



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 02/28/2024 | Report No: ESRSA03329



I. BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
East Asia and Pacific	EAST ASIA AND PACIFIC	P181555	
Project Name	Accelerating Sustainable Energy Transition Program		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	3/1/2024	5/1/2024
Borrower(s)	Implementing Agency(ies)	Estimated Decision Review Date	Total Project Cost
	ASEAN Center for Energy, Shaanxi Housing and Urban-Rural Development	3/20/2024	4,150,000,000

Proposed Development Objective

To accelerate the scale-up and grid integration of renewable energy in participating countries across the EAP region.

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 Activities

The proposed ASET MPA sets an ambitious program to support the energy transition by accelerating the deployment and grid integration of renewable energy (RE) in a region that emits the highest greenhouse gas (GHG) emissions and is devastatingly vulnerable to climate impacts. The proposed program integrates key elements of the new vision expressed in the World Bank’s Evolution Roadmap to deliver solutions and impact at scale. It is also an early application of the Global Challenge Program for Energy Access and Transition (GCP-E). It responds to the urgency of implementing climate mitigation and adaptation efforts by increasing the World Bank’s ambition while scaling up its knowledge and financing support.

The program proposes a financing envelope of US\$ 4 billion from the International Development Association (IDA) and the International Bank for Reconstruction (IBRD) to enable the development of 9 GW of new RE generation, resulting in enhanced resilience in energy services and a reduction of 130 million tons of CO2eq. To achieve its objectives, the program will leverage regional and globally tested and replicable approaches to overcome policy and

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regulatory constraints, facilitate the deployment of large-scale infrastructure investments, and mitigate risks to private sector participation. With strong focus on regional cooperation and private capital mobilization, the proposed ASET MPA will apply joint IBRD, IFC, and MIGA country engagements and instruments to achieve scale and draw on the resources of the private sector to meet energy transition targets.

The MPA will take a coordinated approach to support the development and adoption of parallel policy and regulatory amendments, institutional strengthening, and market development to achieve greater levels of ambition, scale, and sustainability. In addition, the World Bank will partner with the ASEAN Centre for Energy (ACE) and the Pacific Community (SPC) for the implementation of selected technical assistance activities under the MPA to develop and build synergies at the country and regional levels.

The investments proposed in the MPA investment projects in four countries and two technical assistance projects implemented by ACE and SPC. Phase 1 projects have completed project preparation and hyperlinks to the latest relevant documentation for each project are as follows: (i) China: Shaanxi Energy Transition and Innovation Demonstration in the Heating Sector Project (P177841); (ii) Mongolia: Third Energy Sector Project (P178190); (iii) Papua New Guinea: National Energy Access Transformation Project (P173194); and (iv) Strengthening Regional Platforms for Sustainable Energy transition (ACE and SPC, P181555). For later phases, projects under are under consideration in Cambodia, Federated States of Micronesia, Indonesia, Philippines, Republic of Marshall Islands, Viet Nam, and Thailand.

The proposed \$250 million IBRD IPF in China's Shaanxi province aims to enhance heat supply capacity through renewable energy and low-carbon sources, while piloting heating pricing reforms, financing infrastructure from such sources as waste heat recovery and heat pumps, and providing technical assistance and capacity building for institutional strengthening. The proposed US\$47.81 million IBRD IPF in Mongolia aims to enhance transmission capacity to facilitate renewable energy integration, particularly in the southeastern region rich in wind and solar resources, financing the development of a 220kV transmission line and associated substations, and supporting institutional capacity building for effective renewable energy planning, procurement, and power system operation. The proposed US\$200 million IDA IPF in Papua New Guinea aims to improve energy access, including through RE microgrids, and enhance electric supply reliability through four main components: infrastructure rehabilitation and reliability enhancement, development of RE microgrids for remote communities, energy sector institutional support, and project management assistance. In parallel, two regional IDA grants to be implemented by ACE (\$5 million IDA grant) and SPC (\$5 million IDA grant) aim to support renewable energy expansion and regional power trade in ASEAN countries and Pacific Island Countries (PICs), respectively, offering technical assistance, policy support, knowledge sharing, and gender equality promotion initiatives.

