

# Restoration Project of Winterization and Energy Resources Ukraine (Re-PoWER UKRAINE)

## Draft Stakeholder Engagement Plan (SEP)

January 2023

## ACRONYMS

|         |   |
|---------|---|
| AoI     | Area of Influence   |
| CHP     | Combined Heat and Power   |
| DH      | District Heating  |
| DHC     | District Heating Company  |
| DHW     | Domestic Hot Water  |
| EHS     | Environmental, health and safety  |
| ENTSO-E | European Network of Transmission System Operators                           |
| ESF     | Environmental and Social Framework  |
| ESCP    | Environmental and Social Commitment Plan                                    |
| ESMF    | Environmental and Social Management Framework                               |
| ESS     | Environmental and Social Standards  |
| GM      | Grievance Mechanism   |
| GP      | Grievance Procedure   |
| GRM     | Grievance Redress Mechanism   |
| GRS     | Grievance Redress Service   |
| HPP     | Hydro Power Plant   |
| IFC     | International Finance Corporation   |
| IFI     | International Financial Institution   |
| kV      | Kilovolts   |
| MCTD    | Ministry of Communities and Territories Development of Ukraine              |
| MoE     | Ministry of Energy of Ukraine   |
| MoF     | Ministry of Finance of Ukraine  |
| MW      | Megawatts   |
| NGO     | Non-Governmental Organization   |
| NPC     | National Power Company  |
| PAP     | Project Affected Person   |
| PrJSC   | Private Joint Stock Company   |
| Project | Restoration Project of Winterization and Energy Resources Ukraine (P180332) |
| PDO     | Project Development Objective   |
| PIU     | Project Implementation Unit   |
| POM     | Project Operations Manual   |
| RDNA    | Rapid Damages and Needs Assessment  |
| SEA     | Sexual Exploitation and Abuse   |
| SEP     | Stakeholder Engagement Plan   |
| SH      | Sexual Harassment   |
| TPP     | Thermal Power Plant   |
| TSO     | Transmission System Operator  |
| UE      | National Power Company “Ukrenergo”, PrJSC                                   |
| UN      | United Nations  |
| US\$    | United States Dollar  |
| USAID   | United States Agency for International Development                          |
| WB      | World Bank  |
| WBG     | World Bank Group  |

This **Stakeholder Engagement Plan (SEP)**<sup>1</sup> identifies the main project-affected and interested stakeholders of the “Restoration Project of Winterization and Energy Resources Ukraine” (P180332) and describes their interests and engagement needs in relation to the project. The SEP describes the emergency context under which relevant national law and the World Bank (WB) requirements for stakeholder engagement and information disclosure are to be applied and proposes actionable engagement measures to be undertaken during project implementation. The SEP also describes a project-level Grievance Redress Mechanism (GRM) designed to facilitate receipt and response to feedback and concerns associated with the project. The SEP may be periodically updated during project implementation to ensure that information is consistent, that methods of engagement remain appropriate and effective, and that any major changes to project activities and schedule are reflected.

**Implementation arrangements** for the SEP, including the monitoring of output and outcome results will be the responsibility of the Ministry of Energy of Ukraine (MoE). The MoE will monitor the SEP implementation in accordance with the requirements of the World Bank’s Environmental & Social Framework (ESF) and will ensure the collection of information for regular project reporting. This will include the component output measures on ESF risks and GRM reports.

Social specialists of the project implementation unit (PIU) for the P180332-project will arrange implementation of the SEP. This PIU (for the P180332 project) will be formed on the base of the already existing PIU, which was created under the ongoing WB financed project, Second Power Transmission Project (PTP2: P146788). The PTP2-PIU, which has implemented PTP2’s component 3, consists of the following full-time staffs: head of PIU, who is also a procurement specialist, a financial management specialist, and an information support specialist supported by other administrative staffs. This existing PIU will be responsible for the entire scope of the P180332-project. Given the Component 3 of the PTP2 contains only technical assistance, the PIU (for P180332) needs to strengthen its capacity by hiring qualified experts including also social ones, which are not available in the current PIU.

The Project will finance only supply of goods, while the state-owned company Ukrenergo (UE) will finance and arrange in-country transportation and installation of the supplied goods potentially with help from local transportation and construction companies. With this regard UE, as well as transportation & construction companies are also becoming the stakeholders of this project.

Prior consultation. The MoE organized the first round of consultations on November 25, 2022 with various stakeholders and relevant government agencies: State Energy Company UkrEnergo, Distribution System Operators Department under Ministry of Energy of Ukraine to seek feedback on the potential project activities, technical design of the components and necessity of addressing emergency needs. The consultations were conducted virtually under circumstances of extreme volatility associated with the evolving Russian military invasion and continued spread of COVID-19 in Ukraine and attended by a limited number-6 participants.

The MoE will resume regular in person consultative process once situation in-country allows. Given the critical energy infrastructure of the project investment, SEP will be prepared and

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<sup>1</sup> Glossary of all terms is provided in Annex 1 to this SEP.

adopted but will be disclosed to the public at the later stage to avoid targeted bombardment of the project investment.

The stakeholder consultations will continue to be carried on regularly during the later stages of project implementation and/or upon the stakeholders’ requests and feedback received will be reflected in the SEP.

