



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 05/29/2020 | Report No: ESRSC01412



**BASIC INFORMATION**

**A. Basic Project Data**

|                                       |                                                                                                               |                          |                            |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|
| Country                               | Region                                                                                                        | Project ID               | Parent Project ID (if any) |
| Belarus                               | EUROPE AND CENTRAL ASIA                                                                                       | P173192                  |                            |
| Project Name                          | Belarus Public Buildings Energy Efficiency Project                                                            |                          |                            |
| Practice Area (Lead)                  | Financing Instrument                                                                                          | Estimated Appraisal Date | Estimated Board Date       |
| Energy & Extractives                  | Investment Project Financing                                                                                  | 12/15/2020               | 9/21/2021                  |
| Borrower(s)                           | Implementing Agency(ies)                                                                                      |                          |                            |
| Government of the Republic of Belarus | Energy Efficiency Department of State Committee for Standardization, RUE 'Belinvestenergosberezheni e' (BIES) |                          |                            |

Proposed Development Objective(s)

The project development objective is to improve the energy efficiency in selected public buildings, and design and demonstrate a sustainable financing mechanism to support the scale-up of energy efficiency in public buildings.

| Financing (in USD Million) | Amount       |
|----------------------------|--------------|
| <b>Total Project Cost</b>  | <b>60.00</b> |

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The Project development objective is to improve the energy efficiency in selected public buildings, and design and demonstrate a sustainable financing mechanism to support the scale-up of energy efficiency in public buildings. The Project aims to scale up energy efficiency in public buildings of Belarus, mainly concentrating on the health and education sectors, by designing and demonstrating a sustainable financing mechanism to introduce the principle of



repayment through energy savings in selected buildings. The Project would have the following components: (i) Component 1 financing energy efficiency investments in public buildings and pipeline development; and (ii) Component 2 financing project management and capacity building.

#### D. Environmental and Social Overview

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

The project is most likely to be implemented nationwide, with at least 5 out of 6 participating oblasts (to be confirmed during preparation). Belarus is subdivided into 6 oblasts (Brest, Grodno, Minsk, Vitebsk, Mogilev and Gomel). The capital of the republic is the city of Minsk, which is also the separate administrative-territorial unit along with the oblasts. The population of the republic lives in 202 cities and urban settlements and 23181 rural-type settlements. Belarus is an industrial and agricultural country. Belarus is about 207,6 thousand km<sup>2</sup>. It borders in the west with Poland, with Lithuania, Latvia, Russia, and Ukraine. Forest resources of Belarus occupy the area of more than 9 thousand ha, or 38,8 % of the country. Bogs occupy about one third of the whole territory of the country, mostly in Poleskaya and Pridneprovskaya Lowlands (about 39 thous. km<sup>2</sup>). Water impurity index of the main Belarusian rivers fluctuates from “moderately clean” to “moderately contaminated”. The country has six large protected conservation areas: (i) Belovezhskaya Pushcha; (ii) Braslav Lakes; (iii) Narochansky; (iv) Pripyatsky; (v) Polesie State Radioecological Reserve; (vi) Berezinsky Biosphere Reserve. Also, about a hundred of nationwide wildlife sanctuaries are on the territory of the republic. In 2018 the population of Belarus was about 9491,8 thous. Of them, 7394,1 (77,9%) is urban population, and 2097,7 (22,1%) – rural. The greater part of the population resides within Minsk agglomeration. The largest cities are Minsk and Gomel. The economy is dependent on exports of a limited number of natural resources. Failure to agree on terms for crude oil supply led to a halt of Russian oil supply since January 2020. Oil imports fell from 2 million tons to 0.5 million tons in January, which led to an industrial output contraction of 5.8 percent and estimated monthly GDP reduction by 1.9 percent impacting socio-economic situation in the country. The subdued economic decrease is expected to be reflected at the household level eventually as well. Furthermore, the COVID-19 epidemic in Belarus is still officially in its early stages, but confirmed cases are increasing rapidly, which could hurt the economy even more. The first confirmed COVID-19 case in Belarus was identified on February 28, 2020. By March, there were 57 active cases, 29 people had recovered, and no deaths had yet been recorded. As of April 13, 2020, the Ministry of Health (MoH) confirmed 2,919 active cases and a death toll of 29 people. No formal declaration of emergency or substantial mitigation or suppression measures to combat the spread of COVID-19 have been issued in Belarus yet. There has also been no introduction of any significant restrictions or promoting physical distancing, limiting such intervention to non-binding recommendations to businesses and private persons to follow WHO guidelines as part of basic precautionary measures. Belarus remains the only country in the region to keep its borders open, and its enterprises, shops, subway and schools remain open. This approach may likely result in increased COVID-19 cases that will have a toll on the health sector and overall socio-economic situation, as the pandemic is quickly evolving from a health emergency into an economic recession that may give rise to many social issues, and impact groups that are already deemed vulnerable. The project interventions will not address these needs directly, but focus on energy efficiency activities in public buildings. Vulnerable groups as well as society at large are likely to benefit from these EE activities as the project will contribute to improvement of various public sector entities such as hospitals, schools, and other essential public entities. The project’s component introducing efficient financial mechanisms will also result in positive socio-economic impacts. A more detailed social assessment and stakeholder analysis will be done during preparation.