The three country projects have completed preparation and their development objectives, results indicators, and activities are fully aligned with the ASET MPA. Projects included in the first phase exemplify challenges facing EAP countries to scale RE deployment, experience of which will be leveraged for later phases. The proposed projects show how the Bank is supporting beneficiary client countries address these challenges through a combination of investments and technical assistance. The experience from the first phase will be leveraged for later phases.

D. Environmental and Social Overview



D.1 Overview of Environmental and Social Project Settings

Developing EAP now accounts for nearly 30 percent of global primary energy demand (28 percent as of 2018). Rapid industrialization coupled with urbanization has contributed to a 130 percent expansion of total energy production over the past 20 years. Demand growth has, however, been supported by an increased use of fossil fuels in power generation, particularly coal, as abundant and cheap resources remain available in the region. On average, 70 percent of electricity generation comes from fossil fuels in developing EAP countries.

EAP countries emit more greenhouse gas (GHG) than the US and Europe combined and are driving the growth of global GHG emissions and commonly experience poor air quality.

The MPA program will finance projects across the EAP region which includes a diverse range of countries with varying environmental and social characteristics, each providing its own opportunities and risks. Program typologies include i) regional technical assistance (TA) to strengthen regional cooperation and increase planning and execution capacity of priority projects; and ii) country specific physical investments and TA to strengthen the electricity grid, increase the capacity of transmission lines, increase electricity access and scale up renewable energy generation. The scale of investments varies greatly between countries.

The ASET MPA pillars include the following activities:

- Pillar one: RE policy development; regional power trade; and knowledge sharing and capacity building.
- Pillar two: expansion and upgrades of existing transmission grid; rehabilitation and enhancement of distribution networks and mini-grids; and investments in grid flexibility.
- Pillar three: deployment of concessional financing to mobilize commercial financing; tapping into carbon markets for concessional financing; de-risking activities.

This ESRS includes an overview of the environmental and social (E&S) risks and impacts associated with the program typologies and a more detailed discussion around the regional TA that will be implemented by ACE and SPC. Each project under the MPA will then have its own preparation process including E&S assessments and risk management instruments proportionate to the respective project. In addition to addressing the specific E&S issues, these assessments and instruments will consider structural issues such as implementation arrangements, co-financing arrangements, capacity support and other considerations critical to effective project implementation.

SPC is the principal scientific and technical organization in the Pacific region. They are an international development organization owned and governed by 27 country and territory members (American Samoa, Australia, Cook Islands, Federated States of Micronesia, Fiji, France, French Polynesia, Guam, Kiribati, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, United Kingdom, United States of America, Vanuatu, and Wallis and Futana). The proposed US\$ 5 million IDA Regional grant will provide technical assistance to help scale-up the deployment of renewable energy in PICs by enhancing their access to and management of critical data and information for informed energy planning and policymaking. The primary activities include establishing a Pacific Regional Data Repository (PRDR) to serve as a regional energy database, preserving and disseminating microdata sets for cross-sectoral policy formation. Technical assistance will also be targeted at



strengthening intuitional capacity and knowledge sharing through workshops and the creation of annual energy country profiles and tracking reports.

ACE is an intergovernmental organization within the ASEAN structure that represents the 10 ASEAN Member States' (AMS) interests within the energy sector. AMS include Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. ACE's key roles include: 1) Act as a catalyst to unify and strengthen ASEAN Energy Cooperation by providing a platform for sharing, policy advisory, best practices, and capacity building. 2) To provide a knowledge repository for AMS and services through data management, publication and dissemination. 3) To assist AMS on research and identifying practical & specific solutions on policies, legal and regulatory frameworks, technologies, and innovative solutions. The proposed US\$ 5 million IDA Regional grant will provide technical assistance to support ASEAN countries to accelerate RE scale up, including through regional power trade amongst countries in Southeast Asia. The program has three main activities: (i) regional RE policy support and climate finance – designed to provide analytical support on policy issues and capacity development required on regional level to facilitate development and financing of RE investments; (ii) regional power trade – building upon dialogue and experience that ACE has accumulated based on their ASEAN regional grid concept, this set of activities aim to provide additional technical support to start transboundary power trade within Southeast Asia; (iii) knowledge sharing, consultations and capacity building – ACE will utilize their regional network and access to help consult, disseminate, and provide capacity building to member states and their agencies; and (iv) promotion of gender equality in the energy sector – ACE will develop a framework to advance gender equality in the energy sector workforce, including through technical support to power utilities and establishing internship programs for female technical and managerial staff.