### Project Summary

|                 |   |
|-----------------|---|
| <b>Project</b>  | Restoration Project of Winterization and Energy Resources Ukraine (P180332)   |
| <b>PDO</b>      | The project development objective (PDO) is to restore and ensure essential energy services in Ukraine   |
| <b>Activity</b> | <p>The project consists of three components: (i) emergency repairs for the electricity infrastructure and , (ii) emergency repairs for the heating infrastructure. (iii) technical assistance and project management</p> <p><b>Component 1: Emergency equipment for the electricity infrastructure:</b> The component will fund procurement of substation equipment for Ukrenergo, including autotransformers, transformers, instrument transformers, circuit breakers, disconnectors, and relay protection devices. These are critical to restore the electricity supply for the entire transmission network. The recent attacks have targeted Ukrenergo’s extra high voltage substations, leading to consumption restrictions all over the country. The most urgent need is large autotransformers in the voltage levels of 750, 330, 220 and 110kV, since loss of these equipment has directly impacted on the electricity supply for the wider regions. While the manufacturing of the large equipment would take several months and the equipment is not easily available in TSOs in Europe due to the difference in the voltage level, various options are being explored for speedy delivery including potential transfers of already manufactured or work-in-progress equipment for Ukrenergo<sup>2</sup> and other customers as well as potential priority production allocation by manufacturers. Some of this equipment could be manufactured locally<sup>3</sup>. Retroactive financing would be applicable. Funding source will be part of the grant from the Norwegian government and potential further contributions.</p> <p><b>Component 2: Emergency equipment for the heating infrastructure:</b> The component will fund procurement of essential equipment and materials for heating services. Those include mobile heat-only boilers, mobile mini co-generation units, pipes, fittings and valves, and pumping sets/pumps. The project will also procure essential parts to repair district heating and gas networks, as well as liquid fuel depot repairs in some</p> |

<sup>2</sup> 750kV transformers are already procured for 750kV Dniprovskia substation, which was damaged by recent attacks.

<sup>3</sup> In Ukraine there is one of the world largest transformer manufacturers, Zaporozh transformator (ZTR), which is operational in this situation.

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|                             | <p>municipalities and alternative heating options such as electric heating and biomass in those areas where the district heating repairs are not feasible. Component has zero allocation and the funding source will be further contributions from donors.</p> <p><b>Component 3: Technical Assistance and Project Management:</b> The component will finance: (i) operating costs of the PIUs; (ii) supervision technical consultants; (iii) donor coordination and logistics; and (iv) the project's audits.</p> <p><i>As additional funds become available, the Project will support further procurement of critical energy equipment. This would include procurement of transformers, circuit breakers, disconnectors, surge arresters and relay protection for the transmission and distribution system operators. This would also include procurement of heating equipment.</i></p>   |
| <p><b>Beneficiaries</b></p> | <p><b>Project beneficiaries will include all residents of Ukraine who have been suffered from disruptions in critical energy services.</b> The recent attacks on critical energy facilities have caused interruptions in energy services, particularly electricity, in various regions all over in Ukraine including Kyiv, Khmelnytskyi, Cherkasy, Mykolaiv, Rivne, Volyn, Kirovohrad, and Odesa. As of October 22, 2022, 1.5 million Ukrainians were left without electricity supply. Given that the Project will fund critical equipment to restore the halted services, all populations and industries will benefit from the project interventions.</p> <p><b>Gender.</b> The war has adversely affected both men and women, whether these people have remained in their homes, become internally displaced, or are temporarily living abroad as refugees. Of the over seven million people who are abroad, almost 90 percent are females (adults and children), pushing the proportion of the people who remain in Ukraine towards the male population. At the same time, a September 2022 survey conducted by the United Nations High Commissioner for Refugees showed that while 13 percent of refugees plan to return permanently to Ukraine in the next three months, 81 percent hope to return to Ukraine one day. Moreover, the majority plan to return with all their household members (76 percent) and to the same place where they were living before the war (79 percent). Of the 3,300,532 registered internally displaced persons in receiving communities (hromadas), as of September 30, 2022, 65 percent were women and 35 percent were men and many indicate an intention to return to their homes. The attacks since mid-September have led to rolling blackouts in major cities, limited number of hours of electricity and disabled district heating services in many communities, putting lives at risk. Under these circumstances a large population will need to be evacuated or seek refuge in shelters or flee to less affected regions or to neighboring countries. Migratory flows will increase the risk of human trafficking, particularly for women, children, and vulnerable groups. The Project will help prevent evacuation of large areas of the country due to lack of energy services and increase the level of comfort and security for the population. <i>Overall improvement in the provision of electricity and heating supply will benefit the entire population and</i></p> |

