



## **Environmental and Social Review Summary**

### **Senegal Eurobond - Cross Currency SWAP Arrangement**

*This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed prior to the date on which MIGA's Board of Directors considers the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by MIGA's Board of Directors. Board dates are estimates only.*

*Any documentation that is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.*

Country:	Senegal
Sector:	Infrastructure
Project Enterprise:	Government of Senegal
Environmental Category:	See Section B below
Date ESRS Disclosed:	July 1, 2011
Date ESRS Re-disclosed:	August 3, 2011
Status:	Due Diligence

#### **A. Project Description**

Standard Bank plc ("SB") has requested the Multilateral Investment Guarantee Agency ("MIGA") to provide a Non-Honoring of Sovereign Financial Obligation ("NHSFO") guarantee for its EUR:USD Cross-Currency Swap Arrangement ("the Swap") with the Government of Senegal ("GoS"). The GoS (Ministry of Economy and Finance – "MoF") entered into the Swap as a hedge against currency risk exposure related to the 10-year tenor, US\$500M Senegal Eurobond (the "Bond"). The MIGA NHSFO guarantee will cover against a failure by the GoS to honor the obligation to make a break cost payment in the event of a premature unwinding of the Swap. The GoS will receive an approximate US\$300M in net proceeds.

A representation - by the GoS - contained in the prospectus for the Bond indicate that the (net) proceeds will be used to finance future infrastructure projects in Senegal. Consistent with the Policy Support Instrument (PSI) agreed with the International Monetary Fund, GoS has undertaken that the non-concessional financing raised by the Bond will be deposited in a special account and used exclusively for agreed energy and transport sector projects (e.g. the anticipated extension of the Dakar Diamniadio Toll Road to the new Blaise Diagne International Airport - "BDIA"). The GoS has discussed an indicative list of the energy sector projects with the World Bank Senegal Office as well as with the IMF, and is at present engaged in negotiations with the Diamniadio toll road concessionaire, Senac S.A. on the general terms and conditions for the addition of the BDIA extension project to the concession. The GoS expects that, subject to a satisfactory result to the negotiations with Senac S.A., Senac would be tasked with commissioning the relevant environmental and social impact assessment studies for the extension project. However, it is still uncertain at this stage which of the indicated projects would

ultimately benefit from the Bond financing.

According to the GoS, the potential energy sector and (anticipated) extension of the Dakar Diamniadio Toll Road (social and environmental impact assessment and management) projects will be implemented by the Agence Nationale Chargée de la Promotion et de l'Investissement des Grands Travaux (APIX, S.A.). APIX is an autonomous structure that was founded in July 2000. The agency's principle objective is to assist the President of Senegal to promote foreign direct investments, and to develop and oversee the implementation of large-scale infrastructure projects. For the Dakar Diamniadio Toll Road (supported by both the World Bank and IFC), APIX is the government agency in charge of environmental and social assessment/management, particularly the resettlement and compensation of the project affected people in accordance with World Bank Group policies.

The current list of APIX projects include: new international airport, the toll road, standard gauge railways system, and a business complex. Many of the current investments are being financed through a mix of public funds from the GoS, the World Bank, the French Development Agency (AFD) and the African Development Bank (AfDB), all of which require similar environmental and social performance standards.

## **B. Environmental and Social Categorization**

At the time of MIGA's due diligence, the investments to ultimately benefit from the Bond proceeds have not yet been confirmed. However, the indicative preliminary list of energy and transport projects seem to suggest that they are generally projects with limited adverse social or environmental impacts that are few in number, site specific, largely reversible, and readily addressed, through mitigation measures with a majority of them likely to be categorized B. Annual environmental and social monitoring reports for those projects supported by the Bond proceeds will be submitted to MIGA.

## **C. Applicable Standards**

Given that the investment projects have not yet been selected, all Performance Standards are applicable to this project. Once determined, the project impacts must be managed in a manner consistent with the following Performance Standards:

- PS1: Social and Environmental Assessment and Management Systems
- PS2: Labor and Working Conditions
- PS3: Pollution Prevention and Abatement
- PS4: Community Health, Safety & Security
- PS5: Land Acquisition & Involuntary Resettlement
- PS6: Biodiversity Conservation & Sustainable Natural Resource Management
- PS: Indigenous Peoples
- PS8: Cultural Heritage

#### **D. Key Documents and Scope of MIGA Review**

The following documents were reviewed by MIGA:

Projet Autoroute à Péage – Manuel d’Exécution (*Toll Road Project- Implementation Manual*), APIX s.a., Août 2009.