Additional information around key features relevant to each project financed under the MPA can be found in the project specific ESRS and E&S assessments.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

For each investment in the MPA, the E&S due diligence will assess the borrower's institutional capacity and, where there are gaps, E&S instruments will include measures to ensure ESF and good international industry standards (GIIP) compliance. Projects will supplement E&S risk management through financing a project management unit or office (including the engagement of E&S resources) to support project implementation or development and implementation of an E&S management systems (ESMS). Projects will consider the engagement of additional specialist support (e.g., OHS or biodiversity) from time to time as required. Borrowers generally have prior experience around E&S risk management, if not in applying the ESF, though capacity and system limitations have been experienced in past operations. Accordingly, E&S capacity strengthening will form part of the operation and synergies with Strengthening E&S Risk Management in Pacific Islands - Regional Project (P179497) will be identified Lessons learned during Phase 1 will be applied to future phase projects.

A limited capacity assessment was completed for ACE during program preparation. ACE has not previously delivered physical projects and as a result does not have dedicated environmental or social staff or associated systems for the management of E&S risks. For analytical work, ACE is aware of the issues around land, indigenous peoples, gender, protected areas, biodiversity and other E&S aspects relevant to the energy sector however has no in-house skills or



systems. ACE does however have the ability to hire consultants to provide targeted advice. It will be important that E&S capacity be developed to inform the work proposed to be carried out under the MPA by ACE. The ESCP requires that ACE: i) nominate an E&S focal person; and ii) require E&S capacity within consultancies who will complete TA activities. The WB will assist ACE in the development and implementation of an E&S capacity building plan and consider the provision of E&S Hands-on Extended Implementation Support (HEIS). The WB will review all TOR, bidding documents and TA outputs to ensure compliance with the ESF and good international industry practice.

A capacity assessment was completed for SPC during program preparation. Findings include:

1. SPC maintain an ESMS guided by their Social and Environmental Responsibility (SER) policy (October 2020). The policy aims to provide a framework, including guiding principles, for SPC to manage E&S risks and impacts that may be associated with their activities ethically and sustainably, and to enhance E&S benefits. They require this to be done in an inclusive manner, with a people-centered approach to maximize whole-of-society benefits. The Policy applies to all SPC programs, projects, and activities. A Staff Manual has been developed which includes regulations to guide staff, non-staff, and visitors in handling the following issues (among others): (i) health and safety, and (2) work culture and behavior.
2. SPC have engaged the following positions as part of the SER team: SER Senior Adviser; Gender Equality and Social Inclusion (GESI) Officer; GESI Adviser; Environment and Climate Change Risks Mitigation Officer; Human rights Adviser; Culture Adviser; and SER Communication and Knowledge Management Officer.
3. SPC maintain a health and safety committee and both worker and external grievance mechanisms (GM).
4. SPC have prior experience with E&S risk management including development of E&S risk management instruments, a system for monitoring and assessing performance and prior experience with the Bank’s safeguards policies through implementation of the Pacific Resilience Program (P147839).

The Bank provided high-level ESF training to SPC during program preparation and the Environmental and Social Commitment Plan (ESCP) requires them to nominate an environmental, social, health and safety (ESHS) focal point to support management of potential ESHS risks and impacts of the Program with support from SPC’s existing ESHS resources. The project management team may hire specialist E&S consultants from time to time as required. SPC are considered to have sufficient capacity to manage the minimal E&S risks and impacts associated with the activities that they will implement.

