



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 05/05/2020 | Report No: ESRSA00520



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Moldova	EUROPE AND CENTRAL ASIA	P172668	
Project Name	Second District Heating Efficiency Improvement Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	4/29/2020	6/18/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance, Republic of Moldova	Termoelectrica, Moldova Energy Projects Implementation Unit		

Proposed Development Objective(s)

The Development Objective of the Project is to help increase the efficiency of the District Heating system in Chisinau .

Financing (in USD Million)	Amount
Total Project Cost	100.00

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 will finance: (i) modernization of production units nos. 2 and 3 at CHP Source-1 and installation of gas engines, including electrical connections, to increase and optimize the efficiency of heat and electricity production by Termoelectrica (TE); and (ii) energy efficiency investments in public and residential buildings that benefited of installation of individual heat substations (IHS) under the ongoing District Heating Efficiency Improvement Project (DHEIP/P132443) and TE's own investments, such as modernization of in-house distribution piping, installation of domestic hot water piping, switch from vertical to horizontal in-house network layout. The project will finance also project management and supporting technical assistance.



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] Moldova is vulnerable to changes in external demand and climate shocks due to its small size, open economy, and reliance on agriculture. It is also at risk because of high external debt and a legacy of political instability. Emigration of the working-age population and an annual population decline of around 1½ percent add to the country's economic, fiscal, and social fragility. Political uncertainty and vested interests undermine the reform agenda and the investment process. It is also at risk because of high external debt and a legacy of political instability. Emigration of the working-age population and an annual population decline of around 1½ percent add to the country's economic, fiscal, and social fragility.

Project area covers Chisinau municipality. The proposed under Component 1 activities will be implemented at two Termoelectrica (TE) sites which are located in the industrial areas of the city. Both sites are fully fenced and owned by the company. The project area for Component 2 activities covers the whole area of city and will include: (i) installation of about 140 Individual Heating Stations (IHSs) in public and residential buildings; (ii) reconstruction in 40 buildings of the internal heat and DHW distribution which would include network replacement of in-house heating distribution pipes and installation of new piping for switching from vertical to horizontal internal distribution; etc.; and: (iii) thermal rehabilitation of 7 residential buildings, including walls insulation and replacement of windows and doors. Chisinau is the capital of the Republic of Moldova and the main industrial and commercial center, located in the middle of the country, on the Bic River, a tributary of Dniester River. The city population is of 532,513, while the population of the whole Chisinau municipality (which includes the city itself and other nearby communities) is about 662,836. The city lies in central Moldova and is surrounded by a relatively hilly landscape with fertile chernozemic soils. The geology is composed by limestone, sand and clay layers, with a series of hydrogeological horizons, which make it favorable for various geological processes such as landslides and ravine erosion. The city has many green spaces, including several relatively large parks (the biggest one is in the Botanica district, along the three lakes, which reaches the outskirts of the city center).

The climate is humid continental, characterized by warm summers and cool, windy winters. Winter minimum temperatures are often below 0 °C, although they rarely drop below -10 °C. In summer, the average maximum temperature is approximately 25 °C, however, temperatures occasionally reach 35 to 40 °C in July-August. Although average precipitation and humidity during summer is relatively low, there are infrequent yet heavy storms. Spring and autumn temperatures vary between 16 to 24 °C, and precipitation during this time tends to be lower than in summer but with more frequent yet milder periods of rain. The city has many green spaces, including several relatively large parks, - the biggest one is in the Botanica district, along the three lakes, which reaches the outskirts of the city center. The District Heating System (DHS) is the main heating source for the housing sector in Chisinau municipality. There are four main heat and hot water production plants: Source-1/CHPP-2, Source-2/CHPP-1, West TPP, South TPP. Source-1 is located in the eastern part of Chisinau municipality and is the main source of heat production during the heating season. Source-2/CHPP-1 is an old cogeneration plant located to the west from Source 1 that currently operates only in the summer season ensuring the heating of domestic hot water. Equipment at West TPP and South TPP is operated independently during the heating season, providing heat to the districts in the areas. During summer, the heat is also supplied from Source-1 or Source-2 to the areas covered by the West and South thermal power plants. The Joint Venture Company "Termoelectrica" is currently the main producer of domestic electricity in cogeneration mode and the single DH producer, supplier and distributor of heat in Chisinau and its suburbs. TE covers about 20% of electricity demand on the Right Bank. In Chisinau. It provides DH to about 5700 registered consumers (connections), constituting circa 600 public buildings, 800 businesses, 300 single-family (individual) houses, and over 3,900 apartment buildings (including hostels) including more than 210,000 apartments (housing units) TE also serves hot water to 4461 apartment buildings, 208 budgetary units and 302 commercial enterprises.



