



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)
Dominican Republic	LATIN AMERICA AND CARIBBEAN	P180512	
Project Name	Dominican Republic Distribution Efficiency Improvement and Utility Strengthening Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	6/22/2023	10/4/2023
Borrower(s)	Implementing Agency(ies)		
	Consejo Unificado de las Empresas Distribuidoras		

Proposed Development Objective

The project development objective is to improve the governance, operational efficiency, and environmental sustainability of the electricity distribution companies in the Dominican Republic

Financing (in USD Million)	Amount
Total Project Cost	225.00

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 Dominican Republic (DR) has experienced sustained economic growth and notable poverty reduction records. Poverty impacts from the COVID-19 crisis were deftly managed thanks to robust fiscal and monetary policy responses, although persisting inflation presents risks for the vulnerable population. Meanwhile, the DR is highly vulnerable to climate change, with exposure to multiple natural hazards. The GoDR has committed to reducing GHG emissions by 27 percent by 2030 in its 2020 National Determined Contributions (NDC). The National Development Strategy (NDS) 2030 outlined specific actions that the GoDR would undertake to mitigate the impacts of climate change on the



Dominican society and economy. The GoDR further issued the National Energy Plan (NEP) 2022-2036 to expand the electricity supply in an environmentally and financially sustainable manner, to promote rational use of energy, and to guide the climate-informed investments in the sector.

The electricity sector has been a critical engine for sustained economic growth in the DR, but important challenges remain despite the many reforms the sector has undergone. The most important challenges include: (i) weak governance framework, (ii) high levels of losses due to theft and insufficient metering infrastructure, (iii) high cost of electricity generation and high vulnerability to external shocks (natural disasters and commodity prices), and (iv) persisting poor financial sustainability of the sector.

The Electricity Pact (Pacto Eléctrico) signed in February 2021 aims to address these fundamental challenges. The Electricity Pact was developed as a comprehensive reform program with a clear roadmap to address the systemic weaknesses and binding constraints in the sector by the end of 2026. It was developed through an inclusive and encompassing stakeholder engagement process, which provided an innovative approach to building broad-based consensus for implementing complex and socially sensitive reforms.

The Unified Council for the Distribution Companies (Consejo Unificado de las Empresas Distribuidoras, CUED) has been given, through a Presidential decree, the mandate to improve governance and address the poor financial situation in the distribution companies. CUED issued the national Integrated Loss Reduction Plan for the EDEs for the period 2022-2028. The Plan identified a financing need of approximately US\$700 million to improve the commercial management of the EDEs and address the high technical and non-technical losses. For the implementation of the Plan, the GoDR has requested a loan from the International Bank for Reconstruction and Development (IBRD) in the amount of US\$225 million to support improvements in governance and operational efficiency of the three EDEs and implementation of loss reduction measures, including the establishment of new smart metering infrastructure and related investments in all three distribution companies, which provides the basis for the proposed Project.

The proposed Project is fully aligned with the objectives of the World Bank Group's Country Partnership Framework (CPF) for the Dominican Republic FY22-26. The Project objectives, which focuses on increasing efficiency, financial self-sufficiency, and environmental sustainability of the energy sector in the DR, support two of the CPF objectives under the first High Level Outcome: 'Improved access to quality public service delivery'. It contributes to Objective 1.1: Improved fiscal space and public spending efficiency by supporting measures that will improve the electricity sector's financial viability, whilst the poor sector performance has required a significant fiscal support crowding out spaces for other social spending; and to Objective 1.2. Enhanced efficiency in electricity by improving the performance of the energy distribution companies, with the goal to achieve greater efficiency and reliability of the electricity sector.

The Project will be implemented through the following components.