SPC activities will include E&S capacity building and knowledge sharing to raise capacity within the energy sector. Example topics include hazardous waste management (e.g., batteries and PCB contaminated oil) and community and worker safety.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Substantial

A.1 Environmental Risk Rating Substantial

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The MPA’s environmental risk classification is ‘Substantial’ based on the typical E&S risks associated with RE power and transmission investments under Pillars 1-3 and based on ESRC for the four Phase I IPF investments which are all currently classified as ‘Substantial’. ASET MPA program implementation is expected to have significant environmental benefits including reduction of GHG emissions and improvements to air quality. Key environmental risks and impacts may be direct, indirect and cumulative and relate to hazardous waste disposal (e.g., PCB contaminated oil and e-waste), land and groundwater contamination, potential impacts from the implementation of TA activities such as land clearance, operational phase impacts to biodiversity (e.g. use of pesticides on transmission line easements and bird and bat kills from electrocution) as well as those more generally associated with civil works (invasive species, dust, noise, erosion and sedimentation, resource consumption, alternation and disturbance of habitats, waste generation, and worker safety). Future MPA phases are expected to have a similar risk profile however, the ESRC will be assessed for each individual project and the MPA ESRC updated should a ‘High’ risk project be financed. Environmental impacts are generally well understood for the types of activities that may be implemented under the three pillars and many RE transition projects (as well as other infrastructure projects) have been previously implemented in the EAP region meaning that implementing agencies have some experience with environmental risk management, though capacity will vary greatly from country to country. The SPC implemented regional TA is expected to pose minimal risks to the human populations and the environment and is considered to have a ‘low’ environmental risk classification. Potential risks and impacts include from i) the end-of-life disposal of hardware (e-waste) financed through the ‘Establishment of a Pacific Regional Data Repository’; and ii) those generally associated with office, training and travel activities. SPC activities will include E&S capacity building and knowledge sharing to build environmental risk management capacity within the energy sector. Example topics include hazardous waste management (e.g., batteries and PCB contaminated oil) and community and worker safety. The ACE implemented regional TA is classified as ‘substantial’ environmental risk because of the potential downstream impacts from the implementation of TA outputs (in particular, with respect to regional RE policy support which includes development of decarbonization strategies and technology-based deployment roadmaps and analytical studies on emerging low-carbon technologies such as energy efficiency, EVs, and green hydrogen). In addition, ACE have limited E&S risk management capacity with no E&S resources or systems within the organization. The potential downstream environmental risks and impacts associated with the implementation of this TA are in line with those discussed above in the context of the Phase I projects. The activities relating to regional power trade are expected to have minimal environmental risks and ‘Knowledge Sharing, Consultations and Capacity Building’ and ‘Promotion of Gender Equality in the Energy Sector’ are not expected to have environmental impacts beyond those generally associated with office, training and travel activities. Impacts will generally be temporary and reversible. However, some (such as land and groundwater contamination, hazardous waste management and biodiversity impacts) may require substantial investment and time to manage in accordance with the ESF and good international industry practice. In addition, a substantial ESRC is justified as legislation may not address all risks and impacts and enforcement is often weak.

A.2 Social Risk Rating

Substantial

Potential social risks include engagement and protection of vulnerable people (including access to RE sources and willingness/ability to pay), community level economic impacts created in coal-producing communities as transitions to renewable energy, land access arrangements including in areas where land is held in customary title and/or subject to dispute, risks and design opportunities associated indigenous peoples and ethnic minorities, community impacts in RE areas of having new investments requiring large areas of land (such as solar, wind farms and new HV transmission lines etc.), community safety, SEA/SH, gender opportunities and risks, and equity and benefit-sharing arrangements. Each country has different land tenure arrangements which will likely have significant influence on technical designs,

