in affected communities are consulted at all steps of the mining process, informed about the decisions they make, are involved in the sector, and have equal access to mining generated benefits", Objective 17 "To ensure custom appropriate practices are used to identify all landowners potentially affected by mining related activities", Objective 18 "To ensure that land access rights are negotiated in a transparent and accountable way and, where customary landowners are fully informed and aware of their rights before consenting to grant land access rights", amongst others.



Areas where “Use of Borrower Framework” is being considered:

The Borrower Framework is not being considered due to the type of activities being funded, i.e. technical assistance mainly, with only minor physical works envisaged, and a number of gaps in legislation and capacity.

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant to the Project. Project components are mainly capacity building activities, which will require inputs and extensive consultations with various parties with various levels of technical expertise. The Project will appoint a number of technical advisors, policy and legal advisers across a range of domains. Citizen engagement will play an important part under each project activities as it will support provincial governments and guide the mining sector reforms on landowner and community rights. Consultations engagement and the inclusion of free prior and informed consent (FPIC) will be taken into account through the design of the regulatory framework.

Given that the mining sector has been linked with historic unrest and mining closure, a stakeholder engagement plan is fundamental to mitigate risks. The social unrest in the sector has been caused due to adverse impacts to local communities and inequitable benefits to customary communities which are proposed to be addressed in project design.

The stakeholder engagement plan will be prepared prior to appraisal, and will identify stakeholder groups across all project components which is likely to include government representatives (national, provincial and local) civil society, NGOs, community leaders. The SEP will outline how consultation activities will be undertaken, including consideration of accessibility and inclusion of vulnerable groups; key roles and responsibilities; how feedback will be addressed for each Component; and the timing of consultation activities throughout the life of the Project. The SEP will capture all stakeholders and ensure equitable benefit sharing measures and options are taken into account during consultations with the communities. The SEP will also include a grievance mechanism (GM) to allow affected parties to raise any concerns related to the project. The World Bank will provide ‘no objection’ to all ToRs for consultants, PIU staff, as well as technical studies and will review the outcomes and reports to ensure consistency with the objectives of the ESS10.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is relevant to the Project. The Project will work mainly with government civil servants, though a resident regulatory operations adviser to the Director of Mines will be appointed to support project implementation (direct worker) and international or local consultants and experts will also be engaged to provide advisory and technical assistance (contracted workers). The project will have a number of policy and legal advisers appointed across a range of domains to conduct consultation and reviews.

The refurbishment works for the HQ building in Honiara will require the engagement of a small number of trades people and possibly construction workers who are likely to be from Solomon Islands (contracted workers) with the appointment of a resident regulatory operations adviser who will have oversight of installing critical equipment and



provide skills development. The number of workers is not yet known and will depend on the final scope of works for the proposed activities, though overall numbers are expected to be low. No labor influx is anticipated.

A labor management procedure (LMP) for the project will be prepared prior to Appraisal and will include a grievance mechanism (GM) for project workers.

OHS risk associated with Project activities is limited. There will be risks associated with small scale refurbishment works but these can be adequately managed through the application of good construction planning and site management. The preparation of studies and implementation of capacity building activities are not expected to result in any significant OHS risks.

The World Bank will provide 'no objection' to all ToRs for consultants, PIU staff, as well as technical studies and will review the outcomes and reports to ensure consistency with the objectives of ESS2. All commitments associated with this standard will be included in the ESCP and the overarching Project TOR.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant to the project. The Standard applies due to the potential downstream risks and impacts that may be associated with the increased presence of mining in the country, the completion of refurbishment works on the MMERE HQ building in Honiara and potentially some geological survey work by MMERE geologists.

Refurbishment works: relevant impacts relating to the refurbishment works may include increased noise and dust, minor hydrocarbon spills and waste disposal. They can be easily managed through the development and implementation of environmental and social management and waste management plans or codes of practice. Particular care must be taken with respect to the disposal of any hazardous materials that may be present such as asbestos. No asbestos containing materials will be used in the refurbishment works. The scale of any renovations will be determined during the pre-appraisal stage and the requirement to complete either the appropriate management plan or code of practice prior to the commencement of works included in the Environment and Social Commitment Plan (ESCP). The ESCP will include a negative list of activities that will be excluded from the project.

Geological survey works: an ESMF will be prepared to guide both MMERE and private investors on the E&S screening and assessment requirements for proposed geological survey works. The ESMF will cover assessment and mitigation requirements consistent with the objectives of ESS3, including resource efficiency (water, raw materials), pollution prevention and management (air, noise, hazardous and non-hazardous waste, chemicals).