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|   | <p><i>therefore the gender composition of the beneficiaries will be identical to that of Ukraine's population.</i> In addition, the project will apply a gender lens to ensure that it will not lead to unintended negative impacts for women, for example during the transport and installation of the financing equipment.</p>  |
| <b>Implementing Agencies</b>  | The Ministry of Energy of Ukraine   |
| <b>Country Sectoral and Institutional Context and Project Prerequisites</b> | <p><b>Until recently, the energy facilities including electricity distribution network within cities had been damaged because of attacks to cities, but core energy infrastructure had not been the main target for the Russian army.</b> As of early June 2022, The World Bank's Rapid Damages and Needs Assessment (RDNA) estimated the total damages for reconstruction of the energy sector at around US\$3 billion, while the aggregated estimated losses total US\$11.7 billion. Damages included the power sector (US\$1.4 billion), district heating (US\$0.7 billion), gas sector (US\$0.5 billion), transport fuel sector (US\$0.4 billion), and coal mining (US\$0.1 billion). It was estimated that US\$0.9 billion in damages and losses were incurred at the largest Zaporizhzhia nuclear power plant during its occupation. Among the lost assets, the Okhtyrka, Chernihivska, Kremenchuk, and Azovstal combined heat and power (CHP) plants had been destroyed already by early June. Control over the largest private distribution company (DTEK)'s coal power plant in the Luganska region was lost. In Donetsk and Luhanska regions, the CHP plants in Lisichansk and Sievierodonetsk were recently destroyed, as was the Vylegirska TPP in Svitlodarsk. The transmission sector had suffered damage in some substations, but most damage was to the distribution level. In the district heating sector, the heating networks in Donetsk oblast were damaged at an estimated loss of US\$471 million. The gas sector damages were estimated around US\$500 million, which comprised US\$330 million in damage to gas distribution infrastructure reported by the largest operator of gas distribution networks, the Regional Gas Company, as well as almost US\$150 million reported by the Gas Transmission System Operator. Damage to 28 fuel depots by early June was estimated at around US\$250 million and to fuel stations at around US\$150 million.</p> <p><b>Until the beginning of targeted attacks in September 2022, Ukraine's electricity system had maintained stable operations and managed to export electricity to Europe after the synchronization of operations with the European network (European Network of Transmission System Operators, or ENTSO-E).</b> Emergency synchronization helped Ukraine maintain the power grid stable and ensure electricity supply despite the occupation and subsequent disconnection of the largest nuclear power plant of Zaporizhzhia. Ukraine has also exported electricity to ENTSO-E countries, which generated additional revenues for the electricity sector in Ukraine and helped Europe diversify its energy supply sources. The electricity trade capacity between Ukraine and ENTSO-E was initially restricted by ENTSO-E due to grid stability issues, but with more technical measures implemented, the trade capacity has been increased to 300MW by the end of September. Ukrenergo implemented measures for expansion of the electricity trades capacity including the</p> |

installation STATCOM<sup>4</sup>, which is financed under the ongoing World Bank financed Second Power Transmission Project with a grant from the German government. Unfortunately, due to intensified shelling of critical power infrastructure in early October, the electricity export was halted by government decision to ensure all remaining resources are focused on providing energy services to local populations.

**The recent attacks targeting mostly civilian energy infrastructure has caused devastating damages and lead to supply disruptions in many regions in Ukraine.** Intensified military attacks and shelling conducted since early October 2022 have damaged more than 40 percent of Ukrainian power infrastructure, including 10 Thermal Power Plants (TPPs), at least 38 Ukrenergo's extra high- and high-voltage transmission substations, and three hydro power plants as of end of October. Particularly, UE's substations in the west regions of Ukraine as well as Kyiv and Kharkiv were damaged. TPPs include Burshtynska (the largest TPP in Ukraine), Ladyzhynska, Kryvorizka, Kyiv (these are owned by DTEK), Trypilska, and Zmiivska (the remaining is owned by Centerenergo) TPPs were damaged. Kakhovka HPP dam was mined. Due to the most recent attacks in November, Kyiv, Dnipro, Kremenchug, and Serednedniprovska HPPs are damaged. On November 10, an additional 750kV substation was damaged. Continuous attacks are expected on the critical infrastructure, particularly electricity substations. Furthermore, according to the Ministry of Energy (MoE), some 90 percent of wind and 45-50 percent of solar capacity has been either damaged or out of operation<sup>5</sup>. Distribution networks have been continuously damaged. Among these, the most critical damages are on high voltage (750/330/110kV) transmission substations, more precisely extra high voltage (750/330/110kV) transformers and switchgears. The equipment was destroyed and needs to be replaced with a new one. The loss of critical equipment within transmission substations has forced Ukrenergo to implement scheduled outages throughout the country<sup>6</sup>. As of October 26, the deficit of electricity supply in Kyiv has reached 30% – available supply capacity at 600-800 MW while the needs in Kyiv at 1000-1200 MW, more scheduled outages expected with consumptions increasing towards colder season. Kakhovka HPP dam was mined. According to the Ministry of Energy (MoE), some 90 percent of wind and 45-50 percent of solar capacity has been either damaged or out of operation. As of November 7, almost 1 million customers were without electricity.

**Disruptions in electricity supply have led to disruptions in fuel supply chain and interruption of water and heating supply in major cities.** Without electricity, the coal mines stopped their operation and cannot

<sup>4</sup> STATCOM is one of smart grid technologies to regulate reactive power.

<sup>5</sup> According to the International Energy Agency, the average daily load in the United Power System of Ukraine in one day in October was about 10.9 GW, ranging from 8.9 GW at night to 12.3 GW at the evening peak. On the generation side, the load of nuclear power plants was at 5-5.4 GW, coal-fired thermal power plants - varied in the range 2.4-2.85 GW, gas-fired CHPs - at 0.7-0.8 GW, hydroelectric power plants (incl. pumped hydro) - at 0.6-3.3 GW, and RES installations - at 0.1-1.1 GW.