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costing, implementation timeframes, project structuring and other aspects as well as creating potential social risks requiring proactive management. Community engagement will underpin project risk management and benefit analysis, and will form a fundamental part of technical project identification, design and delivery. Future phases will be assessed based on the risks associated with each operation. Potential social risks and impacts are generally well understood for the types of activities that may be implemented under the three pillars. A number of energy projects have been implemented in the EAP region meaning that implementing agencies have some experience with environmental risk management, though capacity will vary greatly from country to country. A number of energy (including RE) projects have been implemented in the EAP region and borrowers generally have prior experience around E&S risk management, if not in applying the ESF. Notwithstanding this, social risk management capacity and system limitations have been experienced in past operations and remain in most countries. The limited E&S risk management capacity of SPC and ACE (stemming from their limited experience in physical project design and delivery) represents a risk for the operation. To address this risk, E&S Specialists will be recruited to strengthen the capacity of these institutions and then, through the course of the operation, support capacity building activities for future energy operations under the MPA.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1 Relevance of Environmental and Social Standards

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Relevant

Implementation of the three ASET MPA phases is expected to have significant E&S benefits including the potential facilitation of RE, reduction of GHG emissions, improvements to air quality, improving access to affordable energy, and – in the coal producing nations - providing opportunities for a socially sustainable and equitable (or “Just”) transition from reliance on fossil fuels. Key environmental risks and impacts relate to the implementation of TA such as what may be financed under Pillar 1 (e.g., downstream impacts to biodiversity and indigenous peoples from power systems planning outcomes), hazardous waste disposal (e.g., PCB contaminated soils and e-waste), land clearance may result in habitat loss, disturbance of terrestrial biodiversity, degradation and fragmentation of natural habitat, as well as introduction of invasive species, land and groundwater as well as those more generally associated with civil works (dust, noise, erosion and sedimentation, resource consumption, alternation and disturbance of habitats, waste generation, worker safety). Potential social risks and issues include, gender issues, engagement and protection of vulnerable people including indigenous and ethnic minority communities, community local economic impacts created in coal-producing communities as energy generation transitions to renewable energy, land, and community impacts in RE areas of having new investments requiring large areas of land (such as solar, wind farms and new HV transmission lines, etc.), community safety, equity, and benefit-sharing arrangements. Each country in EAP has very different land tenure arrangements which will likely have significant influence on technical designs, costing, project structuring and other aspects as well as creating potential social risks which will need to be proactively managed. Community engagement will underpin project risk and benefit analysis and will therefore form a fundamental part of technical project identification, design, and delivery. Future phases will be assessed based on the risks associated with each operation.

For Phase 1 to 3 projects, E&S instruments, plans and frameworks will be (or have been) prepared based on the nature of E&S risks and impacts associated with project typologies. Where possible, borrower frameworks will be used to

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manage 'Low' and 'Moderate' E&S risks. E&S instruments and SEPs and will be prepared by the relevant implementing agencies and disclosed prior to Appraisal after review by the Bank. The implementing agencies will also prepare the ESCPs, to be agreed to by the Bank, which will set out the material measures and actions for the project to meet the ESSs over a specified timeframe. Other instruments, such as LMPs, will be prepared and disclosed prior to, at, or at a specified time after the Effective date of each operation. Project and site-specific ESMPs and ESIAAs will be prepared prior to the commencement of civil works during project implementation. Biodiversity mitigation and management plans will be developed to be proportionate with the potential risks and impacts and could range from ESMPs to biodiversity management plans (BMPs) and/or biodiversity offset plans. All terms of reference and TA outputs will be developed in compliance with ESF and GIIP requirements and reviewed and cleared by the Bank. For PforR operations, ESSAs will be prepared and disclosed, and an appropriate Environmental and Social Action Plan developed.

ACE have prepared an ESCP, a stakeholder engagement framework (SEF) and the draft terms of reference (TOR) to complete a strategic environmental and social assessment (SESA) that will inform any strategy, roadmap and policy work. The ESCP requires ACE i) to ensure that all TOR are developed in accordance with the ESF and good international industry practice; (ii) all TA outputs comply with good international industry practice; and (iii) ACE nominate an E&S risk management focal point and engage E&S consultants as needed. SESA TOR will be finalized during project implementation (on confirmation of detailed design of project activities) and the SESA will be developed during project implementation to systematically evaluate the E&S impacts associated with the policy support. The SESA will be completed prior to the finalization of policy support outputs. The SESA will assess the downstream E&S impacts associated with TA activities and provide recommendations on how to address them.