Downstream impacts: mining activities have the potential to generate pollution to air, water, and land and consume finite resources. Examples of potential pollution risks and impacts include the production of various types of waste (including hazardous wastes such as mine tailings), increased dust and noise, contaminated land, greenhouse gas production and water contamination. Often when there is more than one mining operation located within a catchment area, these impacts will be cumulative (e.g. two or more mines discharging contaminated water to the same river system). With respect to the consumption of finite resources, mining and associated activities consume



raw materials, energy and water. Currently, there are several legacy pollution issues such as unrehabilitated mine sites and coastal and river pollution associated with past mining in the Solomon Islands.

In order to mitigate the potential ESS3 risks and impacts, the World Bank ESF standards will be incorporated into project design through their inclusion in Technical Assistance ToRs, in accordance with the overarching Project TOR. The World Bank will review and provide a 'no objection' to both ToRs and completed studies and any specific commitments relating to this standard will be included in the ESCP and the overarching Project TOR. The project components are expected to strengthen environmental legislation, the approval and licensing process, compliance enforcement and mine closure planning requirements. This will enable and build the capacity of the Department of Environment and Conservation and MMERE to collaborate in ensuring that mine design and operation maximizes resource use efficiency and that good international industry practice (GIIP), including the mitigation hierarchy, are applied to pollution control.

The project is designed however to assist the SIG in mitigating the environmental and social risks associated with mining including those related to related to this standard.

ESS4 Community Health and Safety

ESS4 is relevant to the project. There are no direct impacts but the the Standard still applies due to the potential future downstream risks and impacts that may be associated with the increased presence of mining in the country and the completion of refurbishment works on the MMERE HQ building in Honiara.

Refurbishment works: community impacts associated with the refurbishment activities are expected to be minor (e.g. increased noise and dust and traffic management) and can be managed through the preparation and implementation of an environmental and social management plan or code of practice.

Geological survey works: the community health and safety impacts of survey works are expected to be limited. The ESMF will identify potential risks from geological survey works to traffic and road safety, management of hazardous materials, ecosystem services and emergency preparedness and response, and include requirements for further assessment and mitigation of these risks.

Downstream impacts: mining activities can impact community health and safety through the following: abusive acts from security personnel; the discharge of contaminated water or hazardous chemicals to watercourses used by communities for drinking, washing and cooking etc.; the failure of tailings storage facilities (TSFs) located upstream of communities (contamination of water sources from seepage or multiple fatalities from TSF wall failure); dust (e.g. PM2.5 or dust from hazardous materials); noise; and increased traffic on roads.

In order to mitigate the potential community health and safety risks and impacts the World Bank ESF standards will be incorporated into project design through inclusion in ToRs for the various TA activities. The World Bank will review and provide a 'no objection' to all ToRs and completed studies and any specific commitments relating to this standard will be included in the ESCP and the overarching Project TOR. The project includes capacity building regarding engaging responsibly with mining affected communities including community liaison and outreach (defining a



community liaison function and engagement plan and building staff skills) and establishing an advisory centre. As such, if properly implemented, the Project is expected to improve community health and safety outcomes of future mining investments.

The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining including those related to related to this standard.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is relevant to the Project. The Project does not include any activities which will result in land acquisition, restrictions on land use or involuntary resettlement and no land use instruments (RPF, RAP) will be prepared. However a number of project components have the potential to cause downstream impacts to land rights and access including harmonization of environmental regulations and use of geological survey (Component 1); and update of licensing measures and use of geo-referenced cadaster system and mining exploration work (Component 2). Citizen engagement requirements in the Project will strengthen the the support to provincial governments to have more of a prominent role in the NMP and to guide the mining sector reforms on landowner and community rights. The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining including those related to related to this standard. The TOR to support ‘harmonization of environmental regulations’ will include considerations and TA advice that are consistent with the objectives of ESS5. The World Bank will review and provide a ‘no objection’ to both ToRs and completed studies and any specific commitments relating to this standard will be included in the ESCP and the overarching Project TOR.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is relevant to the project. The Standard applies solely due to the downstream risks and impacts that may be associated with the increased presence of mining in the country following the streamlining of the licensing process, which is one of the main objectives of the Project. Mining activities can impact terrestrial, freshwater and marine ecosystems primarily through the clearing of land (habitat reduction and increased erosion of topsoil that also results in sediment load entering watercourses and the marine environment), the contamination of watercourses through unregulated discharges and major spills of hazardous materials. Mining in the Solomon Islands has left a legacy of uncontrolled clearing of vegetation (including large areas of primary forests) and unrehabilitated mine sites. It is noted that mining is often completed by logging companies who will mine the land for bauxite once land is cleared.