Component 1: Improving governance of the distribution companies. This component supports the implementation of several reforms outlined in the CUED resolution aimed to enhance the governance of the distribution companies for better performance and results. It will inform the implementation of key governance improvement measures, including: (i) the transparent and competitive process and requirements for appointment of top management positions in the EDEs; (ii) the restructuring of the EDEs by introducing a matrix structure to enhance efficiency and transparency; (iii) the introduction of technologies and processes to ensure effective monitoring and follow-up on the



progress toward predefined Key Performance Indicator (KPI) targets, including distribution losses, initially for the years 2024 and 2025, to be renewed on a rolling basis; (iv) gradual introduction of a performance-based approach in the outsourcing of specific commercial activities of the EDEs; and (v) improved transparency measures including periodical publication of key performance indicators (KPIs) and commitment to produce annual audited financial statements for each of the EDEs.

Component 2: Support to the implementation of the Integrated Loss Reduction Plan. This component supports smart meter and line installation works in selected distribution circuits and improvement of commercial management activities of all three the distribution companies, thereby reducing technical and non-technical losses, while the social management activities will support training to users on efficient and rational use of electricity, thereby lowering consumption. In addition, installation of modern smart meters will lead to better efficiency in managing and reporting on interruptions in electricity supply, making the services more resilient to disruptions to business continuity in cases of extreme weather events, including heat waves.

Component 3: Capacity building, administration, monitoring, and evaluation. This component will finance the costs related to the administration of the project as well as providing the necessary technical assistance to the EDEs, CUED, MEM and SIE in order to facilitate successful implementation, such as: (i) capacity building and contracting of consulting services to support the relevant sector entities on a just-in-time basis; (ii) performance financial audits of all program components; (iii) technical supervision of the interventions; (iv) evaluation of the performance of the program's technical and commercial indicators; and (v) acquisition of equipment to support supervision of program execution, training, and operating expenses.

D. Environmental and Social Overview

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

The activities related to the renewal of obsolete meters and installation of meters for new clients and distribution network rehabilitation and standardization of supplies, will be carried out at national level in urban and semi-urban areas often several of which are located in more remote communities. The meters will be installed outside of the dwelling of users with direct connections. Before intervening, the EDEs carefully engage with these communities through a social management strategy proven to be effective. After this engagement and series of consultations with all affected parties, local "Pactos" are signed with community leaders, indicating on the one hand the EDEs commitment to improve the quality of services to be provided and on the other hand the commitment from users to pay for the services.

The DR is highly vulnerable to extreme natural events and other impacts of climate change. The country is highly exposed to natural hazards. Potential losses from natural disasters can damage private and public infrastructure, including housing and disrupt businesses and the provision of basic services. Vulnerability is exacerbated by climate change, rapid and unplanned urbanization, and natural resource degradation. Over the past years, the country has expressed a strong commitment to improving its environmental pledge toward the sustainable development pathway. Improvements and reforms throughout different sectors have been made. In December 2020, the Government issued updated NDC goals, which resulted in an increase in its climate ambition by committing to reducing GHG emissions by 27 percent, compared with business-as-usual by 2030. Among other milestones, the



country signed in February 2021 the Electricity Pact (Pacto Eléctrico), which lays out a detailed roadmap for reforms, including commitments to improve service quality, improve efficiency and sustainability.

Citizen Engagement and Social Accountability in the Dominican Republic are well protected by its Constitution and the 176-07 Law. However, migrants' rights and participation are not as well protected. Estimating the total population of immigrants in the country is difficult given the large number of undocumented migrants that reside in the country, but approximately around 5.6 per cent of the country's population is made up of foreign immigrants. Although people of Haitian origin continue to be the most represented migrant population, there has been a significant increase in the number of Venezuelans in the country in recent years. The DR receives people in increasingly vulnerable conditions (refugees, asylum seekers, stateless people of Haitian origin or descent, forcibly displaced persons, and unaccompanied migrant children), as well as people who, due to their degree of social and economic vulnerability, cannot apply for a visa, residence permit, or even some of the humanitarian statutes, harming their regularization. Sexual and gender-identity minorities are estimated to be overrepresented among the poor and migrant populations, according to the 2020 LGBTQI National Survey.