D. 2. Borrower’s Institutional Capacity



The Energy Efficiency Department (EED) at the State Committee for Standardization (Gosstandart) would be the implementing agency that would work with participating oblasts to finance EE in public buildings at the oblast level and at the republic level. The EED is the agency responsible for the implementation of main national EE and renewable energy programs and its role will be to ensure that the project is implemented in an efficient manner, consistent with the project objectives and agreements. The day to day project implementation will be the responsibility of the Project Management Unit (PMU) "Belinvestenergoberezhnie", which has prior experience in implementing Bank-financed projects (e.g. Social Infrastructure Retrofitting Project; Energy Efficiency; Post-Chernobyl Recovery; Biomass District Heating; and recently the Sustainable Energy Scale-Up Project). The PMU would continue to assume the executive responsibilities of implementation and monitoring of the proposed Project, and an assessment of its capacity needs would be done during project preparation to understand what strengthening requirement would be needed. The PMU has in place already a designated specialist in charge of the overall coordination of projects' safeguards issues. Although EED and PMU have good experience in successfully implementing safeguards issues in specified projects, and their safeguards performance in the last few years have always been rated satisfactory - they do not have experience in preparing and implementing projects under the Banks' new ESF. In particular, these institutions are not familiar with the requirements of WB ESSs with regard to labor and working conditions, labor safety issues, and, community health and safety. In this regard, the project will aim to provide necessary capacity building in these areas.

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

### A. Environmental and Social Risk Classification (ESRC)

Moderate

#### Environmental Risk Rating

Moderate

The proposed under project EE investments that may generate some environmental impacts are related to Component 1 activities which can include the following: installation of thermostatic radiator valves (TRVs), individual heat substations, retrofit of building envelope (including facades, windows, roofs and doors), improvements/replacements of boilers, lighting, as well as renewable energy investments (e.g. roof-top solar PV and solar water heating). These activities may generate a series of well-known for EE activities environmental and social benefits such as reductions in local pollution with dust (PM10 and PM2.5) and sulfur dioxide; improving livelihoods by securing heat supply; etc., along with moderate adverse environmental impacts, primarily associated with small-scale EE civil works and are related to the following: dust, noise, disposal of non-hazardous wastes and potentially of asbestos containing materials, traffic disruption in residential areas (depending upon specific location), worker safety (e.g. welding operations), etc. All of them will occur during the construction phase and will be short-term and site specific. Furthermore, they can be easily managed by implementing mitigation measures specified in the ESMP Checklists and best construction practices. No impacts during operational phase are anticipated. It is also expected that the proposed energy efficiency and conservation activities will contribute to GHGs emission reduction.

#### Social Risk Rating

Moderate

The proposed social risk rating under this project is Moderate. This is based on the following key factors: (i) there will be no interventions in residential buildings (only in public sector buildings), and all works in public buildings will not involve any office moves, closure, building demolition or selling of buildings, and thus, there are no ESS5 risks pertaining to economic or physical displacement; (ii) energy efficiency interventions in public buildings will not result in tariff increase for beneficiaries, and in fact, sustainable financing mechanisms and energy saving of at least 20



percent introduced by the project will eventually result in more savings of public funds, and thus, there will be no adverse livelihoods impacts as a result of these EE activities in public buildings; (iii) stakeholder engagement and customer satisfaction will be essential for this project, and Stakeholder Engagement Plan will be prepared, consulted (following public health guidelines and ESF principles), and disclosed by EED; and (iv) current contextual situation in Belarus on COVID 19 and its lack of measures may pose risks to health and safety of PIU staff and other workers under the project, which are addressed by the EED's adding in the ESMF (and LMP) necessary measures to address these risks at the project level in line with the WHO and national guidelines. ESMF will, among others, have measures pertaining to sanitary and epidemiological welfare of stakeholders, including on COVID 19, and labor protection and safety measures. The ESMF will be prepared and applied to the project activities in accordance with ESF, and in line with the WBG's Health and Safety Guidelines.

