

Environmental and Social Review Summary (ESRS) PTI - Ecuador

Original language of the document: English
Revision's cut-off date: June 10, 2020

1. General Information of the Project and Overview of Scope of IDB Invest's Review

This review focused on the PTI's proposed activities in Ecuador. IDB Invest Environmental and Social (E&S) officers held conference calls and exchanged documentation with representatives from PTI to assess current E&S performance, to identify gaps, and to develop the E&S Action Plan found at the end of this summary.

The proceeds of the proposed loan will primarily be put towards the acquisition of approximately 1,367 communication tower sites that are already operating. Civil works will be limited to the construction of approximately 100 new communication tower sites. The construction and the maintenance of all of PTI's infrastructure is done by third party contractors. Thus, IDB Invest's review focused heavily on PTI's contractor management system.

2. Environmental and Social Categorization and Rationale

This operation has been classified as a Category B (Medium-Risk) operation according to IDB Invest's Environmental and Social Sustainability Policy. The operation will likely generate, among others, the following risks and impacts: (i) worker health and safety risks during work with cranes, work at heights, and work with electrical infrastructure; (ii) risks of pollution from PTI's tenants' activities related to storage of generator fuel at tower sites and disposal of used batteries; (iii) community-related risks related to perceived impacts from electromagnetic fields or perceive impacts on landscape aesthetics; (iv) risks related to the potential presence of armed security guards; and (v) risks to birds which may strike towers or support wires. These impacts are deemed to be of low to moderate intensity.

The Performance Standards (PS) triggered by the operation are:

PS1: Assessment and Management of Environmental and Social Risks and Impacts
PS2: Labor and Working Conditions
PS3: Resource Efficiency and Pollution Prevention
PS4: Community Health, Safety, and Security
PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
PS8: Cultural Heritage

3. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

3.1 Assessment and Management of Environmental and Social Risks

3.1.a. Environmental and Social Assessment and Management System

As a condition of receiving financing from IDB Invest for a recent operation in Bolivia, PTI developed and implemented a robust environmental and social management system (ESMS) and an accompanying ESMS Manual. That ESMS was developed taking into account the specific context of Bolivia but was designed to be easily adaptable to other PTI operations throughout Latin America and the Caribbean. PTI will now adapt that system to serve the activities financed under this operation. The following sections describe the components of PTI's Bolivian ESMS that will be transferred entirely to the Ecuadorian ESMS.

3.1.b. Policy

PTI's ESMS rests on the following policies: an Environmental, Social, Health and Safety Policy; a Human Resources Policy; and a Security Policy. PTI communicates these policies to all employees of the company and its subcontractors during routine induction processes.

3.1.c. Identification of Risks and Impacts

For each site PTI considers developing or purchasing, the company carries out a "due diligence" process according to the company's Due Diligence Process Manual. The process includes an E&S Screening for each site, through which PTI flags any significant E&S risks. PTI's Environmental, Social, Health and Safety (ESHS) Specialist conducts this screening, referencing an E&S Compliance Checklist and E&S Screening Tool. At this stage the ESHS Specialist identifies any overlap with Indigenous Peoples lands or areas with high biodiversity value (e.g., wetlands, protected areas, or habitats of significant importance to endangered or endemic species). Concurrently, PTI's in-country legal team identifies any required E&S related permits. Depending on the location and type of infrastructure to be built, some permits require the development of an Environmental and Social Impact Assessment (ESIA). In these cases, the ESIA's include a formal risk and impact analysis. PTI is currently in the process of screening the portfolio of towers being acquired under this operation, checking for valid permits, and programming the activities necessary to comply with any requirements these permits may contain.

PTI incorporates the information gathered (e.g., red flags or specific E&S requirements) during the E&S Screening into its tender documents for engineering and construction contractors. Once contracted, the contractors' ESHS specialists work together with PTI's ESHS Specialist to further identify site-specific risks (e.g., occupational health and safety risks during construction).

3.1.d. Management Programs

PTI's ESMS includes the outlines for three management plans that the ESHS Specialist develops for each PTI tower site: (i) an Avian Protection Plan; (ii) a Hazardous Waste and Materials Management Plan (for new construction) ; (iii) and a Monitoring Plan. PTI will develop these plans for each site in

its Ecuador portfolio. In addition, for each contract PTI's contractors must prepare a Contractor ESHS Plan. This plan must align in general with PTI's ESMS, and specifically with the E&S requirements in the contract's tender documents (e.g., the Request for Proposals). During construction, PTI's ESHS Specialist monitors the contractor's activities to ensure the contractor is complying with its ESHS Plan.