The 176-07 Law adopted in 2007 promotes citizens' participation in overseeing municipalities' activities through their right to submit grievances, organize themselves, and participate in consultations, referendums, and participatory budget initiatives. During the past years, successive governments undertook a wide consultation process involving diverse stakeholders to build consensus on comprehensive reforms in the electricity sector. The process culminated in February 2021 with the signing of the Electricity Pact by representatives of several political parties, consumer groups, local and national government leaders, and business organizations. Since its signing in February 2021, the Electricity Pact has provided the framework for cascading policies and implementing regulations.

D. 2. Borrower's Institutional Capacity

The Bank has a long-standing engagement in the electricity sector in the country. Past experiences include the Electricity Distribution Rehabilitation Project (PO89866), which closed in September 2013, and most recently the Distribution grid modernization and loss reduction Project (P147277), which closed in November 2022. These projects were implemented by the EDEs under the coordination of the Dominican Corporation of State Electrical Utilities (CDEEE), which has now been dissolved and the responsibilities for the management of the EDEs were transferred to the CUED. The Borrower has prior experience implementing Bank-financed projects in compliance with the Bank's IPF environmental and social safeguards policies. However, this will be its first energy project to be implemented under the Environmental and Social Framework (ESF).

The Project will be implemented by the Unified Council for the Distribution Companies (CUED for its acronym in Spanish) in close collaboration with the three distribution companies of the country: i) EDENorte, ii) EDESUR, and iii) EDEEste. A project implementation unit (PIU) with a full time dedicated Environmental specialist and Social specialist will be established at the CUED, as well as PIUs at each of the three EDEs dedicated full time to project related E&S risk management activities. At the level of the EDEs, each one of the PIUs will include at least one environmental specialist with three environmental technicians, one social specialist with 5 social agents, one communications specialist and one Data Analyst with three data registers, dedicated full-time to the project's E&S risk management, implementation of E&S instruments, monitoring, and reporting. The confirmation of the PIUs E&S staff is based on the experience with the recently closed "Distribution grid modernization and loss reduction Project" (P147277).

During project preparation, the Bank will further assess the capacity and institutional arrangements of the CUED and the EDEs for implementation, supervision, and reporting on E&S risk management and implementation of E&S instruments. The Bank will provide guidance and support to the four PIUs for the development of the necessary E&S



instruments needed, as well as during implementation, to ensure that the project is consistent with the ESF. Specific commitments to be included in the ESCP include E&S staff to be hired and/or designated to the PIUs at the CUED and the EDEs, further training in the ESF, E&S risk management and instruments, and additional capacity building during implementation. Those activities will be detailed in the draft ESCP to be prepared by the Borrower prior to Appraisal.

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

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The environmental risk rating for Phase 1 of the MPA is considered moderate at this stage. The Project will support the implementation of energy efficiency measures and improve the governance and capacity of the electricity distribution companies in the DR. Project activities under Components 1.2 and 3 include the rehabilitation of low and medium voltage (LV/MV) distribution networks, and installation of metering systems, while component 4 will support the strengthening of the ESHS capacities of the PIUs (within the CUED and the EDEs) to manage the Project. Anticipated key concerns for potential environmental risks and impacts are mostly related to the rehabilitation of the distribution networks and the installation of metering systems; however, these are expected to be site-specific, short-term, and effectively mitigated, subject to the establishment of proper E&S measures. Key environmental risks and impacts include (i) generation of electrical waste (transformers, cables, meters, street lights, poles); (ii) nuisance related to vibration and noise; (iii) temporary disruptions to local traffic; (iv) health and safety risks to the project workforce and local communities. ESS1 below includes detailed information on the proposed E&S instruments to further identify, manage and mitigate these risks and impacts. The exact location of the proposed civil works will be determined during implementation, and the risk rating may be modified proportionately if deemed necessary. The Project will also result in environmental benefits from activities aiming to strengthen the ESHS risk management capacity of the EDEs, which will positively contribute to the country's actions toward achieving environmental sustainability in the energy sector of DR. Environmental risks for future phases of the MPA will be assessed as part of the preparation of each of the subsequent phases. Their risk rating may differ from the one of this first Phase.