SPC have prepared an ESCP and an SEF during project preparation. The ESCP requires that e-waste is managed in accordance with ESS3.

ESCPs and SEFs will be disclosed by ACE and SPC prior to Project Appraisal.

ESS2 Labor and Working Conditions

Relevant

A Labor Management Procedure (LMP) has been prepared for each Phase 1 project. LMPs will be prepared for each subsequent project to identify types of workers under ESS2. LMPs will address the way labor and working condition risks will be managed for each category of worker including principles of non-discrimination and equal employment opportunities; requirements for documented contracts for direct and contracted workers; provisions to prevent SEA/SH of all project workers; requirements for addressing occupational health and safety risks for all project workers (including, for example, construction OHS management plans); a minimum project workforce age of 18 years; and procedures to manage the risk of COVID-19 transmission. LMPs will also outline a grievance redress mechanism for project workers. Risks of forced labor in the polysilicon/PV panel supply chain will be addressed in accordance with the World Bank's Mandatory Note to Borrowers on IPF Solar Procurement.

ESS3 Resource Efficiency and Pollution Prevention and Management

Relevant

ESS3 is relevant.

Phase 1 to 3 project implementation will contribute to a reduction in GHG emissions and improved air quality through creation of an enabling environment for RE. Potential risks and impacts include those related to i) construction (e.g.,

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Phase 1 to 3 project implementation will contribute to a reduction in GHG emissions and improved air quality through creation of an enabling environment for RE. Potential risks and impacts include those related to i) construction (e.g., generation of dust, noise and GHGs, erosion and sedimentation, waste generation [including hazardous waste such as PCB contaminated oil, e-waste and asbestos], resource/material consumption, and land and groundwater contamination; ii) operational impacts (e.g., consumption of energy and water, land and water contamination from inappropriate waste management and inadequate Maintenance, and waste generation [including hazardous waste and e-waste]); and iii) similar downstream impacts from the implementation of technical assistance activities.

ACE implemented regional TA. The potential downstream impacts from the implementation of TA outputs (in particular, with respect to regional RE policy support which includes development of decarbonization strategies and technology-based deployment roadmaps and analytical studies on emerging low-carbon technologies such as energy efficiency, EVs, and green hydrogen) are in line with those listed above. Green hydrogen is considered a low-carbon energy carrier with potential as an alternative to fossil fuels, reducing GHG emissions in industries such as chemical engineering, steel manufacturing, and road and sea transportation. It is produced through electrolysis powered by renewable energy. Environmental impacts include those relating to i) the renewable energy source used to power the electrolysis process; ii) GHG emissions from leakages (hydrogen is an indirect greenhouse gas); and iii) delivery method (e.g., tanker or pipeline). The promotion of EVs may accelerate challenges with the disposal of end-of-life vehicle waste. A SESA will be developed during project implementation to systematically evaluate the E&S impacts associated with the policy support output implementation. The SESA will be completed prior to the finalization of policy support outputs and i) assist in the integration of resource efficiency and pollution prevention and management considerations and controls; and ii) assess the implementation impacts and provide recommendations on how to address them.

SPC implemented regional TA. The establishment of a Pacific regional data repository will include the procurement of hardware, ultimately generating e-waste. The ESCP requires SPC to manage e-waste in accordance with ESS3. Pacific countries will use the data repository for energy planning and the promotion of RE policies, with the ultimate intention of reducing GHG emissions and resource consumption. E&S capacity building activities will be further defined during project implementation but are intended to assist Pacific Island Countries to address common energy sector challenges such as hazardous waste management (e.g., batteries and PCB contaminated oil).

ESS4 Community Health and Safety

Relevant

Potential issues include community exposure to: i) physical hazards on sites; ii) water/vector-borne diseases from poor site management; iii) communicable diseases (e.g., COVID-19 and HIV/AIDS), anti-social behavior and SEA/SH risks from project workforce; vi) noise, dust and vibration impacts; and vii) health impacts from poor management of hazardous materials (e.g., asbestos containing material and end of life batteries).

