

Concept Environmental and Social Review Summary Concept Stage (ESRS Concept Stage)

Date Prepared/Updated: 11/20/2023 | Report No: ESRSC03947



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 Multi-phase Programmatic Approach		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project	3/29/2024	5/1/2024
	Financing		
Borrower(s)	Implementing Agency(ies)	Estimated Concept Review Date	Total Project Cost

Proposed Development Objective

To accelerate renewable energy scale-up and grid integration 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 Program has been designed to address the critical constraints to renewable energy (RE) deployment. It is based on the extensive energy transition engagements by WBG in the region. The ASET Program seeks to invest up to US\$ 5.0 billion over 7 years (FY24-31) to enable up to [48,000] GWh of RE deployment. It aims to mobilize US\$ 3.5 million from IBRD/IDA financing and US\$ 1.5 billion from counterpart funding and commercial financing. The program will be anchored in three complementary pillars of activities: (i) enabling policies, (ii) investments to develop flexible electricity networks, and (iii) de-risking clean energy investments.

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. Over time, the MPA will support either successive investments or follow-on operations (e.g., several operations in a country or operations on the same topic in several countries). The World Bank will partner with the ASEAN Center for Energy (ACE) and the Pacific Community (SPC) for the implementation of selected activities under the MPA to develop and build synergies at the country and regional levels, including identifying linkages to the



Strengthening Environmental and Social Risk Management in Pacific Islands - Regional Project (P179497) currently under preparation.

The investments proposed in the MPA are primarily in Pillar 2 and consist of 'tried and tested' interventions. The MPA will include collaboration with both MIGA and IFC and includes three operations in the first phase in addition to interventions with ASEAN and SPC. The three Phase 1 projects have completed their individual PCN reviews and are in advanced preparation. Phase I projects and hyperlinks to the latest relevant documentation for each project are as follows: (i) Viet Nam: Renewable Energy Accelerating Change (P174460); (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). Projects under considerations for Phases 2-3 include Indonesia: Electricity Network Transformation Program (P180992); Indonesia: Sustainable Least-cost Electrification Program-2 (P501217); Indonesia: Grid and Renewable Energy Financing Facility Guarantee (P178788); Federated States of Micronesia: Access & Reliability Improvement and Sustainable Energy (P181253); and Republic of Marshall Islands: Renewable Energy and Access Project (P181250).

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. To the extent appropriate at concept stage across these diverse countries, the key environmental and social aspects are outlined under the respective ESS below. 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.

Each project under the MPA will have its own preparation process including environmental and social assessments and risk management instruments proportionate to the respective project. In addition to addressing the specific environmental and social 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.

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. Phase I IPF projects will supplement E&S risk management as follows: i) the Mongolia: Third Energy Sector Project; and the Papua New Guinea National Energy Access Transformation Project will finances a project management unit or office to support project implementation including the engagement of E&S resources. ii) Viet Nam: Renewable Energy Accelerating Change Project will engage an E&S unit to support implementation of the E&S management system (ESMS) including integrating the functions of E&S management, resettlement and grievance handling for resettlement and for construction activities. 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.

The Bank will partner with the ACE and SPC for implementation of selected activities to develop and build synergies at the country and regional levels. It is proposed to make available grants of up to US\$ 15 million for these regional entities for the implementation of key TA components. Opportunities to strengthen E&S risk management through collaboration with these partners will be considered during program preparation. ASEAN and SPC have experience with E&S risk management and a capacity assessment will be completed with identification of relevant gaps in their ESMSs.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

A.1 Environmental Risk Rating

The program 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 three 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 ewaste), 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

Substantial

Substantial



meaning that implementing agencies have some experience with environmental risk management, though capacity will vary greatly from country to country.

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, 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 risk 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. Accordingly, capacity strengthening will form an important part of the operation.