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

### **B.1. General Assessment**

#### **ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

##### ***Overview of the relevance of the Standard for the Project:***

Under project, the proposed EE investments that may generate along with environmental and social benefits (reductions in local pollution with dust (PM10 and PM2.5) and sulfur dioxide; livelihoods improvements by securing heat supply; etc.), some moderate adverse environmental impacts, primarily associated with small-scale EE civil works and are related to the following: dust, noise, disposal of non-hazardous wastes and potentially of asbestos containing materials; traffic disruption in residential areas (depending upon specific location), worker safety (e.g. welding operations), etc. All of them will occur during the construction phase, and will be short-term and site specific. No impacts during operational phase are anticipated. It is also expected that the proposed energy efficiency and conservation activities will contribute to GHGs emission reduction.

Social risks and impacts of the project are moderate as activities will not take place in any of the residential buildings, and ultimately aim to improve services provided in various public buildings such as schools, hospitals, etc. Stakeholder engagement and customer satisfaction will be essential for this project, and Stakeholder Engagement Plan will be prepared, consulted (following public health guidelines and ESF principles), and disclosed by EED. More detailed stakeholder analysis will be done during preparation of the project. There will be no interventions in residential buildings (only in public sector buildings), and all works in public buildings will not involve any office moves, closure, building demolition or selling of buildings, and thus, there are no ESS5 risks pertaining to economic or physical displacement. Most risks emanate from the current contextual situation in Belarus on COVID 19 and its lack of measures. This situation may pose risks to health and safety of PIU staff and other workers under the project, and thus, the Environmental and Social Management Framework (ESMF) and Labor Management Procedures (LMP) to be prepared by EED will have to reflect necessary measures to address these risks at the project level. Gender-based violence (GBV) risks will be assessed further during preparation, and as of today, the established overall country GBV risk is moderate (based on the legal and institutional framework). A more detailed social assessment and stakeholder analysis will also be conducted during preparation.

As at this stage of the project development the investments and participating oblasts are not yet confirmed, and further assessment of risks and impacts will be needed once exact locations are known. To address potential adverse environmental and social impacts, the EED, through PMU, will prepare the ESMF, which will specify the rules and



procedures for the proposed investments Environmental and Social Assessment, including guidelines on conducting environmental screening, identifying potential impacts, and mitigation and monitoring activities for different types of potential sub-projects. The ESMF will provide: (a) a general baseline analysis for the country and for the public buildings in the relevant sectors that will be included in the project; (b) potential environmental and social risks and impacts and well known generic mitigation measures; (c) the content and the structure of the ESMP Checklists, to be applied for investments on EE of public buildings; (d) description and requirements for the monitoring plan; and (e) proposed ESMF implementing arrangements. Additionally, taking into account the health and safety issues related to COVID 19, the ESMF (and LMP) will include a section specifying the necessary actions to address these risks at the project level, in line with the national guidelines and the WB Note on “COVID-19 considerations in construction/civil works projects”, and WHO Guiding document “Getting your workplace ready for COVID-19”. Lastly the ESMF document will provide the summary of the LMP and SEP along with the details of the project GRM. The GRM will be built on experience of the Energy Efficiency Project in Belarus, and will also be supported through the project’s Component 2 that will finance social monitoring tools aimed at assessing customer satisfaction. The ESMF will ensure that the selected investments will be correctly assessed from environmental and social perspective to meet WB’s Environmental and Social Standards alongside with the country’s Environmental and Social Laws and Regulations, and take into account the evolving contextual risk associated with COVID 19. The ESMF will also specify the ESMP Checklist documents that will be included in the contractors’ bidding documents along with the Environmental Codes of Practice for Construction (ECPs) .