<sup>6</sup> Schedule outages were implemented in the city of Kyiv, the Kyiv, Chernihiv, Cherkasy, Zhytomyr, Sumy, Kharkiv, Poltava, Dnipropetrovsk, Zaporizhzhia, and Kirovohrad regions

supply coal to power plants, leading to further supply disruptions. Moreover, water supply and District heating services, including domestic hot water (DHW), had to be halted periodically. On October 31, two 330 kV substations were hit in the Kyiv region, which led to disconnection of 16 substations of 110 kV, including two substations of water supply (SE Kyivvodokanal), causing the cease of water supply to several districts in Kyiv. The population have had to wait in long lines to receive bottled water since then.

**Beyond power sector networks, gas and district heating networks have also suffered important damages in the past two months.** The intensity of the recent attacks since mid-September resulted in new damage, which are almost similar in size (80-90 percent) compared to damage produced during the previous seven months since the war began. The preliminary assessment is that overall damage to the DH infrastructure has doubled (including the damage to CHPs), and it is estimated that the value of the immediate needs for the DH sector has already exceeded US\$ 500 million. By recent attacks, 580 boiler houses and heating substations were damaged, 253 of which have been repaired while the remaining are being repaired where possible. Kharkiv region is the most affected. 188 boiler houses were damaged. Combined Heat and Power (CHP) facilities were also damaged. While three of the affected facilities have been fully restored and four more are in the final stage, twelve are undergoing emergency restoration. Additionally, three CHP plants were hit in Kyiv. Considering that about 40 percent of the population living in multifamily apartment buildings in urban areas are connected to DH with no other viable alternative, and thereby representing the most vulnerable group in case of no gas supply or destroyed DH infrastructure. The population living in individual family houses (mostly in rural and peri urban areas) has access to woodstoves, coal stoves, and electric heaters, and it might be easier for them to use wood and other solid fuels for heating. Distribution of certified biomass has been already initiated by some municipalities with help from the Ministry of Ecology for areas where DH networks are not available, which should help avoiding illegal logging and deforestation.

**The Government of Ukraine and energy utilities have swiftly reacted (as much as possible) to mitigate the impact on the population despite the towering needs.**

**The needs for emergency restoration are massive while supply of the critically needed equipment, particularly large transformers, could take time.** The recent military attacks have severely damaged critical equipment such as extra high- and high voltage transformers and switchgears both in the transmission substations and power plants' substations. Due to extensive damage, most of the equipment cannot be repaired and must be replaced with new ones. Ukrenergo submitted a list of urgent equipment which includes 750/330kV transformers and 750/330/110kV switchgears. The total cost of the listed equipment is estimated at about US\$200 million. Such extra-high voltage equipment is specifically designed for and used in the transmission networks in the former Soviet countries and hence not easily available with European manufacturers or with the Transmission System Operators in Europe.



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|                                   | <p>Only a limited number of manufacturers can produce such equipment and its production could take from six to eight months. With additional substations damaged due to the most recent attacks in November, the total needs for urgent equipment for UE is estimated at US\$400 million. Without the installation of new extra high-voltage equipment, especially transformers, UE would need to continue rolling blackout and consumption restrictions due to the limited transmission capacity caused by the damages, which will severely threaten the supply of other critical services in winter. At this moment, as per the Bank team’s estimate based on the available information, the need for urgent repairs and equipment for the electricity and District Heating sectors are estimated as around US\$900 million in total. However, there are clear constraints in terms of availability of equipment, logistics as well as the ability of energy companies to install equipment, so the capacity to absorb financing must be considered when determining the funding amounts over time.</p> <p><b>Various donors and IFIs have already pledged donations and financial support for the procurement of urgent equipment, but funding is not sufficient to meet the sector's increasing needs.</b></p> <p><b>Given the multiple parallel support initiatives, donor coordination is essential to avoid duplication of work and ensure proper prioritization of funding, supplier capacity and logistics.</b></p> <p>Immediately after the initial targeted attacks in October, Ministry of Energy and Ukrenergo compiled a list of urgent equipment and distributed it to foreign government agencies, utilities, and manufacturers. MoE and UE have been receiving responses which include the information about when and what kind of equipment can be supplied in what forms of support. MoE and UE will prioritize support for quick delivery and with grant funding. Given that the donor communities are responding to the comprehensive list, it is critical to avoid duplications of supply and donations particularly for larger, more costly and custom-made equipment such as transformers. MoE is developing a centralized database to track needs, donations received, pledges and equipment under procurement. The baseline data for the new tool will come from the database system currently used by the Ministry of Integration and Community Development. MoE also organizes weekly coordination meetings inviting all donors. Populating and maintaining this coordination tool and coordinating logistics and communications to donors and IFIs systems will require dedicated resources. The proposed project will support coordination efforts.</p> |
| <p><b>Project Description</b></p> | <p><b>The Project is designed as a “framework” project.</b> Project design will support activities that Ukraine will need to address the ongoing emergency caused by the targeted attacks on energy infrastructures, with a scope of support that is informed by both available and future financing over the immediate- and short-term. It provides a clear line of sight for the Government of Ukraine, the World Bank and other development partners on the urgent needs in the energy sector. Specifically, the design outlines Project activities that will be implemented with an initial funding envelope that includes a US\$50 million grant from the Government of Norway with expectation of additional contributions from other donors. Consistent with this approach, Project components are designed as</p>   |