The supply of electricity presents safety risks for members of the community, particularly vulnerable groups (i.e., children) who have low awareness of electricity safety. Real or perceived inequities regarding access to project services, and particularly the selection of target sites/communities for on-grid electrification and development of sustainable mini grids may lead to social tensions within and between diverse cultural groups/communities which will be addressed through a number of avenues including effective consultation, engagement and benefit sharing.



Each of these potential risks (as appropriate) will be identified and assessed as part of future project preparation and appropriate risk management approaches included in the appropriate project documentation such as ESMPs or LMPs. If, as part of the MPA, common themes are identified, ACE and SPC will work to develop guidance notes or replicable systems to manage the risks and this will be reflected in ToRs for analytical work managed under the MPA.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

Land is a critical project input and its acquisition and associated impact assessment, negotiations and compensation needs to be a priority project management activity in the delivery of physical projects to enable timely delivery. Each project under the MPA will include an appropriate assessment and instrument (Land Access and Resettlement Framework or similar) to establish the principles, objectives, procedures and rules to be used to manage land access or land acquisition (if required) and associated impacts.

Furthermore, TA activities under the MPA may involve assessment/planning of land and resettlement impacts including capturing of relevant - transferable - lessons across the region. While TA work will not involve land acquisition during the Project, TORs for upstream feasibility and assessment work will stipulate the need to identify land requirements with scope to avoid displacement through design. ACE and SPC, will - as a part of the MPA activities - undertake analytical work in relation to land acquisition for energy operations with the objective - to the extent possible - of identifying scalable or replicable approaches. Such work would highlight the role played by land as a core project management critical path activity, cultural, livelihood and natural resource management implications among others. Resettlement plans developed during feasibility are required to be developed in accordance with the LARF and ESS5 for each project and these individual assessments could also be used to inform the higher-level analytical work on land acquisition and resettlement.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

ESS6 is relevant.

Land clearance will be required for a number of the projects financed under the MPA. The clearing of vegetation on greenfield sites for construction of RE components and transition lines may result in habitat loss, disturbance of terrestrial biodiversity, degradation and fragmentation of natural habitat, as well as introduction of invasive species. The construction and operation of micro/mini hydropower has the potential to disturb aquatic life. Construction activities may result in land and water contamination through sedimentation and inappropriate disposal of waste and inadequate maintenance, which has the potential to impact baseline biodiversity values. Transmission lines may also impact wildlife (e.g., bats and birds) through collisions and electrocution. E&S assessments for individual projects will consider whether activities will impact natural or critical habitats or ecosystem services and assess any risks to threatened or endangered species. Biodiversity mitigation and management plans will be developed to be proportionate with the potential risks and impacts and could range from ESMPs to Bio biodiversity management plans (BMPs) and/or Biodiversity Offset Plans. All terms of reference and TA outputs will be developed in compliance with ESF and GIIP requirements and reviewed and cleared by the Bank.



ACE implemented regional TA. The potential downstream impacts from the implementation of TA outputs (in particular, with respect to regional RE policy support which includes development of decarbonization strategies and technology-based deployment roadmaps and analytical studies on emerging low-carbon technologies such as energy efficiency, EVs, and green hydrogen) are in line with those listed above. The SESA will be completed prior to the finalization of policy support outputs and i) assist in the integration of biodiversity considerations and controls to policy support outputs; and ii) assess the impacts of policy support activities and provide recommendations on how to address them.

SPC implemented regional TA is not expected to result in biodiversity impacts.

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

Relevant

EAP countries are some of the most culturally diverse countries in the world. PNG alone has over 800 languages and over 1,000 distinct ethnic groups. Energy investments therefore have the potential to affect diverse communities. ESS7 is relevant and the standard applies for this MPA.