Social Risk Rating

Moderate

The social risk rating for Phase 1 of the MPA is considered moderate at this stage. The project is expected to have positive impacts on urban and rural residents of the selected areas of intervention due to the rehabilitation of the distribution electrical grid, home connections to beneficiaries, and the reduction of electricity interruptions. Project activities focus on the supply and installation of macrometers, the supply of meters for installation to clients with authorized direct connections, the replacement of obsolete and/or in poor condition meters, and the supply and installation of meters to new clients as a result of growing demand. The key social risks identified include (i) potential opposition to the costs associated with the installation of meters and to the increase of the payment amounts facilitated by such metering; (ii) contextual risks associated with certain groups that questioned the terms of the electrical pact, particularly the changes in cross-subsidies bought by the recently enacted sector laws; (iii) risks associated with the interactions between EDE workers and the inhabitants of the homes whose meters will be installed or replaced, which could potentially include sexual harassment, and risks associated with the transmission of COVID-19 during such interactions. To address these risks, the Borrower has a strong stakeholder engagement strategy focused on building or restoring trust between users and EDEs, which is also expected to promote an



efficient and safe use of electricity, complemented by additional stakeholder engagement measures to be included in the Stakeholder Engagement Plan (SEP), such as a grievance mechanism to be developed in a manner consistent with ESS10. These activities will build on the successful Social Management Strategy developed by the Borrower under the previous project, through which community leaders and citizens will be informed about the objectives of the program in their communities in advance, and will be able to organize themselves to participate actively during its execution. Social pacts will be signed between the EDEs and the communities to establish the commitments that both parties must assume to make the program viable and achieve its objectives. Since these activities are supported by Component 4, the Bank will supervise this process, with indicators in its results framework. Likewise, provisions to reduce the risks associated with workers' interactions and household inhabitants will be included in the codes of conduct to be developed as part of the LMP. The inclusion of (irregular) migrant population and their access to services provided by the EDEs is an issue that will be further explored during the preparation of the E&S risk management instruments. The positive results from the previous project, and the increased and installed E&S capacity at the PIU at CUED and the three EDEs, also contributed to the determination of this risk rating. The social risks of future phases of the MPA will be assessed as part of the preparation of each subsequent phase, and their social risk rating could differ from the one of this first phase.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating

Moderate

The SEA/SH rating is moderate. The main SH risk identified is related to the interactions between EDE workers and the local population. However, these activities are expected to take place outside of the user's homes, and workers will be subject to norms of behavior defined by their employer. To manage these risks, the project will include measures aimed at preventing and mitigating SEA/SH risks, like the development of a SEA/SH action plan as part of the ESMF, training, and codes of conduct for all project workers, with mechanisms in place to effectively monitor and enforce its compliance (which will be described in the project's LMP), along and the implementation of a grievance mechanism (to be detailed in the SEP and the LMP); these will be widely socialized amongst the interested parties, affected communities, and contractors. The Dominican Republic also has a regulatory framework prohibiting SEA/SH.

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:

ESS1 is relevant. The exact location of the works to be financed by the project will only be known during project implementation. Thus, the core project instrument to assess and manage E&S risks and impacts will consist of a project-level Environmental and Social Management Framework (ESMF) for Phase 1 of the MPA. However, given the short time frame for the preparation of this Project, the Borrower will be required to consult the E&S risks and impacts of the project associated with Phase 1 prior to Appraisal. Feedback received on the E&S risks during the consultations planned for March 2023 will be duly documented in the draft SEP. Additionally, the Client will prepare for approval by the Bank prior to Appraisal the ToR for the ESMF. The ESMF will be required to be prepared, consulted, disclosed, and adopted no later than 90 days after the Effective Date.