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|   | <p>sustainable within the available financing, while also being flexible enough to easily absorb additional financing as resources become available. The framework approach of the Project supports needed agility and speed of delivery in an emergency. Depending on the evolving needs, additional resources for Project activities could mean doing more of the same (for example, implementing the same energy facilities repair interventions in different geographic areas or for a longer time). The Project is designed to finance the expected remaining emergency needs of the sector of around US\$500 million, considering in-kind support and parallel financing from other donors. Expected results match this envelope, with initial funding of US\$50 million. As more financing becomes available within the identified envelope, adding it will be a straightforward process as there are no changes needed to the original design. Any further increase beyond US\$500 million will entail preparing additional financing to scale it up. The intention of this “framework” design is to address the immediate needs and specific investments required to support the Government’s urgent needs in restoring the critical energy services as it clearly delineates the scope of support based on available financing, while also providing a conduit for the inclusion of additional resources with the aim of addressing the enormous financing gap and potential additional damages on the energy facilities.</p>                |
| <p><b>Environmental and Social risks classification</b></p> | <p>The project's social and environmental impact is expected to be substantial due to the fact that conditions created by war add considerable uncertainty.</p> <p>The project envisages procurement of substation equipment for Ukrenergo, including autotransformers, transformers, instrument transformers, circuit breakers, disconnectors, and relay protection devices; essential equipment and materials for heating services (including mobile heat-only boilers, mobile mini co-generation units, pipes, fittings and valves, and pumping sets/pumps); as well as installation and repair works related to this.</p> <p>As part of the project compliance with the World Banks Environmental and Social Framework (ESF, 2018), the ESMF should be prepared to set out principles, rules, guidelines and procedures to assess the environmental and social risks and impacts that may arise under the project activities implementation. It will contain list of possible risks and impacts, respective measures for their mitigation or elimination and responsibilities for addressing project risks and impacts.</p> <p>An Emergency Preparedness and Response Framework/Plan will accordingly be prepared as part of the project ESMF.</p> <p>The ESMF will also include measures for health and safety measures in response to COVID-19, and special arrangement for community engagement, management of risks of grievance resolution.</p> <p>The GRM should also cover channels to receive grievances under the project activities.</p> |

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|  | Implementation of the project and subsequent management of environmental and social performance indicators of the project should be consistent with World Bank Environmental and Social requirements, World Bank Group EHS Guidelines and requirements of Ukrainian legislation. |
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### Stakeholder Identification and Analysis

| <i>Stakeholder group</i>                                  | <i>Interests</i>  | <i>Influence</i> |               |
|---|---|------------------|---------------|
|   |   | <i>Interest</i>  | <i>Impact</i> |
| <b>Project-affected parties</b>                           |   |                  |               |
| National Power Company “Ukrenergo”, PrJSC (UE)            | <ul style="list-style-type: none"> <li>▪ Fair funding of procurement of substation equipment</li> <li>▪ Speed delivery and installation of the equipment for quick restoring of the electricity supply for the entire transmission network</li> </ul>   | H                | H             |
| Ukrainian DH entities, city governments                   | <ul style="list-style-type: none"> <li>▪ Availability of the project opportunities to repair district heating and gas networks, as well to have as liquid fuel depot repairs in some municipalities and alternative heating options such as electric heating and biomass in those areas where the district heating repairs are not feasible</li> <li>▪ Reliability of repairs and restoration of the halted services</li> </ul> <p>Fairness of distributing of the project benefits</p> | H                | H             |
| Distribution System Operators (DSOs) – regional oblenegos | <ul style="list-style-type: none"> <li>▪ Provide DSOs with energy services for further distribution</li> <li>▪ ensure uninterrupted provision of such services as distributing and managing energy from the generation sources to DSOs’ final consumers.</li> </ul>   | H                | H             |

| <i>Stakeholder group</i>   | <i>Interests</i>  | <i>Influence</i> |               |
|--|---|------------------|---------------|
|  |   | <i>Interest</i>  | <i>Impact</i> |
| Final consumers such as:<br>- essential services (hospitals, schools, etc.)<br>- industries, businesses<br>- populations | <ul style="list-style-type: none"> <li>▪ Speed of restoration of the halted services</li> <li>▪ Uninterrupted and continuous work of essential services</li> <li>▪ Uninterrupted and continuous work of industries and businesses</li> <li>▪ Minimizing levels of disruption to livelihoods and/or general day-to-day local business</li> <li>▪ Fairness of distributing of the project benefits (prioritization based on the criteria of urgency and necessity in restoration of the halted services)</li> <li>▪ Minimizing risk of the project benefits lost to corruption</li> <li>▪ Community health and safety issues that can be potentially caused by the project</li> </ul> | H                | H             |
| Suppliers  | <ul style="list-style-type: none"> <li>▪ Commercial considerations relating to supply of key inputs for project activities</li> <li>▪ Mitigating payment risks arising due to wartime disruptions (i.e., cash flow risks)</li> <li>Fairness of procurement processes</li> </ul>   | M                | S             |
| Local contractors (such as transportation and construction companies)  | <ul style="list-style-type: none"> <li>▪ Commercial considerations (installation and repair works financed directly by government)</li> <li>▪ Mitigating payment risks arising due to wartime disruptions</li> <li>▪ Inclusion in the project somehow</li> </ul>  | H                | H             |
| Domestic and international consultancies   | <ul style="list-style-type: none"> <li>▪ Inclusion in the project somehow</li> <li>▪ Commercial considerations (desire to win design contracts)</li> <li>▪ Mitigating payment risks arising due to wartime disruptions</li> <li>▪ Fairness of procurement processes</li> </ul>  | M                | S             |

