Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 07/09/2024 | Report No: ESRSA03599

I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P181555	Investment Project Financing (IPF)	MPA	2025
Operation Name	Accelerating Sustainable Energy Transition Program		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
East Asia and Pacific		EAST ASIA AND PACIFIC	Energy & Extractives
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
ASEAN Centre for Energy	ASEAN Centre for Energy	27-Mar-2024	09-Aug-2024
Estimated Decision Review Date	Total Project Cost		
20-Mar-2024	5,000,000.00		

Proposed Development Objective

To help accelerate renewable energy scale up in the ASEAN countries, including through regional power trade.

B. Is the operation 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

[Description imported from the PAD Data Sheet in the Portal providing information about the key aspects and components/sub-components of the project]

The proposed 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 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$2.5 billion from the International

Development Association (IDA) and the International Bank for Reconstruction (IBRD) to enable the development of 2,500 MW of new RE generation, resulting in enhanced resilience in energy services and a reduction of 60 million tons of CO2eq. To achieve its objectives, the program will leverage regional and globally tested and replicable approaches to overcome policy and regulatory constraints, facilitate the deployment of large-scale infrastructure investments, and mitigate risks to private sector participation. With a strong focus on regional cooperation and private capital mobilization, the proposed 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 coordinate its efforts to support the development and adoption of parallel policy and regulatory amendments, institutional strengthening, and market development to achieve greater ambition, scale, and sustainability. In addition, the World Bank will partner with the ASEAN Centre for Energy (ACE) to implement selected technical assistance activities under the MPA and develop and build synergies at the country and regional levels. The investments proposed in the MPA investment projects in four countries and a technical assistance project implemented by ACE. Phase 1 projects have completed project preparation and negotiations, and hyperlinks to the latest relevant documentation for each project are as follows: (i) Papua New Guinea: National Energy Access Transformation Project (P173194); (ii) Republic of the Marshall Islands: Renewable Energy Generation and Access Increase (P181250); and (iii) a regional technical assistance project (ACE): Clean Energy and Power Trade Development in Southeast Asia Project (P181555). Projects under consideration in Cambodia, the Federated States of Micronesia, Indonesia, and Mongolia are currently planned for later phases. The proposed US$200 million IDA IPF in Papua New Guinea, to be complemented by a US$4.2 million grant from the Global Partnership for Results-Based Approaches, aims to increase access to energy (including through RE micro-grids) and enhance the reliability of the electricity supply. The proposed US$60 million IPF in the Republic of the Marshall Islands aims to increase RE generation and improve the reliability and access to electricity services. In parallel, a regional IDA grant to be implemented by ACE (US$5 million IDA grant) aims to support renewable energy expansion and regional power trade in ASEAN countries, respectively, offering technical assistance, policy support, knowledge sharing, and gender equality promotion initiatives. The country projects have completed preparation and negotiations, and their development objectives, results indicators, and activities are fully aligned with the MPA. Projects included in the first phase exemplify challenges facing EAP countries in scaling RE deployment and show how the World Bank supports participating countries in addressing these through investments and technical assistance. The experience from the first phase will be leveraged for later ones.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

[Description of key features relevant to the operation's environmental and social risks and opportunities (e.g., whether the project is nationwide or regional in scope, urban/rural, in an FCV context, presence of Indigenous Peoples or other minorities, involves associated facilities, high-biodiversity settings, etc.) – Max. character limit 10,000]

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. Power and heat generation accounts for about 50 percent of GHG emissions. Between 2000 to 2020, GHG emissions in EAP tripled from 3.94 (2000) to 12.35 gigatons CO2eq (2020), representing two-thirds of the total growth in emissions globally.
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.