The ESMF will be in line with the Environmental and Social Standards and the World Bank Group (WBG) Environment, Health, and Safety (EHS) Guidelines, as well as the the specific Guidelines for Electric Power Transmission and



Distribution. The ESMF will identify and evaluate positive and negative, direct, and indirect impacts E&S risks and impacts, and will outline general E&S mitigation and management measures in accordance with the mitigation hierarchy. The ESMF will provide guidance on the development of environmental and social management plans (ESMPs, one per circuit) considering their alignment with ESSs and national requirements, and will include templates for their preparation. Subproject ESMPs will be prepared once subproject activities are defined and locations are known; they will be proportionate to the scope and E&S risk of the potential works to be carried out. ESMPs will be locally consulted and disclosed before launching the corresponding bidding process, and will be included in the bidding documents and subsequent contracts. Based on these ESMPs, the selected contractors will develop and implement their own contractor's ESMPs (C-ESMPs); the E&S specialists of the EDEs and the PIU at CUED will monitor compliance.

The ESMF will include an exclusion list to avoid subprojects that require land acquisition or affect people physically or economically. The ESMF will also include generic E&S procedures that can be quickly and easily adapted and incorporated into site-specific ESMPs and bidding documents, covering, among other aspects, electrical waste management (hazardous and non-hazardous), noise, vibrations, occupational health and safety (including COVID-19 transmission prevention and response), community health and safety, traffic safety, a worker Code of Conduct, and measures to avoid/mitigate potential impacts on natural habitats. Given that the DR is highly vulnerable to natural hazards such as earthquakes, tsunamis, landslides, extreme heat, cyclones, and floods, the ESMF will also include a natural disaster risk assessment to inform and guide the Emergency Preparedness Response Plan, which will be prepared based on existing requirements and emergency management practices of the country and applicable ESF provisions.

At this stage some vulnerable group have been identified (to be strengthened in the draft SEP), these include for instance: people with a mobility disability unable to go fiscally to a center where to pay for services or with visual disability that doesn't allow them to control energy consumption or read bills; informal renters (as they do not have the legal documentation to sign contracts with the EDE), elderly with limited financial resources, and undocumented migrants.

Project activities require community engagement and interactions between project workers (direct or contracted), who for instance will install meters at businesses and users' homes, which may involve some SEA/SH risks. Accordingly, the ESMF will include a GBV Action Plan describing measures to prevent SEA/ SH.

The ESMF will further detail institutional roles and responsibilities, monitoring and reporting requirements, and an estimated budget for environmental and social management, including capacity-building measures. The Environmental and Social Commitment Plan (ESCP) to be prepared for the project will outline all the measures and actions to ensure compliance with the ESF during project implementation.

Areas where "Use of Borrower Framework" is being considered:

None

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant. The Client will prepare and disclose a draft version of the SEP prior to Appraisal. The Client will update, consult, publish, and adopt a final SEP within ninety (90) days after the project Effective date. The SEP will be



updated as needed during the project lifecycle. The draft SEP will include a mapping of relevant stakeholders (these include: CUED, EDEs, Ministry of Labor, Ministry of Environment, contractors, NGOs, community organizations, municipalities, representatives of interests of undocumented persons, including elderly and migrants, people with disabilities (CONADIS, INM, CONAPE), residential, commercial, and industrial beneficiaries), and a stakeholder engagement strategy. It will also include a plan for consultations throughout the project life cycle, including potential project beneficiaries, relevant implementing agencies, government institutions at the central and local levels, and civil society organizations that represent identified vulnerable groups. This strategy considers different channels and mechanisms to ensure an effective disclosure of information, and other actions to promote beneficiary feedback. The draft SEP will also include the documentary evidence of the consultations to be carried out prior to Appraisal; consultations have been planned by the UEP and three EDEs to take place March 28, 29 and 30. At this stage some vulnerable group have been identified (to be further detailed in the draft SEP), these include for instance: people with a mobility disability unable to go fiscally to a center where to pay for services or with visual disability that doesn't allow them to control energy consumption or read bills; informal renters (as they do not have the legal documentation to sign contracts with the EDE), elderly with limited financial resources, and undocumented migrants. The EDEs have developed a social program that addresses the needs of these groups under the previous project (P147277), linking them with social protection programs (SIUBEN, Superate), reaching out to relatives of elderly, allowing informal renters to provide evidence of residence from neighbors. For the new operation a pilot on access to electronic services accessible for people with disabilities will be explored by the UEP and CONADIS during project preparation.