The geological survey works to be potentially funded by the project may have some impacts on natural resources, which will be captured in the screening criteria and assessment requirements in the ESMF for geological survey activities. Impacts on habitats and biodiversity may arise from limited land clearing, pollution and erosion associated with access road and drilling activities.

In order to mitigate downstream biodiversity risks and impacts from mining investments as the result of funded TA activities not being consistent with the relevant ESF standards, they will be incorporated into project design through inclusion in ToRs, in accordance with the overarching Project TOR. The World Bank will review and provide a ‘no



objection' to ToRs and completed studies and any specific commitments relating to this standard will be included in the ESCP and the overarching Project TOR. The project includes components that will harmonize environmental regulations, improve the environmental approvals process and better enforce compliance and mine closure requirements, enabling and building the capacity of the Department of Environment and Conservation and MMRE to collaborate in ensuring that mining companies include direct, indirect and cumulative mining-related impacts to biodiversity in their environmental and social assessments and management plans to minimize land clearance (applying the mitigation hierarchy and precautionary approach), manage hazardous materials in line with local legislation and GIIP to prevent spills, implement GIIP erosion and sediment control measures and identify and protect critical habitat areas. Improvements to the approval process and mine closure planning requirements as resulting from the project components are key to managing biodiversity risks and impacts from mining.

The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining including those related to related to this standard.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 is relevant to the Project. The majority of the population in Solomon Islands is considered to be indigenous. While the projects will have no direct impacts on IPs, there is potential for studies and legislative revisions to have implications in future. The World Bank will therefore need to approve any Terms of References to ensure that the Project is materially consistent with the objectives of ESS7. No separate instrument is proposed, but relevant elements of the policy will be integrated into the SEP and the overarching Project TOR, and implemented throughout the life of the Project. . The Project will identify and prepare a gap analysis on the legislation concerning legal framework for benefit sharing, customary rights, free, prior and informed consent (FPIC) which will be considered in the TORs for the TA support.

The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining including those related to related to this standard.

ESS8 Cultural Heritage

ESS8 is relevant to the Project. While no direct impacts on cultural heritage are anticipated, there may be some implications for tangible and intangible cultural heritage from revisions to the regulatory framework (Component 1.1). Overall the impacts are expected to be minimal, but the World Bank will need to approve any Terms of References and completed studies to ensure that the Project is consistent with the objectives of ESS8. Any specific commitments relating to this standard will be included in the ESCP and the overarching Project TOR.

The project is designed to assist the SIG in mitigating the environmental and social risks associated with mining including those related to this standard.



ESS9 Financial Intermediaries

Not relevant.

B.3 Other Relevant Project Risks

Mining can pose a risk to the occupational health and safety of workers as well as the community. There are many hazards, including catastrophic and fatal, that are associated with mining operations that will be addressed in the review and replacement of the existing health and safety legislation and regulator capacity building.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

There are no other financing partners involved in this Project.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

The Borrower will prepare a Stakeholder Engagement Plan, a Labor Management Procedure and an overarching Project Terms of Reference prior to Appraisal.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The Borrower shall include all necessary provisions into the Terms of Reference for PIU staff, consultants and technical advisory services, to ensure the services to be rendered are consistent with the objectives of the relevant environmental and social standards.

The Borrower shall submit all TORs and completed studies to the Bank for review, as set out in the overarching Project TOR.

The Borrower shall prepare and implement an environmental and social management plan/Code of Practice for the proposed building refurbishment works, including management of air quality and noise impacts, OHS, construction traffic and waste disposal.

The Borrower shall prepare and implement an environmental and social management framework, including subsequent activity specific assessments, for proposed geological survey works.

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The Borrower shall develop and implement a Stakeholder Engagement Plan and Grievance Mechanism for the Project.

The Borrower shall develop and implement a Labor Management Procedure, including a Worker Grievance Mechanism.

The ESCP will include a negative list regarding activities that may not be financed by the project.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-Aug-2020

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance and Treasury

Implementing Agency(ies)

Implementing Agency: Ministry of Mines, Energy and Rural Electrification

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Bryan Christopher Land, Wilfred Lus
Practice Manager (ENR/Social) Susan S. Shen Recommended on 23-Jun-2020 at 09:59:9 EDT
Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 27-Jul-2020 at 11:34:20 EDT

Public Disclosure