3.1.e. Organizational Capacity and Competency

At the corporate level, the Senior Vice President of Operations is in charge of ESHS management. The Operations Department is responsible for implementing PTI's ESMS and designates an ESHS Specialist in each country to develop and implement the ESMS for that country. With operations in Ecuador now commencing, PTI will designate a local staff member to be the ESHS Specialist there.

3.1.f. Emergency Preparedness and Response

Each tower site in PTI's portfolio has an Emergency Preparedness and Response Plan (EPRP) for construction and operations. The EPRPs guide PTI's and contractors' responses to the potential accidents and emergencies identified during the risk assessment process. PTI provides construction contractors with an EPRP Guideline, based on which the contractors, in collaboration with PTI's ESHS Specialist, develop and implement an EPRP covering all major emergency scenarios. Contractors must conduct practice drills and report the results to PTI's ESHS Specialist. PTI will develop an EPRP for each site in its Ecuador portfolio.

3.1.g. Monitoring and Review

PTI carries out audits and inspections to evaluate and track its E&S performance against Key Performance Indicators. PTI corporate management reviews this performance and the overall effectiveness of the ESMS on an annual basis and, as needed, takes steps to ensure continuous improvement.

3.1.h. Stakeholder Engagement

The Stakeholder Engagement and Public Participation process is an integral part of PTI's ESMS. The process covers all PTI activities, including those carried out on PTI's behalf by contractors and subcontractors. Once PTI decides that a proposed site is viable, the ESHS Specialist identifies affected stakeholders within the area of influence (as defined in the ESIA when these are required) and develops a stakeholder matrix. Subsequently, PTI's ESHS Specialist, the relevant contractor, or both parties together hold a community meeting where they present pertinent EHS information about the project. During the meeting, PTI and the contractor take note of and respond to the public's questions and concerns, and document attendance and topics covered using a Minutes of Meeting Form.

3.1.i. External Communication and Grievance Mechanisms

PTI accepts external communications via email, telephone, or through the company website. The company places posters and signs on each of its sites identifying PTI as owners of the site and providing the email address and phone number for asking questions or voicing concerns. Electronic communications are checked daily and registered in an External Communications Database. All communications are resolved promptly, and complainants are not prevented from accessing other administrative or judicial resources. For new tower construction, PTI requires that contractors develop and implement an external grievance mechanism with the same characteristics as PTI's, and that they periodically provide PTI with copies of their external communications database.

3.2 Labor and Working Conditions

3.2.a. Working Conditions and Management of Worker Relationships

PTI's current workforce consists of 282 company staff and 13 contractors. Nearly half (48 percent) of the company staff are women. In Ecuador the workforce will consist of 10 employees. The company has a corporate-level Employee Handbook, which it adapts to each country in which it operates. The handbook covers the following policies and procedures, among others: (i) equal-opportunity employment; (ii) accommodation of individuals with disabilities; (iii) workplace harassment; (iv) conflict resolution; and (v) worker safety and security.

3.2.b. Protecting the Workforce

PTI requires its suppliers and contractors to prohibit and prevent the use of child or forced labor.

3.2.c. Occupational Health and Safety

All contractor personnel receive at least two induction trainings. The first is a general training covering PTI's ESHS policies, applicable ESMS documents (e.g., plans and operating procedures), and the Contractor ESHS Plan. The second is a site-specific training given before entering a site for the first time. This latter training covers such topics as emergency procedures, permit to work procedures, impact and risk controls, and incident reporting procedures. All contractor personnel must read and sign PTI's Contractor Health, Safety and Security (HSS) Site Rules.

3.2.d. Supply Chain

As part of its prequalification process for selecting contractors, PTI examines prospective contractors' criteria for managing their own subcontractors. Specifically, PTI assesses whether contracts with subcontractors include provisions to ensure the following: compliance with the contractor's ESHS policies; prohibition of the use of child and forced labor; and robust monitoring and auditing practices.