The Client has experience with stakeholder engagement processes, resulting from the solid consensus-building process with representatives of several political parties, consumer groups, local and national government leaders, and business organizations that led to the signing of the Electricity Pact, as well as the implementation of the previous “Distribution Grid Modernization and Loss Reduction Project” (P147277), during which a Social Management Strategy was developed and implemented, leading to a sustained dialogue between citizens and the electricity sector, restoring trust between service users and distribution companies, as well as contributing to the safe and efficient use of the electric power service. To determine the level of satisfaction with energy supply in monitored areas, surveys will be carried out based on the quantity of energy supplied, by type, and by the socio-economic stratification of the area according to the results of the last census of the National Statistics Office (ONE), which will inform the indicators of the Project’s result framework, particularly including those carried out under Component 4. The new project will continue to build on these experiences and the draft SEP will provide guidance, and additional measures, for this permanent stakeholder engagement between the three EDEs, communities, and consumer groups.

The draft SEP will detail specific methods for stakeholder engagement and consultations for vulnerable groups using different methods such as gatherings or meetings with targeted small focus groups. All public gatherings will be designed considering relevant WB and local public health requirements in the context of the COVID-19 pandemic. Additionally, the project design foresees the development of a pro-active communication and stakeholder engagement strategy to sensitize the population on the benefits of targeted improved administrative services, address their concerns, and develop an engagement strategy with the targeted populations and institutions to gauge the level of demand in skills and development needs. This engagement strategy will be in line with ESS10.

The project’s Grievance Redress Mechanism (GRM) will be based on the existing mechanism developed by the Borrower under the previous project (Distribution grid modernization and loss reduction Project (P147277)), and will



be improved and adapted to address ESS10 requirements and address current shortcomings. The previous project's grievance redress mechanism was considered an important tool, especially because it required the involvement of different areas to solve situations that affected the development of the project and consumer satisfaction. That mechanism was widely socialized and accessible to different interested parties, including users and communities, with "incident books" available at local levels, and trained community leaders who were the custodians of these books and played an important role in the registration and resolution of grievances. However, a weakness detected in the Mechanism was the slow response to cases because there was no information management system in place (the team had to use Excel and email). For the new project, the PIU at CUED plans to create a digital tool with automated features and reminders for the management of the grievance mechanism, and rollout its use in the contracts of suppliers and contractors. The draft SEP will describe in more detail how the improved GRM will function. Additional adaptations are needed in the registration process and the forms used, so that grievances can be addressed by the project as described more effectively and in a manner consistent with SEP, and tracked for reporting purposes. The improved GRM will allow for anonymous grievances and an appeal process in the case a complainant is not satisfied with the response received, and will include specific considerations for addressing Gender Based-Violence (GBV) or Sexual Exploitation and Abuse & Sexual Harassment (SEA/SH) complaints, which include measures to ensure confidentiality and the development of a database of service providers for case referrals. The draft SEP will include training activities of personnel at the PIU and the EDEs in charge of the GRM as a measure for them to know how to identify and channel project-related grievances, and how to deal adequately with GBV and SEA/SH-related grievances in accordance with the ESF. The project's GRM will be accessible to all project stakeholders and will be designed to guarantee confidentiality, and accessibility. During project preparation, the need to include access in English and Creole for migrant consumers will be further assessed as well.

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. The Project will involve direct and contracted workers, including field staff and supervisors, experts, and consultants, including trainers and facilitators. In accordance with ESS2, the Borrower will develop, disclose, and adopt a stand-alone Labor Management Procedures (LMP) within ninety (90) days after the project's effective date.