**Areas where “Use of Borrower Framework” is being considered:**

The project will not use Borrower framework for environmental and social management.

**ESS10 Stakeholder Engagement and Information Disclosure**

To ensure that a consistent, comprehensive, coordinated and culturally appropriate approach is taken to stakeholder engagement and project disclosure, EED through PMU will have to prepare and disclose Stakeholder Engagement Plan (SEP) prior to appraisal. The SEP will be proportionate to the nature and scale of the project and associated social risks and impacts under components 1 and 2 as currently assessed, and to be assessed further during preparation. The SEP will be developed and implemented to ensure that stakeholder engagement is conducted on the basis of timely, relevant, understandable and accessible information. It will lay out a strategy to identify and map key stakeholders. Such stakeholders will likely to include participating oblasts, households, and various public entities (schools, educational institutions, hospitals, etc.) benefitting from the project. At an early stage of project preparation, a stakeholder analysis will be conducted to identify key stakeholders including vulnerable and disadvantaged groups such as elders, female stakeholders, and persons with disabilities. SEP will also have to ensure that consultations are inclusive and accessible (in term of the format, language and location), and will propose differentiated measures to effectively engage such groups. Dedicated approaches and an increased level of resources may be needed for communication with vulnerable and disadvantaged groups so that they can obtain the information they need regarding the issues that will potentially affect them. Stakeholder engagement with local individuals and communities will depend substantially on community representatives, and the participating oblasts will need to make reasonable efforts to verify that such persons do, in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner. The SEP will describe how the project will apply participatory approaches in investment prioritization (i.e. which public buildings to finance in and which priority/order), infrastructure monitoring and feedback. SEP will have to be disclosed as soon

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as possible, prior to appraisal and will be updated, as necessary, throughout the project cycle (preparation and/or implementation). The stakeholder engagement process for the project (including the SEP) should be conducted in line with the recently issued WB guidelines on stakeholder engagement to minimize the risk of COVID19 infection (such as avoidance of face-to face meetings, use of online tools, etc.).

A stakeholder grievance redress mechanism (GRM), as part of SEP, will be operationalized for the project to allow for feedback and complaints, and build on the existing experience of Energy Efficiency Project in Belarus. As part of GRM design, participating oblasts will each have a focal point ensuring that the GRM is functioning with a grievance log, timelines, and a tracking system. The project will also include citizen engagement-specific indicators such as: community satisfaction with the quality of investments; community feedback on the effectiveness of engagement processes; and responsiveness to grievances of EED and participating oblasts. These indicators will be developed and polished further during preparation.

## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

This ESS is relevant to the project. Project work force will include direct workers and contracted workers. Primary supply workers are not expected to be relevant to the project. The project would primarily rely on supply of construction materials and laborforce from the local market, hence no risk of child and forced labor is expected. The borrower will prepare an LMP for the project outlining the expected number and type of workers, key gaps between national legislation and regulations that need to be addressed at the project level, as well as monitoring and supervision arrangements. The Labor Code includes measures on equal opportunity and non-discrimination, regulates hiring and firing procedures; however, it lacks the requirement to establish worker's grievance mechanism (for direct and contracted workers). The GRM will need to be designed at an early stage and will be formally established by project effectiveness and before any disbursements. Complaints received and resolved will be reviewed during the implementation support missions.

The ESMF document will specify that Occupational Health and Safety (OHS), related impacts (dust, noise, labor safety issues; etc.) and mitigation measures, consistent with the WB General Guidelines on Environment, Health and Safety, will be required to be included in all site-specific ESMP Checklists (covering COVID 19 issues as well), as relevant. Furthermore, the document will set up the procedure for identification, removal, storage, and transportation of hazardous materials such as asbestos, along with the requirements for protection and training of operating workers on site and notification of risks for any community members who might be exposed to such risks.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

The ESS3 is relevant to the project. Project activities will contribute to improved EE of public buildings and, respectively, to better resource efficiency. The ESMF document will include sections on pollution prevention and management while implementing the energy efficiency civil works. Overall the assessment of risks associated with civil works and their impacts related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste will be clearly specified in the project ESMF document and will



be required to be included in all ESMP Checklists to be prepared for proposed investments, as relevant. Following these requirements, the contractors will avoid or minimize the release of pollutants like asbestos, lubricants, etc., during project implementation.