3.3 Resource Efficiency and Pollution Prevention

Telecommunication operations do not typically require the use of significant amounts of hazardous materials, and this operation is no different. Tower sites may, however, be equipped with backup power systems consisting of a combination of batteries (typically lead-acid batteries) and backup generators fueled with diesel. Furthermore, operations and maintenance activities may result in the generation of electronic wastes (e.g., nickel-cadmium batteries, printed circuit boards from computer and other electronic equipment, and backup power batteries). The operation of backup generators and service vehicles may also result in the generation of used tires, waste oils, and used filters. To mitigate these risks, for each of its sites PTI's ESHS Specialist develops a Hazardous Waste and Materials Management Plan (HWMMP) for Operations following a procedure in the company's ESMS. PTI's ESHS Specialist in Ecuador will apply this procedure and develop HWMMPs for all sites built or acquired in the country.

3.4 Community Health, Safety and Security

3.4.a. Community Health and Safety

All telecommunication towers and associated structures must be designed and built in accordance with international telecommunication standards and local building codes. This includes the incorporation of local jurisdictional requirements with respect to wind and seismic loads to ensure that the structures are built in a safe manner and in compliance with local laws. All new tower designs are to be certified by a professional engineer as meeting the standards and local building requirements. PTI verifies this certification at the time of purchasing the tower steel for new construction and also solicits third party reviews as required. On existing sites being purchased, PTI performs structural analysis of the existing towers during the due diligence phase to verify compliance. During ongoing operations, when antenna equipment is modified or added to a tower, the structural capacity is verified by a professional engineer to ensure that the tower remains in compliance with the building code requirements.

3.4.b. Security Personnel

Some of the tenants renting space on PTI's towers hire armed security guards to protect their equipment. PTI's ESMS contains a policy to guide such use of armed security personnel, whether it be by the company, the company's tenants, or its contractors. The policy includes the following corporate commitments: (i) PTI ensures that all security personnel (including those hired by PTI's contractors) comply with and receive training in relevant national laws and regulations; (ii) PTI follows good international practice, including the United Nations (UN) Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials, in the hiring, training, equipping, and monitoring of security personnel; (iii) PTI vets security contractors and ensures that background checks are conducted for all security personnel (including those hired by PTI's contractors); (iv) PTI does not sanction the use of force, except when used for preventive and defensive purposes in proportion to the nature and extent of the threat; (v) PTI provides a grievance mechanism for affected communities to express their concerns about the security arrangements and actions taken by security personnel; and (vi) PTI investigates all

allegations of abuse by security personnel and reports unlawful acts to public authorities. PTI will update its ESMS to include specific procedures for putting this policy into practice.

3.5 Land Acquisition and Involuntary Resettlement

Most of the land necessary for PTI to carry out its activities under this investment will be leased or purchased from existing tower owners. In the cases where new towers will be built, land will be leased or purchased exclusively from willing sellers. No involuntary resettlement will take place.

3.6 Biodiversity Conservation and Natural Habitats

PTI will ensure that every tower in its portfolio, built or purchased by the company, has a valid permit from the Ministry of Environment. If any tower purchased by the company lacks any required permit, PTI will proceed to obtain such permit. Sites that are located in protected areas also must have a Certificate of Intersection, from the same ministry, authorizing the construction. PTI will include a procedure in its ESMS to evaluate and mitigate the potential unique risks and impacts of any site it plans to build or acquire within a protected area. The company will apply this procedure to all such sites being acquired under this operation.

Transmission towers can pose a potentially fatal risk to birds, primarily through collisions. This risk can be significantly reduced through site screening, tower design, and choices regarding tower lighting. PTI is aware of this risk and has incorporated procedures into its ESMS for following the relevant advice in the IFC's [Environmental, Health and Safety Guidelines for Telecommunications](#). PTI will avoid building new towers in legally protected areas or critical habitats for birds. Examples of such critical habitats include wetlands, communal nesting or roosting sites, other sites where large numbers of birds congregate, and Important Bird Areas as defined by Birdlife International. Towers already in PTI's portfolio that fall within such areas will be assessed for their potential to impact birds on a case-by-case basis, and PTI will implement appropriate mitigation measures (e.g., bird-friendly lighting, visual bird diverters, or changes in tower design) where necessary.

3.7 Indigenous Peoples

PTI's ESMS specifies that the company will screen for the presence of Indigenous Peoples within each site's area of influence and that during site acquisition, construction, and operations the company will consult with any indigenous communities that might be affected. It further specifies that projects that affect Indigenous Peoples will comply with the rights and protections provided in relevant national law. PTI will update its ESMS for Ecuador to include detailed procedures for complying with PS7. These procedures will apply to new construction as well as the acquisition of existing sites. PTI will implement these procedures prior to building any new sites or finalizing the acquisition of any existing sites in Ecuador.