To ensure the health and safety of workers during the construction and implementation phases of the project, the Borrower will develop and implement an OHSP in line with the WBG EHS Guidelines, as well as the specific Guidelines for Electric Power Transmission and Distribution, and Good International Industry Practice (GIIP). The OHSP will be part of the Project's ESMF and will include procedures for the use of Personal Protective Equipment (PPE), incident/accident investigation and reporting, recording and reporting of non-conformances, emergency preparedness, and response procedures, and continuous training for workers. OHS hazards associated with the project activities may include among others: (i) electrocution; (ii) working at height; (iii) slips, trips, and falls; (iv) material and manual handling; (v) failure to use proper protective equipment; and (vi) exposure to hazardous substances. The ESMF will also include a COVID-19 transmission prevention plan and an Emergency Response Procedure (ERP) with emergency prevention, preparedness, and response arrangements in the event of any social, labor-related and/or natural disaster situation that could take place or evolve during project implementation. Bidding documents for all investments will include OHS requirements, a worker Code of Conduct with explicit SEA/SH



provisions, and requirements for other labor issues such as labor influx, non-discrimination, equal opportunity, and prevention of all forms of forced and child labor. The minimum age for project workers is expected to be 18 years old. The Client will need to actively monitor these processes throughout the project cycle to ensure adherence to the national laws and the provisions of ESS2 to ensure adequate labor and working conditions.

The LMP will be applicable to direct and contracted workers of the Project. In case members of the PIU will be civil servants assigned by CUED and EDEs to the project, the more limited coverage of the ESS2 for this type of worker will be described in the LMP, in line with applicable provisions of ESS2. The need for training for project workers, including on workers' codes of conduct, grievance mechanisms, the OHSP and ERP will be included in the ESCP.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant. There are potential sources of pollution from the supply and installation of electricity-related equipment. The draft ESMF to be prepared for the Project will include generic mitigation measures for the anticipated types of impacts and will be in line with the WBG's General EHS Guidelines and industry-specific (including the Electric Power Transmission and Distribution) EHS Guidelines, as well as national legislation standards, whichever are more stringent. In addition, detailed site-specific mitigation measures will be identified and included in subproject ESMPs (one for each circuit to be intervened) that will be prepared during Project implementation. Some possible mitigation measures to be considered, based on the available Project's information known to date, include the following:

Electrical waste generated by the Project, such as transformers, cables, meters, street lights, and poles, will be disposed of according to national regulations and international best practices. The replacement of transformers may generate hazardous waste (PCBs), which have an adverse impact on the environment and human health if not properly handled, transported, and disposed of. The ESMF to be prepared will include specific measures to guide the management of electrical waste and PCBs, which will build upon the best practices developed under the recently closed Project (Distribution Grid Modernization and Loss Reduction Project - P147277). In specific, for the management of PCBs, the ESMF will follow the integrated waste management practices previously adopted which includes the safe transportation and temporary storage in warehouses (Puntos Verdes) constructed in each one of the EDEs. These "puntos verdes" have technical characteristics to ensure that PCBs are always stored in a controlled environment (with no extreme temperature variation) until these can be safely exported following GIIP and the international requirements, such those included in the Basel Convention. The ToRs of the ESMF to be prepared during project preparation will have a special emphasis on these environmental aspects.

Construction materials (metal, wood, concrete) needed for the rehabilitation of the LV/MV distribution networks, and other related work, will have sustainability certifications as feasible. Air emissions and noise may be generated during the installation phase from the use of machinery and vehicles. However, based on the proposed project activities, these are expected to be minimal. Nonetheless, all E&S instruments will consider mitigation measures, which may include dust suppression and vehicle maintenance, to minimize the impact of air emissions and to minimize and manage the noise levels, such as applying standard restrictions to hours of site work.

Tender and bidding documents will need to specify the need to meet certified energy standards for the acquisition of equipment for the measurement laboratories in the EDEs. These criteria will also be detailed in the ESMF and the POM. Specific energy standards to meet will be based on the availability, cost, and utility of the item to be procured.