B. RELEVANCE OF STANDARDS AND POLICIES AT CONCEPT STAGE

B.1 Relevance of Environmental and Social Standards

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Relevant

Project preparation is underway for for the Phase I projects. The following instruments will be developed, consulted and disclosed prior to Appraisal:

1) Mongolia: Third Energy Sector Project. An E&S impact assessment (ESIA), an E&S Management Plan (ESMP), a Stakeholder Engagement Plan (SEP), a Resettlement Policy Framework (RPF), a Labor Management Procedure (LMP), and an Environmental and Social Commitment Plan (ESCP).

2) Papua New Guinea: National Energy Access Transformation Project. An E&S Management Framework (ESMF), Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) Action Plan, an LMP, an Indigenous People Policy Framework, a Chance Finds Procedure and an SEP and an ESCP.

3) Viet Nam: Renewable Energy Accelerating Change. An ESCP, ESMF, RPF, EMPF, and SEP.

ESS2 Labor and Working Conditions

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

Relevant



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

ESS3 is relevant. The MPA will contribute to a reduction in GHG emissions and improved air quality. 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.

ESS4 Community Health and Safety

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.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement Relevant

Land is a critical project input and its acquisition will be prioritized in order 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 may involve assessment/planning of land and resettlement impacts. 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. Resettlement plans developed during feasibility are required to be developed in accordance with the LARF and ESS5.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

Relevant

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.

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

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. The MPA will therefore affect diverse communities. ESS7 is relevant and the standard applies for this MPA.

Where appropriate, based on a social screening, an appropriate instrument (such as an Indigenous Peoples Policy Framework or Ethnic Minority Development Framework will be prepared to identify the ethnic groups that are present in the 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 during project implementation in accordance with ESS7.

ESS8 Cultural Heritage

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.

ESS9 Financial Intermediaries

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 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.

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement plans/frameworks have been prepared for each project in Phase 1. For projects in e subsequent phases, stakeholder engagement plan/frameworks will be prepared which will 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 SEPs will also outline the Project's Grievance Redress Mechanism (GRM) which will enable stakeholders to raise project related concerns, grievances and SEA/SH complaints. Where appropriate, the SEP (and GRM) will ensure consistency with ESS7,

TBD

Relevant

Relevant

Relevant



promote inclusion of Indigenous Peoples, and outline a strategy for engagement with indigenous peoples and culturally appropriate approaches for consultation and information dissemination.

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

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.

Use of Common Approach

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 by Appraisal?

Phase I project instruments are detailed under ESS1. For future operations in subsequent phases of the MPA, 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. For PforR operations, ESSAs will be prepared and disclosed, and an appropriate Environmental and Social Action Plan developed.

E&S risk management capacity assessments will be completed for ACE and SPC and regional project preparation will consider opportunities such as the development of guidance (e.g., guidelines, training packages etc.) for cross cutting

In Part

TBD



E&S challenges such as the management of hazardous waste (PCB contaminated oil, batteries), worker and community safety, and mapping of IPs and biodiversity values for large transmission projects. The Bank will review SPC and ACE ESMSs to identify any gaps and agree on corrective actions required to manage E&S risks associated with TA activities.

III. CONTACT POINTS

World Bank			
Task Team Leader:	Claudia Ines Vasquez Suarez	Title:	Lead Energy Specialist, Program Leader
Email:	cvasquez@worldbank.org		

IV. FOR MORE INFORMATION CONTACT

The World Bank 1818 H Street, NW Washington, D.C. 20433 Telephone: (202) 473-1000 Web: http://www.worldbank.org/projects

V. APPROVAL

Task Team Leader(s):	Claudia Ines Vasquez Suarez, Xiaodong Wang
ADM Environmental Specialist:	Rosemary Alexandra Davey
ADM Social Specialist:	Ross James Butler
Safeguards Advisor ESSA	Javaid Afzal (SAESSA) Cleared on 26-Jan-2024 at 17:56:49 EST