3.8 Cultural Heritage

PTI's ESMS includes a detailed Chance Finds Procedure that all contractors must implement in the event that cultural artifacts are found during earth-moving activities at new project sites.

4. Local Access of Project Documentation

The documentation relating to the project can be accessed at the following link:
<https://phoenixintl.com/>

PROJECT: PTI ECUADOR
5. Environmental and Social Action Plan (ESAP)

No.	Aspect	Action	Deliverable	Delivery date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and social assessment	<ol style="list-style-type: none"> Develop an ESMS for PTI's operations in Ecuador based on the company's existing ESMS for Bolivia. Implement ESMS in Ecuador. 	<ol style="list-style-type: none"> ESMS for Ecuador. Report on implementation performance 	<ol style="list-style-type: none"> Prior to First Disbursement Included in each annual Environmental and Social Compliance Report delivered to Senior Lenders
1.2	Management programs	For each tower site in PTI's Ecuador portfolio, develop the following three plans called for in the ESMS: (i) an Avian Protection Plan; (ii) a Hazardous Waste and Materials Management Plan; and (iii) an Environmental and Social Monitoring Plan.	Management plans for each site.	Within 6 months of Financial Close
1.3	Organizational capacity	Designate a local, qualified PTI staff member to have as their primary responsibility the implementation and oversight of the ESMS.	CV, contract and Terms of Reference of designated staff member.	Prior to First Disbursement
1.4	Emergency preparedness and response	For each tower site in PTI's Ecuador portfolio, develop an Emergency Preparedness and Response Plan aligned with PS1.	Emergency Preparedness and Response Plan for each site.	Within 6 months of Financial Close
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Pollution prevention	Include procedures in the ESMS for Ecuador for ensuring that equipment operated by either PTI or its tenants complies with the Noise Level Guidelines in IFC's Environmental, Health and Safety Guidelines (April 30, 2007). ¹	Procedures included in the ESMS for Ecuador.	Prior to First Disbursement
3.2	Pollution prevention	Include procedures in the ESMS for Ecuador for ensuring the following: (i) that all containers, owned by PTI or its tenants that hold fuel, oil or other hazardous substances at PTI's sites are equipped with secondary containment (e.g., external containment structures or double-walls); (ii) that each site at which hazardous materials are stored is equipped with a spill kit accessible to all users of the site; and (iii) that all PTI staff, tenants or third parties who handle fuel or other hazardous substances at PTI's sites are trained in the use of the spill kits and in PTI's other emergency response procedures related to hazardous waste management.	Procedures included in the ESMS for Ecuador.	Prior to First Disbursement
PS 4: Community Health, Safety, and Security				
4.1	Security personnel	Include in the ESMS for Ecuador procedures for complying with the requirements related to Security Personnel in PS4.	Procedures included in the ESMS for Ecuador.	Prior to First Disbursement
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources				
6.1	Protected areas	<ol style="list-style-type: none"> Include a procedure in the ESMS for Ecuador for evaluating and mitigating the potential unique risks and impacts of any site that PTI plans to build or acquire within a protected area. Apply this procedure to all such sites acquired as part of this operation. 	<ol style="list-style-type: none"> Procedure included in the ESMS for Ecuador. Documentation to demonstrate that all sites in protected areas have been evaluated, and plans have been developed to mitigate any identified risks and impacts. 	<ol style="list-style-type: none"> Prior to First Disbursement Within 6 months of Financial Close

¹ <https://www.ifc.org/wps/wcm/connect/4a4db1c5-ee97-43ba-99dd-8b120b22ea32/1-7%2BNoise.pdf?MOD=AJPERES&CVID=ls4XYBw>

No.	Aspect	Action	Deliverable	Delivery date
PS 7 Indigenous Peoples				
7.1	Avoidance of adverse impacts	Screen all tower sites already acquired or pending acquisition for proximity to lands owned or occupied by Indigenous Peoples.	Detailed description of the screening procedure and summary of results.	Within 6 months of Financial Close
7.2	General	Include procedures in the ESMS for Ecuador for complying with the requirements of PS7—including those related to participation and consent, critical cultural heritage, impact mitigation, and development benefits—during selection, acquisition, construction and operation of any tower sites in or near lands owned or occupied by Indigenous Peoples.	Procedures included in the ESMS for Ecuador.	Prior to First Disbursement