Draft Manuel des Procédures (*draft Procedures Manual*), APIX s.a., Août 2009.

Draft Procédures de Valdiation des Evaluations Environnmentales et Plans d’Actions de Reinstallation (PAR), de Mise en Oeuvre des Plans de Gestion Environnemental et Sociale (PGES) et PAR (*draft Procedures for the validation of environmental evaluations and resettlement action plans, and implementation of environment and social management plans*), APIX s.a., Mars 2011.

Draft Etude d’Impact Environnemental et Social: Prolongement de l’Autoroute Diamniadio-Thies/Mbour via Aibdass-Mbour (*Draft Environmental and Social Impact Assessment for the Toll Road Extension Diamniadio-Thies/Mbour via Aibdass-Mbour*), prepared by Mbaye Mbenque Faye, Version Provisoire, Juin 2010.

Cadre de Politique De Réinstallation (Projet Autoroute à Péage Dakar-Diamndiadio, fermeture de la Décharge de Mbeubeuss) (*Resettlement Policy Framework: Dakar-Diamndiadio Toll Road and the closing of the Mbeubeuss landfill*), APIX s.a., Septembre 2008.

Cadre de Gestion Environnemental et Sociale de la Zone de Restructuration Urbaine de Pikine (*Environmental and Social Management Framework for the Pikine Neighbourhood*), Buursink International Consultants in Environmental Management, Mars 2006.

MIGA met with staff at APIX, the Ministry of Environment, Ministry of Energy and Transport and consulted with World Bank, IFC and IMF colleagues as part of the due diligence site visit.

#### **E. Key Issues and Mitigation**

##### PS1: Social and Environmental Assessment and Management Systems

As APIX will implement the potential projects to be supported by the Bond proceeds, MIGA has reviewed the institutional arrangements, policies and procedures for environmental and social management at APIX. A key component of this assessment has been the environmental and social procedures prepared by APIX, which was reviewed by the International Development Association (‘IDA’) of the World Bank Group, a Resettlement Policy Framework (RPF) and an Environmental and Social Management Framework (ESMF) as well as APIX’s experience/track record in managing environmental and social risks associated with their projects. MIGA reviewed the relevant information disclosed both on the IFC’s website and InfoShop regarding the Dakar Diamniadio Toll Road. MIGA also consulted the Environmental Assessment Unit at

the Senegalese Ministry of Environment on APIX's environmental and social performance and compliance with national environmental laws and regulations.

APIX has recently drafted an Operations Manual which includes the steps to be taken for environmental and social management for its projects. The manual indicates that the environmental and social issues are an integral part of the internal project cycle. The environmental and social unit within APIX provides clearance to proceed, post completion clearance and the technical guidance for all environmental and social issues. There is a governing committee within APIX (includes outside agency representatives) which reviews all aspects of the project arrangements (E&S) included, and provides the final "go ahead" recommendation for a particular project.

As a part of the World Bank Group (WBG) support to the Toll Road, an Environmental and Social Management Framework (ESMF) as well as a Resettlement Policy Framework (RPF) were developed. These frameworks also suggested several measures to directly strengthen the environmental and social capacity of APIX, E&S institutional arrangements, regulatory and technical measures, training, information and public awareness measures, and mitigation measures.

APIX works closely with the Ministry of Environment, other relevant agencies, and NGOs on a continuous basis to ensure that E&S aspects of project development and implementation are addressed in accordance with national environmental laws and regulations. This includes the scoping and terms of reference for environmental and social impact assessments and resettlement action plans through to implementation and supervision/monitoring.

Given APIX's experience with the Toll Road project and the related resettlement issues, its procedures adequately address stakeholder identification and requirements for social and environmental baseline data. APIX has had significant experience in undertaking the consultation process, which has been based on the prior disclosure of relevant and adequate information, and this process is still on-going for its existing projects. As APIX takes on more projects, the procedures and policies will be revised to reflect the lessons learned.