| <i>Stakeholder group</i>  | <i>Interests</i>   | <i>Influence</i> |               |
|---|--|------------------|---------------|
|   |  | <i>Interest</i>  | <i>Impact</i> |
| International donors  | <ul style="list-style-type: none"> <li>▪ Mitigating risk of redundant effort and overlap with other donors / IFIs</li> <li>▪ Interest in financing new projects prepared once they are ready to a high standard</li> <li>▪ Interest in ensuring compatibility with their own processes and requirements (fiduciary + E&amp;S)</li> <li>▪ Interested in robust information flow from / to government</li> </ul>   | H                | M             |
| Employees involved in the project activities  | <ul style="list-style-type: none"> <li>▪ Stability and continuity of work</li> <li>▪ Health and safety on the job</li> <li>▪ Any additional benefits to mitigate wartime impacts</li> </ul>  | M                | M             |
| Civil society organizations, NGOs and national & local media  | <ul style="list-style-type: none"> <li>▪ Minimizing risk of Project benefits lost to corruption</li> <li>▪ Transparency, accountability, and robust public information flow about reconstruction activities</li> </ul>   | S                | M             |
| Local communities near sensitive project sites  | <ul style="list-style-type: none"> <li>▪ Restoration of the power supply and essential services</li> <li>▪ Vulnerability due to the close physical proximity to the project site and potential aerial bombardment</li> </ul>   | H                | L             |
| Persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status (in particular women, youth, elderly including diverse ethnic groups). | <ul style="list-style-type: none"> <li>▪ Require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project. Project Information will need to be disclosed in relevant local languages and in a manner that is accessible and culturally appropriate, taking into account specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).</li> </ul> | H                | L             |
| <i>Ministries and other government bodies of Ukraine</i>  |  |                  |               |

| <i>Stakeholder group</i>  | <i>Interests</i>  | <i>Influence</i> |               |
|---|---|------------------|---------------|
|   |   | <i>Interest</i>  | <i>Impact</i> |
| Ministry of Finance of Ukraine (MoF)                                  | <ul style="list-style-type: none"> <li>▪ Demand for quick results</li> <li>▪ Managing any fiscal impacts of project on constrained budget</li> </ul>  | H                | H             |
| Ministry of Communities and Territories Development of Ukraine (MCTD) | <ul style="list-style-type: none"> <li>▪ Fair provision of the baseline data to avoid duplication of work and ensure proper prioritization of funding</li> <li>▪ Overseeing of the heating services. DH entities that need urgent repairs to be specified by MCTD</li> </ul>  | H                | H             |
| Ministry of Energy of Ukraine (MoE)<br><br>PIU of MoE                 | <ul style="list-style-type: none"> <li>▪ Fair coordination of the project</li> <li>▪ Strengthened implementation capacity by incorporating technical, environmental and social experts and improving their coordination capacity with donors</li> <li>▪ Fair monitoring and evaluation of the project implementation</li> <li>▪ Minimizing of the project delay implementation</li> </ul> | H                | H             |
| State Inspectorate of the Energy Supervision                          | <ul style="list-style-type: none"> <li>▪ Fair supervision (control) in the fields of electricity and heat supply</li> <li>▪ Fairness of distributing the equipment procured within the project among oblenegos (prioritization based on the criteria of necessity and urgency).</li> </ul>  | H                | H             |

### **Proposed Strategy for Information Disclosure<sup>7</sup>**

| <i>Stakeholder group</i> | <i>Project information shared</i> | <i>Means of communication disclosure</i> |
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<sup>7</sup> In the current situation the disclosure activities (mentioned throughout this SEP) related to the information on critical infrastructure within the project are limited until the end of the martial law in accordance with the requirements of Resolution No.349 of March 26, 2022 “On the protection of information that in martial law can be classified as information with limited access, including critical infrastructure”. The information can be disclosed only after the end of the martial law. Thus, this SEP and other ESF related documents will be disclosed to the public at the later stage to avoid targeted bombardment of the project investment.