Activities supported under the MPA are organized in three pillars which include the following activities:
- Pillar one: enabling policies and strengthened institutions. RE policy development; regional power trade; and knowledge sharing and capacity building.
- Pillar two: expanded and more flexible energy systems. Expansion and upgrades of existing transmission grid; rehabilitation and enhancement of distribution networks and mini-grids; and investments in grid flexibility.
- Pillar three: de-risking clean energy investments. Deployment of concessional financing to mobilize commercial financing; tapping into carbon markets for concessional financing; de-risking private sector activities 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. Each project under the MPA will then have its own preparation process including E&S assessments and risk management instruments proportionate to the 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.

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.

Information around key features relevant to each project included under phase one of the MPA, The PNG National Energy Access Transformation Project (P173194) and Republic of the Marshall Islands: Renewable Energy Generation and Access Increase (P181250), 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

[Description of Borrower's capacity (i.e., prior performance under the Safeguard Policies or ESF, experience applying E&S policies of IFIs, Environmental and social unit/staff already in place) and willingness to manage risks and impacts and of provisions planned or required to have capabilities in place, along with the needs for enhanced support to the Borrower – Max. character limit 10,000]

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.

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.

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

A. Environmental and Social Risk Classification (ESRC) Substantial

A.1 Environmental Risk Rating Substantial

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

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 . The 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 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

[Summary of key factors contributing to risk rating, in accordance with the ES Directive and the Technical Note on Screening and Risk Classification under the ESF – Max. character limit 4,000]

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, 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. Projects to be considered in future phases of the MPAn 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 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.

A.3 Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating Substantial

[Summary of key factors contributing to risk rating. This attribute is only for the internal version of the download document and not a part of the disclosable version – Max. character limit 8,000]

SEA/SH risk has been assessed as Substantial. A number of countries in EAP have high background rates of Gender-based violence. Projects are likely to include activities near community infrastructure which women and girls use for their daily life. Experience and capacity to manage SEA/SH risk is variable throughout the region. An SEA/SH Action Plan is likely to be required for each project that outlines SEA/SH capacity support and development, prevention (i.e., code of conduct, worker training, community awareness) and response measures (i.e., GRM designed to receive SEA/SH complaints; GBV service provider mapping and referral service) in accordance with the World Bank's Good Practice Note for Addressing SEA/SH Risk in Investment Project Financing involving Major Civil Works.

B. Environment and Social Standards (ESS) 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

[Explanation - Max. character limit 10,000]

Implementation of subsequent 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. The implementation of Technical Assistance (TA) may result in downstream environmental risks and impacts. These risks and impacts may arise from activities financed under Pillar 1, such as power systems planning outcomes that may affect biodiversity and indigenous peoples. Other risks include hazardous waste disposal, habitat loss, disturbance of terrestrial biodiversity, degradation and fragmentation of natural habitat, introduction of invasive species, and pollution of land and groundwater. Additionally, civil works may result in dust, noise, erosion and sedimentation, resource consumption, alternation and disturbance of habitats, waste generation, and worker safety concerns. 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 all MPA phases, 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 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 ESIAs 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 implemented regional TA. ACE has 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.

ESS10 - Stakeholder Engagement and Information Disclosure Relevant

[Explanation - Max. character limit 10,000]

Stakeholder engagement plans/frameworks have been prepared for each project in Phase one. For projects in subsequent phases, a stakeholder engagement framework has been prepared which helps ACE to identify and analyze key project stakeholders; describe the process and modalities for sharing information on the project activities 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 SEF also outlines 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 SEF prepared at appraisal

ESS2 - Labor and Working Conditions Relevant

[Explanation - Max. character limit 10,000]

A Labor Management Procedure (LMP) has been prepared for each phase one 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

[Explanation - Max. character limit 10,000]

Projects in all MPA phases 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 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 Maintenace, 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.

ESS4 - Community Health and Safety Relevant

[Explanation - Max. character limit 10,000]

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 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

[Explanation - Max. character limit 10,000]

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. ACE implemented regional TA. TA activities 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, 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

[Explanation - Max. character limit 10,000]

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.