The APIX management system includes procedures to monitor and measure the effectiveness of the management plans for each of the projects. APIX, in conjunction with the Ministry of Environment uses inspections (site visits) and audits to verify compliance and progress. This information is recorded within the management system, and where feasible, they are disclosed. The system is set up to identify any gaps and allow for corrective/preventative actions and lessons learned for subsequent projects. APIX also provides monthly status reports on issues that involve impacts on affected communities and on issues that the consultation process or grievance mechanism has identified.

APIX's environmental and social unit includes a team of 15 specialists of whom 2 are environmental and 5 are social. Currently 8 resettlement coordinators are stationed in the resettlement affected project area for the Toll Road project. The Human Resources Policy includes a training program targeted for E&S staff. Based on business needs and career development plans, 2-3 week and longer-term training sessions on selected technical topics such environmental assessment, urban management, social impact assessment, etc...are available to

qualified staff. APIX holds regular meetings with their contractors E&S specialists to discuss environmental and social compliance and performance as well as for technical knowledge sharing.

The World Bank has just started the implementation of a grant whose objective is to strengthen the assessment, enforcement and monitoring and evaluation capacity of national safeguard practitioners in the use of Senegal's environmental and social safeguards. The aim is to move toward incrementally increasing reliance on country institutions and procedures, initially through sectors, such as transport and energy, which capacity to ensure compliance with national safeguards requirements is relatively well developed. The two envisioned outcomes of this grant are: i) enhanced institutional capacity in environmental and social safeguards management in core growth ministries (energy and transport), and ii) increased civil society engagement in the national safeguards monitoring process. APIX will be the grant recipient and lead agency responsible for the overall management of the grant.

APIX's environmental and social policies, procedures and capacity provide sufficient reassurance that the potential risks associated with the selected projects would be adequately addressed. Given the scope and complexity of the environmental and social management work led by APIX on behalf of the Government of Senegal on the Dakar Diamniadio Toll Road as well as other large-scale infrastructure investments, APIX has demonstrated adequate capacity to manage challenging environmental and social risks. The principles and procedures outlined in the Operations Manual, RPF and the ESMF also indicate that all of MIGA Performance Standards will be adequately addressed.

#### PS2: Labor and Working Conditions

APIX's Operational Manual includes a Human Resources Policy and Procedures for all employees. APIX currently employs an estimated 150 staff. The policy covers working conditions and terms of employment, including occupational health and safety conditions (fire and life safety), recruitment standards, performance evaluation procedures, training plan, etc. As per Senegalese labor laws, the employees have the right to join a union and to bargain collectively. In addition, workers' grievances are addressed through unions. Senegal has ratified all ILO conventions core labors standards. APIX will contractually require that all contractors and subcontractors respect Senegalese labor laws and working conditions in accordance with EHS Guidelines. MIGA will require a description of a grievance mechanism.

#### PS3: Pollution Prevention and Abatement

For the design, construction, operation and decommissioning of any project, APIX will assess ambient conditions and apply pollution prevention and control technologies and practices where necessary and feasible. The identification, assessment and mitigation will be guided by the environmental and social assessment process. The key issues could potentially relate to waste, hazardous materials, ambient conditions, GHGs, pesticide use and management and emergency preparedness and response. The project specific pollution prevention and control techniques will be tailored to the hazards and risks associated with project emissions and consistent with good international industry practice as reflected in the various internationally recognized sources, including WBG's Environmental, Health and Safety (EHS) Guidelines.

In line with APIX Operations Manual, contractors who carry out construction works of any project are required to prepare an Environmental Management Plan (EMP) and be responsible for its implementation. Contractors will employ environmental/social specialists to carry out this function. These requirements are included in concession/contractual agreements as well as the bidding documents. Construction works will be carried out in accordance with WBG Policies as well as the EHS Guidelines. The supervising engineer will have the responsibility to supervise the adequate implementation of the contractors EMPs.

#### PS4: Community Health, Safety & Security

The applicability of this Performance Standard is established during the environmental and social assessment process and will be managed through APIX's operational procedures in accordance with MIGA's Performance Standards.