Where appropriate, based on a social screening, appropriate assessments will be incorporated into the TA work. This will, among other things, identify the ethnic groups that are present in the study/sub-project areas; assess the potential direct and indirect economic, social and cultural impacts on these communities; and outline measures for protecting and enhancing the interests of IP/EMs in projects/activities informed or influenced by the TA work and other MPA activities in accordance with ESS7. The TA work will be guided by ToRs which will need to be cleared by the Bank team to ensure they address IP and EM issues relevant to the scope of work for respective studies.

ESS8 Cultural Heritage

Relevant

ESS8 is relevant and appropriate screening will be carried out along with the preparation of relevant mitigation/management strategies as part of project level assessments. Cultural heritage issues can be particularly relevant in remote settings and the MPA will be able to undertake analytical work to identify approaches and/or prepared guidance notes which identify possible risks and opportunities for different forms of renewable investments.

ESS9 Financial Intermediaries

Not Currently Relevant

Phase I projects do not include the use of financial intermediaries. Should this change for Phase 2 and 3 projects then this standard will be marked as relevant and FIs will be required to develop and maintain an ESMS, effective E&S systems, procedures and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as managing overall portfolio risk in a responsible manner.

ESS10 Stakeholder Engagement and Information Disclosure

Relevant

Stakeholder engagement plans/frameworks have been prepared for each project in Phase 1. For projects in e subsequent phases, stakeholder engagement frameworks have been prepared which help SPC and ACE to identify and analyze key project stakeholders; describe the process and modalities for sharing information on the project activities

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and seeking and incorporating stakeholder feedback into project design and implementation; outline strategies for consultation and information dissemination; and outline approaches for reporting and disclosure of project documents. The SEFs also outline the Project’s Grievance Redress Mechanism (GRM) which will enable stakeholders to raise project related concerns, grievances and SEA/SH complaints. The SEF (and GRM) aims to achieve consistency with ESS7 to promote inclusion of Indigenous Peoples.

Stakeholder Engagement Plans (SEPs) will be prepared during project implementation based on the SEFs prepared at appraisal.

B.2 Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3 Other Salient Features

Use of Borrower Framework In Part

The Program will comply with national legal and regulatory requirements. Substantial risk projects will develop E&S instruments in compliance with the ESF. Should future phases finance ‘low’ or ‘moderate’ risk projects then borrower frameworks will be used and complemented as needed to comply with ESF requirements.

ACE implemented TA has been classified as ‘substantial’ risk and will rely on the ESCP, SEF and SESA to ensure ESF compliance.

SPC implemented TA has been classified as ‘low’ risk and will rely on SPC’s ESMS supplemented by ESCP conditions and SEF implementation to ensure ESF compliance.

Use of Common Approach No

The common approach is not in use for Phase I projects however, the MPA intends to identify US\$ 1.5 billion from counterpart funding and commercial financing. Should future projects be co-financed by development partners then use of the common approach will be considered.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required during implementation?

Phase 1 to 3 E&S instruments, plans and frameworks will be prepared based on the nature of E&S risks and impacts associated with project typologies. Where possible, borrower frameworks will be used to manage ‘Low’ and ‘Moderate’ E&S risks. E&S instruments and SEPs and will be prepared by the relevant implementing agencies and

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disclosed prior to Appraisal after review by the Bank. The implementing agencies will also prepare the ESCPs, to be agreed to by the Bank, which will set out the material measures and actions for the project to meet the ESSs over a specified timeframe. Other instruments, such as LMPs, will be prepared and disclosed prior to, at, or at a specified time after the Effective date of each operation. Project and site-specific ESMPs and ESIAAs will be prepared prior to the commencement of civil works during project implementation. Biodiversity mitigation and management plans will be developed to be proportionate with the potential risks and impacts and could range from ESMPs to Bio biodiversity management plans (BMPs) and/or Biodiversity Offset Plans. All terms of reference and TA outputs will be developed in compliance with ESF and GIIP requirements and reviewed and cleared by the Bank.

ACE will develop, consult disclose and implement a SESA in accordance with the approved draft TOR prior to the finalization of policy support TA outputs.

Both SPC and ACE will develop and implement SEPs in accordance with their respective SEFs.

III. CONTACT POINTS

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