#### **ESS4 Community Health and Safety**

ESS4 is relevant to the project. To address environmental risks and impacts that might affect community health and safety (including as a result of evolving COVID-19 situation), the ESMF document will include an assessment of potential traffic safety issues during EE related civil works; likelihood of excessive noise and dust; need to impose access restrictions and make communities aware of planned/ongoing works. As these works will be implemented within different residential and administrative areas of different participating cities, maintaining the health and safety of the local populations and nearby communities throughout the implementation of proposed investments is critical. The civil works under the project will take into consideration the concept of universal access (i.e. accessibility of wheel chair users, etc.)

The movement of heavy goods vehicles can lead to accidents. Energy efficiency civil work activities in public buildings can also disrupt economic and social activities through dust emission, noise, increased generation of solid waste, etc. Potential threats to people and communities may be posed by uncovered or non-barricaded or not signposted excavated sites, trenches, open holes, open electric cables, etc. Considering all these, the ESMF will include relevant mitigation measures to be strictly followed during the implementation of civil works, and also measures ensuring health and safety of communities residing in and around the sites of the project intervention that will be mandatory for adherence by contractors' workers.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

ESS5 is not relevant to the project. There will be no interventions in residential buildings (only in public sector buildings), and all works will be conducted within public buildings without involving any office moves, closure, building demolition or selling of buildings, and thus, there are no ESS5 risks pertaining to economic or physical displacement.

#### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This ESS is not relevant to the project. All proposed activities will be implemented within the public buildings, and there will be no impacts to biodiversity and living organisms.

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

This ESS is not relevant as there are no such social groups in the country.

#### **ESS8 Cultural Heritage**

This ESS is not relevant, but as a precautionary measure, chance find procedure will be included in the ESMF report and site-specific ESMPs Checklist, as relevant.



**ESS9 Financial Intermediaries**

This project will not involve any FIs.

**B.3 Other Relevant Project Risks**

There has been no introduction of any significant restrictions or promoting physical distancing in the context of COVID 19 in Belarus, limiting such intervention to non-binding recommendations to businesses and private persons to follow WHO guidelines as part of basic precautionary measures. Belarus remains the only country in the region to keep its borders open, and its enterprises, shops, subway and schools remain open. This approach is likely to result in increased COVID-19 cases that will have a toll on the health sector and the overall socio-economic situation, as the pandemic is quickly evolving from a health emergency into an economic recession that may give rise to many social issues and impact groups that are already deemed vulnerable (elderly and pensioners, female headed households, etc). The project interventions will not address these needs directly, but focus on energy efficiency activities in public buildings. However, the current contextual situation in Belarus on COVID 19 and its lack of measures may pose risks to the health and safety of PIU staff and other workers under the project, and thus, ESMF (and LMP) to be prepared by EED will reflect necessary measures to address these risks at the project level in line with WHO and national guidelines.

**C. Legal Operational Policies that Apply**

|                                                    |    |
|----------------------------------------------------|----|
| <b>OP 7.50 Projects on International Waterways</b> | No |
| <b>OP 7.60 Projects in Disputed Areas</b>          | No |

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

N/A

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

**Actions to be completed prior to Bank Board Approval:**

1. Prepare and disclose before Appraisal an Environmental and Social Management Framework document, acceptable to the Bank that includes the requirements of relevant Environment and Social Standards.
2. Prepare and disclose before Appraisal the project ESCP, LMP, SEP.

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

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1. Preparation, disclosure, and implementation of the ESMP Checklists for all public buildings participating in the project, once selected;
2. Implementation of labor management procedure (LMP), SEP, and GRM.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

01-Sep-2020

**IV. CONTACT POINTS**

**World Bank**

|               |                       |        |                              |
|---------------|-----------------------|--------|------------------------------|
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**Borrower/Client/Recipient**

Borrower: Government of the Republic of Belarus

**Implementing Agency(ies)**

Implementing Agency: Energy Efficiency Department of State Committee for Standardization

Implementing Agency: RUE 'Belinvestenergoberezhnie' (BIES)

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s): Janina Franco Salazar, Irina Voitekhovitch

Practice Manager (ENR/Social) Javid Afzal Recommended on 28-May-2020 at 22:45:13 EDT

Public Disclosure



Safeguards Advisor ESSA

Nina Chee (SAESSA) Cleared on 29-May-2020 at 17:25:36 EDT