#### PS5: Land Acquisition & Involuntary Resettlement

APIX has developed a Resettlement Policy Framework (RPF) that articulates the principles and procedures for land acquisition and compensation for the Toll Road. This Framework was disclosed in January 2007 and re-disclosed March 2008 in-country and at the InfoShop and will apply to all other projects. Furthermore, resettlement action plans (RAPs) for each road segment of the Toll Road were prepared and disclosed. In line with the RPF, RAPs will be prepared for any new investments that require them. APIX has already carried out resettlement audits for some of the completed RAPs under the Toll Road Project and will continue to undertake audits for any new investments.

For the Toll Road, APIX has worked with local NGOs to facilitate implementation of the project's resettlement program to benefit affected population and monitor the impact of resettlement activities. As and when required, APIX will continue this practice to improve resettlement implementation and effectiveness.

#### PS6: Biodiversity Conservation & Sustainable Natural Resource Management

The applicability of this Performance Standard is established during the environmental and social assessment process and will be managed through APIX's operational procedures in accordance with MIGA's Performance Standards.

#### PS7: Indigenous Peoples

The applicability of this Performance Standard is established during the environmental and social assessment process and will be managed through APIX's operational procedures in accordance with MIGA's Performance Standards.

#### PS8: Cultural Heritage

The applicability of this Performance Standard is established during the environmental and social assessment process and will be managed through APIX's operational procedures in accordance with MIGA's Performance Standards. It is standard practice that a chance finds procedure will be developed as part of the overall social and environmental management system for any project. The chance finds procedure will be issued and implemented by the contractor.

#### **F. Environmental Permitting Process and Community Engagement**

APIX works closely with the Ministry of Environment to ensure that the environmental impact assessment permitting process is respected. APIX will continue to do so for all projects. Stakeholder/community consultations are part of the environmental and social assessment process both in Senegal and international standards for the impact assessment. APIX has played a key role in ensuring consultations are relevant, documented and carried out in a meaningful manner under the concession agreements they have. The World Bank has documented the extent of this consultation, which show multiple meetings between October 2005 and July 2008 with a broad range of stakeholders, including the affected communities and their representatives, elected officials, central and local government officials and agencies, and NGOs. Extensive community consultation continues to take place at the grass roots level through the NGOs, as well as community meetings with presence of several government officials. This practice of stakeholder consultation will continue for all APIX projects.

#### **G. Availability of Documentation**

1. The complete set of Category A documentation for the Dakar Diamniadio Toll Road available from the World Bank Infoshop:

World Bank Infoshop  
1818 H Street, N.W., Room J1-060  
Washington, DC 20433  
USA

Telephone: (202)-458-4500  
Fax: (202) 522-1500 (USA)  
E-mail: [pic@worldbank.org](mailto:pic@worldbank.org)

Hours of Operation: 9:00am to 5:00pm (Monday through Friday)

2. The complete set of Category A documentation is also available locally at the following locations:

Centre Public d'Information The World Bank Rue Léon Gontran Damas X Corniche Ouest,  
Dakar Senegal Operation Hours: Monday-Friday: 9:00am-1:00pm / 3:00pm-5:00pm Phone: + 21  
33 859 41 32

3. Environmental and social documentation for the Dakar Diamniadio Toll Road can also be found at the IFC website: <http://www.ifc.org/ifcext/spiwebsite1.nsf/ProjectDisplay/ESRS29008>

The following listed documentation is available electronically as PDF attachments to this ESRS at [www.miga.org](http://www.miga.org). They are also available for viewing at the IFC's website and the InfoShop:

Cadre de Politique De Réinstallation (Projet Autoroute à Péage Dakar-Diamndiadio, fermeture de la Décharge de Mbeubeuss) (*Resettlement Policy Framework: Dakar-Diamndiadio Toll Road and the closing of the Mbeubeuss landfill*), APIX s.a., Septembre 2008

Cadre de Gestion Environnemental et Sociale de la Zone de Restructuration Urbaine de Pikine (*Environmental and Social Management Framework for the Pikine Neighbourhood*), Buursink International Consultants in Environmental Management, Mars 2006