



## EXECUTIVE SUMMARY

This report describes the Social Impact Assessment of the Clean Fuels Project (CFP) at the Mina Al-Ahmadi (MAA) and Mina Abdullah (MAB) refineries undertaken on behalf of Kuwait National Petroleum Company (KNPC). This report describes the methodology, activities, findings, and recommendations to manage social impact and risk related to the CFP in line with IFC Performance Standards (2012) and Equator Principles (III).

Monkey Forest Consulting was contracted by KNPC to prepare a Social Baseline Study and Social Impact Assessment. The methodology included data collection, setting the areas of influence, scoping potential impacts and risks, assessing impacts and risks related to Project activities, and setting recommendations. Data collection included document review and key informant interviews with Project personnel and stakeholders during two site visits.

In general, the assessment found that social impacts and risks related to the CFP are few and minor in nature with the exception of risk in the chalet area. The Project is located within the existing MAA and MAB sites and workers accommodations are located in areas with pre-existing high concentrations of migrant workers, both factors contributing to a high degree of integration with the surrounding area. KNPC, the Project and the Government work together on Project-related issues contributing to the current stability of the relationship between the Project and surrounding areas. This stability can be enhanced through the mitigation of social impacts and risks identified in this assessment and through engagement with relevant third parties and community stakeholders to confirm the absence of social impacts and risks. Nevertheless, there are several impacts and risks related to the CFP that require mitigating activities for the Project to conform to lenders' standards:

### ***The Shalayhat Mina Abdullah***

The northern-most section of the chalet area is adjacent to the CFP MAB and may be at risk if an incident were to occur at the CFP. A finalized QRA based on up-to-date CFP design and incorporating additional safety features is being developed and is expected in August 2017. Among the chalets in the northern-most section, the assessment identified one owner / permanent resident and most chalets have staff residing on the premises. In the absence of the finalized QRA, the safety risk in the Chalet area cannot be determined. In the event that the finalized QRA recommends clearing sections of the chalet area that could be at risk, any permanent residents including chalet staff living in the area shall be relocated in line with IFC PS5 including livelihood restoration for staff. Other impacts should be handled in line with IFC PS1. The finalized QRA is not available at the time of writing so all recommended mitigations included in this report are developed as scenario actions to be implemented depending on final QRA results and future Government action / non-action. The Government is the formal owner of the land which is leased to chalet owners and KNPC does not have the authority to unilaterally relocate permanent residents from the chalet area. KNPC has requested the Government to do so on several occasions; however the Government has not announced its long term intentions for the area. In the absence of Government action to relocate the area, KNPC will hold a consultation with people in the area to review the finalized QRA results<sup>1</sup> and to discuss mitigation measures including the possibility of voluntary negotiated relocation. Residual risk can be determined based on future decisions that may be taken by the Government or the results of consultation with people in the chalet and subsequent implementation of agreed mitigations.

### ***Traffic related impacts and risks***

In general, Kuwait's pre-existing traffic congestion issues are not overly exacerbated by the Project and efforts have been made to reduce the Project's contribution to congestion at the entry to the Project sites in collaboration with local authorities. Traffic-related impacts including contributions to pollution, road degradation, and congestion are all assessed as minor and simple mitigations are recommended. The traffic-related risk of a traffic incident involving community members is assessed as medium and is also simply mitigated through enhancing existing control mechanisms and

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<sup>1</sup> Engagement based on preliminary results is not recommended to avoid raising unnecessary alarm among chalet owners and staff. If the finalized QRA is not available 6 months prior to commissioning, engagement should proceed based on preliminary QRA results.



building awareness of the risk among drivers and community members. After implementation of recommended mitigations, residual impact and risk is expected to be low.

#### ***Accommodation related impacts***

As discussed in the worker welfare assessment, accommodations are generally well managed with some mitigating actions being recommended. By design, that assessment did not cover potential impacts to social receptors so this assessment studied the impact on public services related to the volume and concentration of workers. The impact on public services is assessed as minor and increased monitoring both through accommodation inspection systems and engagement with local authorities and communities is recommended to confirm that an impact does not emerge as the Project moves through peak workforce. Residual impact is expected to be negligible after implementation of recommended mitigations and confirmation of the capacity of public services to handle peak workforce demands.

#### ***Worker behavior related impacts and risks***

The incoming workforce is expected to reach 58000 workers, almost entirely male and accommodations will be concentrated in several districts. However, the demographic structure of those districts is already skewed to migrant workers. Given the background conditions and the high consequences of misbehavior for workers, the demographic impact, community health impact, and risk of clashes between workforce and community are assessed as negligible. With regard to gender, given the different levels of vulnerability of Kuwaiti and non-Kuwaiti women, the impact of the male workforce is assessed as minor for Kuwaiti and medium for non-Kuwaiti women, and the impact on the spread of sexually transmitted infections, unwanted pregnancy, and human trafficking of sex workers is assessed as medium. It is recognized that the Project has limited ability to take direct action on these issues so recommended mitigations focus on raising awareness among the workforce and enhanced collaboration with third parties such as embassies who have active programs to address STI and sex worker issues. Residual impact is expected to be minor for these issues and negligible for all other issues related to worker behavior in the community.

#### ***Socio-environmental impacts of construction activity***

The impacts of dust and noise related to construction activity were assessed as minor and negligible, respectively. Kuwait has a pre-existing dust issue and the Project is making efforts to reduce its contribution to PM10 dust in the area. The recommended mitigation is to continue working with local authorities on dust monitoring and to develop any further mitigation if necessary. The residual impact is expected to be minor as dust cannot be reduced entirely in the area.

#### ***Other impacts and risks related to construction and operations phases***

Based on the scoping exercise, the assessment reviewed impacts and risks that were pre-screened as having a low likelihood of being significant and confirmed that finding.

Overall, the assessment found the CFP to be well managed and open to discussing social risks and impacts. Implementation of the mitigations found in the social impact assessment will contribute to KNPC's mission to apply *integration and excellence as a path to globality*.