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| Ministry of Energy of Ukraine and their PIU<br>NPC “Ukrenergo”<br>District Heating entities, city governments<br>State Inspectorate of the Energy Supervision<br>Ministry of Communities and Territories Development of Ukraine<br>Ministry of Finance of Ukraine | <ul style="list-style-type: none"> <li>▪ Summary project objectives and general information. Regular updates on project implementation</li> <li>▪ Environmental and social commitment plan</li> <li>▪ Stakeholder engagement plan</li> <li>▪ Environmental and social management Framework and other ESF related documents</li> <li>▪ Grievance mechanism</li> </ul> | <ul style="list-style-type: none"> <li>▪ Disclosure on official websites, social networks and national media, Governmental and public notices, publications and press releases on the official websites in both Ukrainian and English languages</li> </ul> |
| Civil society organizations, NGOs<br>National and local media   |  | <ul style="list-style-type: none"> <li>▪ Public notices, publications and press releases on the official websites. Public information requesting according to the Law of Ukraine “On access to public information”</li> </ul>                              |
| Local authorities   |  | <ul style="list-style-type: none"> <li>▪ Public notices in local media and offices, communication with local population and other local stakeholders</li> </ul>  |

**Proposed Strategy for Consultation and Stakeholder Engagement<sup>8</sup>**

| Method   | Description   | Contents   | Dissemination method                              | Target groups    |
|--|---|--|---|------------------|
| <b>Information provision</b>   |   |  |   |                  |
| Publications on official web sites and other official channels in social media | Used to convey information on the project and regular updates on its progress | Disclosure of official information, ESCP, SEP, ESMF, GRM submission channels, etc. | Publication of information in local languages     | All stakeholders |
| Publication information on local media and in public places,                   | Information on the project  | GRM submission channels, organizational  | Informational boards, publications in local media | All stakeholders |

<sup>8</sup> The current state of martial law and war contexts means that engagement and consultation options are limited if it is related to the information on critical infrastructure within the project. Data sharing among stakeholders shall be carefully conducted particularly on the data regarding locations.

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| in medical facilities, etc.  |   | issues, time and venue of public consultations, etc.                               | available in local languages   |                  |
| <b>Consultations and Participation</b>   |   |  |  |                  |
| Public dissemination of information through social and mass media and provision of contact information | Detailed discussion on project design and project activities. Informing of local stakeholders (including vulnerable groups) on project implementation progress, potential ES risks and mitigation measures provided, etc. | Summary information on the activities and facilitating of questions from audience. | Announcements of public consultations period, targeted invitations, public disclosure of materials in advance. Free access to the consultations and ensuring registrations of suggestions and complaints during disclosure period. | All stakeholders |

### Grievance Redress Mechanism

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| <b>Objective:</b>   | To strengthen transparency and accountability to beneficiaries and provide channels for project stakeholders to provide feedback and/or express grievances related to project supported activities.  |
| <b>Aims:</b>        | Identification and resolution of issues affecting the project; reduce the risk of the project inadvertently affecting citizens/beneficiaries; obtain feedback and learning to help improve project impact.   |
| <b>Activities:</b>  | Receive, record, evaluate and address complaints and concerns from project affected parties and citizens at project level and escalate for further response as needed.   |
| <b>Scope:</b>       | GRM will be available for project stakeholders (especially project beneficiaries and those directly or indirectly affected, positively or negatively, by the project) and other interested parties to submit questions, comments, suggestions and/or complaints, or provide any form of feedback on all project-funded activities. |
| <b>Management:</b>  | The GRM is managed by the MoE.   |
| <b>Legal basis:</b> | Citizens' appeals, complaints and recommendations procedure is specified in the Law On Citizens' Appeals and amendments to the latter through the 2015 amendment on Electronic Petitions. According to the mentioned law and Constitutional Article 40, the Project proposes the following channels through                        |



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|  | which ball interested parties can make complaints regarding project-funded activities. |
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## Grievance procedure

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| <b>Dissemination of GRM</b>               | The information is included in SEP and can be disseminated by MoE. (The current state of martial law and war contexts means that disclosure, engagement and consultation activities are limited if it is related to the information on critical infrastructure within the project. Data sharing among stakeholders shall be carefully conducted particularly on the data regarding locations. This information will be disclosed after the end of the martial law).  |
| <b>Channels for submitting complaints</b> | <p>Citizens' appeals, complaints and recommendations procedure is specified in the Law on Citizens' Appeals and amendments to the latter through the 2015 amendment on Electronic Petitions. According to the mentioned law and Constitutional Article 40, the Project proposes the following channels through which stakeholders can make complaints regarding project-funded activities (items in <b>blue text</b> considered to be COVID-19 suitable methods):</p> <ul style="list-style-type: none"> <li>• <b>By Email: MoE's email addresses:</b><br/>kanc@mev.gov.ua, zapyt@mev.gov.ua</li> <li>• <b>Through the phone line:</b><br/>0 800 507052, (044) 594-65-45</li> <li>• <b>In writing to MoE: sent to the address of:</b><br/>30 Khreshchatyk Str., Kyiv, 01601, Ukraine</li> <li>• <b>In person:</b> <ul style="list-style-type: none"> <li>○ at the above address by the latter.</li> </ul> </li> <li>• <b>Other:</b> <ul style="list-style-type: none"> <li>○ <b>Written complaints to project staff (through project meetings)</b></li> </ul> </li> </ul> <p>Anonymous complaints: may be submitted without personal details. Anonymous complaints will be investigated but the complaining party must initiate contact with the MoE to obtain a response to the complaint investigation. Confidentiality will be ensured in all instances, including when the person making the complaint is known.</p> |
| <b>Receipt</b>                            | <p>Submit to special dedicated GRM focal point at the MoE.</p> <p>Complaint is entered immediately into tracking system for sorting and redirecting to appropriate department/staff responsible for investigating and addressing the complaint.</p> <p>It should be determined who to direct the complaint to, whether a complaint requires an investigation (or not), and the timeframe to respond to it.</p> <p>It should be also ensured that there is no conflict of interest, i.e., all persons involved in the investigation process should not have any material, personal, or professional interest in the outcome and no personal or professional connection with complainants or witnesses.</p>  |
| <b>Recording</b>                          | <p>Once the investigation process has been established, the person responsible for managing the GRM records and enters this data into the GRM log.</p> <p>The number and type of suggestions and questions should also be recorded and reported so that they can be analyzed to improve project communications.</p>  |