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

[Explanation - Max. character limit 10,000]

EAP countries are some of the most culturally diverse countries in the world. Energy investments therefore have the potential to affect diverse communities. ESS7 is relevant and the standard applies for this MPA. ACE implemented regional TA. 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

[Explanation - Max. character limit 10,000]

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 to prepared guidance notes which identify possible risks and opportunities for different forms of renewable investments.

ESS9 - Financial Intermediaries Not Currently Relevant

[Explanation - Max. character limit 10,000]

Projects in phase one of the MPA do not include the use of financial intermediaries. Should this change subsequent phases of the MPA, 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.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways No

OP 7.60 Operations in Disputed Areas No

B.3 Other Salient Features

Use of Borrower Framework In Part

[Explanation including areas where "Use of Borrower Framework" is being considered - Max. character limit 10,000]

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.

Use of Common Approach No

[Explanation including list of possible financing partners – Max. character limit 4,000]

The common approach is not in use for Phase one projects. However, the MPA intends to identify substantial counterpart funding, financing, and commercial financing. Should future projects be co-financed by development partners then use of the common approach will be considered.

B.4 Summary of Assessment of Environmental and Social Risks and Impacts

[Description provided will not be disclosed but will flow as a one time flow to the Appraisal Stage PID and PAD – Max. character limit 10,000]

The Environmental and Social Risk Classification (ESRC) for the proposed MPA is rated as Substantial, given the typical E&S risks associated with the program typologies: (i) regional technical assistance 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) likely to be financed under pillars 1-3 of the MPA. ACE implemented regional TA is considered to have a Substantial ESRC based on the potential downstream impacts associated with policy support activities and limited E&S risk management capacity and systems within ACE.

Implementation projects and activiites in all MPA phases is expected to have significant E&S benefits including the potential facilitation of RE electricity generation, 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. The implementation of Technical Assistance (TA) may result in downstream environmental risks and impacts. These risks and impacts may arise from activities financed under Pillar 1, such as power systems planning outcomes that may affect biodiversity and indigenous peoples. Other risks include hazardous waste disposal, habitat loss, disturbance of terrestrial biodiversity, degradation and fragmentation of natural habitat, introduction of invasive species, and pollution of land and groundwater. Additionally, civil works may result in dust, noise, erosion and sedimentation, resource consumption, alternation and disturbance of habitats, waste generation, and worker safety concernsPotential 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. E&S instruments will be prepared for each project in accordance with the ESF considering direct, indirect, cumulative, and downstream impacts as well as any risks and impacts from associated facilities. Where appropriate, borrower frameworks will be used to manage E&S risks associated with Low and Moderate risk projects. For PforR operations included in future phases of the MPA, ESSAs will be developed. Phase I projects do not include the use of financial intermediaries. Should this change subsequent phases, then FIs will be required to develop and maintain an Environmental and Social Management System (ESMS), effective environmental and social 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.

ACE has developed an environmental and social commitment plan (ESCP), stakeholder engagement framework (SEF) and draft strategic environmental and social assessment (SESA) terms of reference. The SESA will be developed, consulted, disclosed and implemented during project preparation and will systematically evaluate the E&S impacts associated with policy support outputs including assessment of the downstream E&S impacts associated with TA activities and provision of recommendations on how to address them.

An ESCP and SEF have been disclosed by ACE on its website on May 28, 2024, and by the Bank on March 19, 2024.

All terms of reference and TA outputs will be developed in compliance with ESF and GIIP requirements and reviewed and cleared by the Bank.

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 by implementation?

[Description of expectations in terms of documents to be prepared to assess and manage the project's environmental and social risks and by when (i.e., prior to Effectiveness, or during implementation), highlighted features of ESA documents, other project documents where environmental and social measures are to be included, and the related due diligence process planned to be carried out by the World Bank, including sources of information for the due diligence - Max. character limit 10,000]

For projects in all MPA phases, 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 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 ESIAs 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.

ACE will develop and implement SEPs in accordance with their SEF.

III. CONTACT POINT

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