ESS4 Community Health and Safety

ESS4 is relevant. Child or forced labor, labor influx, or risks related to security forces are not foreseen in this project. However, as project activities require community engagement and interaction between project workers (direct or contracted), who for instance will install meters at businesses and outside users' homes, there is a risk of SEA/SH incidents. The ESMF will need to include measures to address these risks. The PIU will need to raise awareness of such risks among communities in the area of project intervention, and will communicate expectations regarding appropriate conduct, together with disciplinary measures to CUED and EDE staff, contractors and their employees, and the dissemination of grievance mechanism channels to submit complaints. All measures will be described in detail in a GBV Action Plan, to be included as part of the ESMF. Furthermore, contracts will include the requirement for workers to sign a formal code of conduct with explicit SEA/SH provisions. Procedures and a model Code of conduct will be included in the ESMF and LMP to be prepared by the Borrower.

Some impacts from the works may cause inconvenience to local communities, including noise, incremented amount of construction waste and hazardous materials, closure of roads, traffic disruptions, health and safety hazards for the surrounding communities, and the potential spread of Covid-19, among others. Nuisances caused to local communities from the use of construction machinery and vehicle movement during rehabilitation works causing disturbance to nearby homes will be addressed in the ESMF through specific guidance, and subproject ESMPs will be required to include specific measures to reduce the impacts from these activities, including traffic management and other specific plans, as necessary, to ensure adherence to this Standard.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 is currently not relevant. No land acquisition, restrictions on land use, or involuntary resettlement (including physical and/or economic displacement) are expected as part of this operation. The ESMF will include an exclusion list to avoid subprojects that require land acquisition or affect people physically or economically.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 is relevant. The project will finance the rehabilitation of the distribution network, which will include investments for the supply and installation of MV/LV distribution networks, remote measurement and remote switching systems, and macro-measuring equipment in MV branches and totalizers in distribution transformers. Based on available information known at this stage, the project is not expected to have negative impacts on living natural resources and biodiversity conservation as all project activities will take place within existing infrastructure and ROWs. However, in exceptional cases where the installation of electricity-related supplies could be laid on natural habitat, the ESMF to be prepared will indicate how and which prevention and/or mitigation measures should be implemented, following the mitigation hierarchy, and in accordance with ESS6. The ESMF to be prepared will provide guidance on biodiversity screening and mitigation measures to ensure that project activities do not alter or cause destruction or degradation of any critical or sensitive natural habitats.

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



ESS7 is not relevant.

ESS8 Cultural Heritage

ESS8 is currently not relevant.

ESS9 Financial Intermediaries

ESS9 is currently not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
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OP 7.60 Projects in Disputed Areas	No
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III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?	No
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Financing Partners

None

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

Actions to be completed prior to Bank Board Approval:

Prior to Appraisal, the Borrower will prepare and disclose a:

- i. Draft Stakeholder Engagement Plan (SEP) with GRM.
- ii. Draft Environmental and Social Commitment Plan (ESCP).
- iii. ToR for the Environmental and Social Management Framework (ESMF)

The Borrower will also carry out consultations and other stakeholder engagement activities during project preparation, which will be reflected in the draft SEP, along with the documentary evidence of such activities.

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

- i. Organization structure and staffing to manage the E&S risks of the project (E&S specialists at PIU at CUED and at EDEs).
- ii. Incidents and accidents notifications.
- iii. Preparation, consultation, disclosure, and implementation of the ESMF, LMP, and final version of the SEP, within ninety (90) days after project effective date.



- iv. Operationalizing and monitoring of the project GRM and the labor-specific GRM.
- v. Capacity building to project workers and stakeholders, including specific timeframes.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

02-May-2023

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Implementing Agency(ies)

Implementing Agency: Consejo Unificado de las Empresas Distribuidoras

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Huong Mai Nguyen

Safeguards Advisor ESSA Marco Antonio Zambrano Chavez (SAESSA) Cleared on 16-Mar-2023 at 13:16:19 EDT