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| <b>Investigation</b>                                | <p>Appeals not requiring additional evaluation – response immediately and no later than 15 days after receipt.</p> <p>Appeals requiring additional evaluation are considered and resolved no later than one month after receipt (Article 20 of <i>the Law of Ukraine on Citizens’ Appeals</i>)</p>   |
| <b>Evaluation</b>                                   | <p>The person responsible for investigating the complaint will gather facts in order to generate a clear understanding of the circumstances surrounding the grievance. The investigation/follow-up can include site visits, review of documents and a meeting with those who could resolve the issue.</p> <p>The investigation deadline may be extended by 30 working days and the complainant informed about this fact, in the event that:</p> <ol style="list-style-type: none"> <li>a) additional consultations are needed to provide response to the complaint;</li> <li>b) the complaint refers to a complex volume of information and it is necessary to study additional materials for the response.</li> </ol>   |
| <b>Handling of SEA/SH complaints</b>                | <p>Ensure (i) referral of survivors to support services (health, legal, psychosocial, security and other assistance), based on the consent, needs and wishes of survivors; (ii) linkage to the domestic legal system (based on the consent of survivors unless the reporting to the law enforcement agencies is mandatory in Ukraine). Unlike other types of issues, SEA/SH Grievance Mechanisms do not conduct investigation, make any announcements, or judge the veracity of allegations.</p>   |
| <b>Escalation</b>                                   | <p>Appeals that cannot be resolved within one month escalated to define necessary time for its consideration, and report about it to the person who filed the appeal (entire term for resolving issues raised in the appeal may not exceed forty-five days).</p>   |
| <b>Response to complainant</b>                      | <p>The complainant will be informed about the results of verification via letter or email, as received. The response shall be based on the materials of the investigation and, if appropriate, shall contain references to the national legislation.</p>   |
| <b>Monitoring and reporting</b>                     | <p>It is expected to have a monthly/quarterly snapshot of GRM results, including any suggestions and questions, to the project team and the management, and review the status of complaints to track which are not yet resolved and suggest any needed remedial action.</p>  |
| <b>Progress reports submitted to the World Bank</b> | <p>In the semi-annual project implementation reports submitted to the Bank, the following information will be provided:</p> <ul style="list-style-type: none"> <li>• Status of establishment of the GRM (procedures, staffing, awareness building, etc.);</li> <li>• Quantitative data on the number of complaints received, the number that were relevant, and the number resolved;</li> <li>• Qualitative data on the type of complaints and answers provided, issues that are unresolved;</li> <li>• Time taken to resolve complaints;</li> <li>• Number of grievances resolved at the lowest level, raised to higher levels;</li> <li>• Any particular issues faced with the procedures/staffing or use;</li> <li>• Factors that may be affecting the use of the GRM/beneficiary feedback system;</li> </ul> |

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|                                   | <ul style="list-style-type: none"> <li>• Any corrective measures adopted.</li> </ul>   |
| <b>Referral to World Bank GRS</b> | <p>Communities and individuals who believe that they are adversely affected by a WB supported project may submit complaints to the above project-level GRM or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit: <a href="http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service">http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service</a></p> |

## **Annex 1. Glossary of terms**

*Affected Parties* - Persons, groups and other entities within the Project Area of Influence (AoI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures.

*Consultation* - The process of providing stakeholders with opportunities to express their views on project opportunities, risks, impacts and mitigation measures by gathering information or advice from stakeholders and taking these views into account when making project decisions and/or setting targets and defining strategies.

*Disclosure* - The provision of information as a basis for consultation with project stakeholders. Involves prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders.

*Engagement* - A continuous two-way process in which an implementing agency, company or organization builds and maintains constructive and sustainable relationships with stakeholders impacted over the life of a project. This is part of a broader stakeholder engagement strategy, which also encompasses governments, civil society, employees, suppliers, and others with an interest in the Project.

*Other Interested Parties* - Individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way.

*Principles for stakeholder engagement:* Openness and life-cycle approach: public consultations for the project(s) will be arranged during the whole lifecycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation; Informed participation and feedback: information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns; Inclusiveness and sensitivity: stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects(s) is inclusive. All stakeholders at all times encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders; Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable and disadvantaged groups, in particular women, youth, elderly including diverse ethnic groups.

*Stakeholders* - Persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively; workers, local communities directly affected by the project and other stakeholders not directly affected by the project but that have an interest in it, e.g. local authorities, neighboring projects, and/or non-governmental organizations (NGOs), etc.

*Stakeholder Engagement Plan* - A plan which assists investors with effectively engaging with stakeholders throughout the life of the project and specifying activities that will be implemented to manage or enhance engagement.

*Vulnerable Groups* - Persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project(s).