

NI-L1002 - Enitel Investment Program Nicaragua

ENVIRONMENTAL AND SOCIAL STRATEGY⁽¹⁾

I. Overview

- 1.1 In Nicaragua, telecommunications projects, that do not imply the construction of tower to install antennas, are not required to submit any kind of environmental reports (*i.e.* Environmental Impact Assessment or Environmental Analysis) to the Ministry of the Environment and Natural Resources (“MARENA”), nor obtain any environmental license from MARENA. The works associated with the addition of 110,000 telephone lines in Managua and some rural areas will not be conducted within historic, archeological or any other protected areas. Before any civil works or the installation of equipment, the Company must obtain construction and/or installation permits from the Municipalities.
- 1.2 The environmental, social and health and safety impacts associated with the implementation of the Investment Program should be minimal, where only the expansion on the number of fixed-lines will require minor construction works to deploy the fiber optic and telephone cables. Approximately two-thirds of the required 685 kilometers for the expansion program will be either installed in existing poles or in existing underground pipes and will minimize civil works. The deployment of new cables will be conducted mainly within urban areas and as such will cause temporary nuisances to the community neighboring the limited civil works. Nuisances include excessive dust, noise and traffic disruption or reduced access to local residents along the excavation of new ditches. Environmental impacts during construction will be minimal and associated with generation of dust and debris from the earthworks. Health and safety potential risks of the overall expansion project are related to falls and electric hazards from deploying cables at electric poles and near energized systems as well as minor accidents associated with trenching and excavating.
- 1.3 During operation, the principal potential impacts will be related to health and safety issues associated with maintenance activities. Occasionally, maintenance activities will generate a minimum amount of waste. However, some of the Company’s existing facilities in the areas involved may present environmental liabilities that need to be assessed (*e.g.* fire risks in Company office buildings and warehouses, inappropriate storage of flammable materials, etc.).
- 1.4 Reportedly, the Project is very welcome by the community given the backlog for new telephone lines in the country, and as such, very few complaints have been received by the Company in the areas where deployment of the cables has been conducted. Information on the Project is released to the community via the Company’s extensive social communication program.

¹ This Environmental and Social Strategy (ESS) is being made available to the public in accordance with the Bank's Policy on Disclosure of Information. The ESS has been prepared based primarily upon information provided by the project sponsors and does not represent either the Bank’s approval of the project or verification of the ESS’s completeness or accuracy. The Bank, as part of its due diligence on the feasibility of the project, will assess the environmental and social aspects. This assessment will be presented in the project Environmental and Social Management Report, prepared by the Bank, and will be made available to public prior to consideration of the project by the Bank’s Board of Executive Directors.

II. Environmental and Social Strategy

- 2.1 The Project team, with the assistance of an independent environmental and social consulting firm will perform an environmental and social due-diligence in order to confirm that all Project impacts have been and will be properly and adequately mitigated. The environmental and social due-diligence will specifically assess the following aspects:
- (a) An assessment of Project compliance status with national, provincial, municipal and local environmental, social, and health and safety regulatory requirements (*e.g.*, laws, regulations, standards, permits and authorizations in Nicaragua, Project-specific legal requirements (*e.g.*, concession contract, etc.), and any applicable Bank environmental and social policy or guideline.
 - (b) An evaluation of the proposed Project to confirm that the Project's direct and indirect environmental and social impacts have been properly identified and evaluated, including:
 - (i) overall existing operations in terms of environmental, social and health and safety aspects;
 - (ii) confirmation that no works will be conducted at historic, archeological or other protected areas and
 - (iii) labor aspects.
 - (c) An evaluation of the existing health and safety procedures and environmental and social requirement of the Project Company and requirements to the subcontractors to ensure its adequacy in terms of their completeness, sufficiency of detail, implementability, cost, definition of responsibility, schedule, and quality control.
 - (d) An evaluation of environmental, social and health and safety terms and conditions in relevant project legal documents (*e.g.*, concession contract, construction contract, operations and maintenance contract, etc.), in terms of sufficiency, potential risks or liabilities
 - (e) Assist the Project Company in the development of the necessary environmental plans (*i.e.* Environmental Management Plan, Health and Safety Plan and Contingency Plan) to control, mitigate and monitor the environmental, social, health and safety, and labor aspects based upon the assessment of the environmental and social impacts and risks of the proposed Project.
 - (f) Review the Sponsor's public communication strategy to ensure ongoing interchange of information throughout Project preparation, construction and operation so that the affected neighbors have easy access to the Sponsor's to air concerns and resolve arising problems.
 - (g) An evaluation of further development of the Project (telecommunication activities, additional expansion, etc) to ensure proper implementation of environmental, social, and health and safety actions and requirements during construction and operation.
- 2.2 The Bank, as part of the due diligence process, will analyze the environmental and social aspects of the investment plan, as well as of the Company, and prepare an Environmental and Social Management Report (ESMR) containing a background information about the project and a Plan to avoid, mitigate, compensate and monitor the key negative social/environmental impacts of the project.