The project expected to have positive socioeconomic impacts to the population. The enhanced project interventions may also deliver to the national grid about 20 % of the country's total electricity consumption. Providing reliable, efficient, and environmentally friendly heating services will have a larger impact on the most vulnerable households in the city since they are often dependent on inadequate or expensive sources of heating (such as coal and firewood stoves) during cold months. For example, the elderly persons/families depend on pensions, old age parents who left behind by children who migrated abroad, young families with more children, migrant families in rented apartments will benefit from improved heating supply. The Project would be minimizing negative health impact caused by inefficient and dirty heating devices and indoor and outdoor air pollution. The Project will benefit women, who work or stay at home more often than men, and children and other people who use facilities including kindergartens, schools and other educational institutions, and medical institutions.

From social risk perspective, household vulnerabilities are relevant mainly for the component 2 and will be further assessed through the environment and social assessment (ESIA) and environment and social management plan (ESMP)s by the client during the project implementation prior to commence civil works during the implementation. The draft ESIA/ESMF developed during the preparation will be updated by identifying opportunities to target the project to vulnerable people so as to achieve an inclusive development outcome, incomes and wellbeing as well as other drivers of vulnerability such as gender differentials and disabilities etc. Issues during implementation such as labor standards and community health and safety will also be addressed by the environment and social assessment.

D. 2. Borrower's Institutional Capacity

Ministry of Economy and Infrastructure (MoEI) will oversee project implementation on behalf of the GoM. MoEI's role will be to ensure that the project is implemented in an efficient manner, consistent with the project objectives and agreements. The main implementing agency is TE which will be closely involved in all stages of project design and implementation: procurement design, preparation of bidding documents (especially technical specifications), evaluation of bids and selection of contractors, engineering design, construction, installation, testing, commissioning, and quality control. TE is certified in conformity with requirement of ISO 9001 and now the company is in the process of establishing processes in conformity with requirements of ISO 14001 (Environmental Management) and ISO 45001 (Operational Health and Safety Management System). It has in its structure three subdivisions responsible for the issues related to environmental safeguards (Environmental Service, in charge of all environmental issues; Safety and Occupational Hazards division; and Technical Supervision division, which is responsible for ensuring all civil works financed by the company are done in compliance with the design documents and existing norms and standards). The results of assessment of current environmental performances of the company and its main components are provided in Express Audit Report included in the ESMF document and shows it operates in full compliance with the National Regulatory Environmental Framework and has in place all permits and licenses.

The daily project implementation duties will be delegated by the MoEI to its project implementation unit (MEPIU), established under the Government's Decree No 1276 of December 21, 2000, as an autonomous legal entity, responsible for the day-to-day management of IFI-funded projects. MEPIU will take on the reporting functions on behalf of the Government and will carry out the fiduciary responsibilities (disbursement, financial management, procurement, and monitoring & evaluation) under the Project in compliance with the requirements of the World Bank Environmental and Social Standards (ESSs), to be outlined in the Financing Agreement and Project Operational Manual. MEPIU will also manage flow of funds on behalf of the MoEI for the purposes of the project. The unit is staffed with highly qualified and experienced professionals, both in technical, as well as environment and social aspects and will ensure project implementation in accordance with project ESF documents for all activities under both Components. Although MoEI, as well as MEPIU and TE have good experience in successfully implementing safeguards issues within several World Bank projects (Energy II; District Heating; and Competitiveness Enhancement I and II



Projects), - their safeguards performance last years had been always rated satisfactory, - they do not have experience in preparing and implementing projects under the Banks' new ESF, - in particular all specified 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 prepared by Borrower ESIA&ESMF document contains a special section which specifies the capacity building in these areas to be financed under the project.

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

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The project environmental impacts and risks are moderate. The proposed project activities (replacement of old and installation of new energy equipment under Component 1 and energy conservation and efficiency measures in the selected public and residential buildings under Component 2) will provide significant environmental and social benefits (Greenhouse Gases Emissions (GHGs) reduction and reduction in local air pollution with dust, solid particles and sulfur dioxide emissions; improving livelihoods by securing heat and hot water supply; etc.), as well as will generate moderate adverse environmental impacts. The project adverse environmental risks and impacts are related to: generation of dust, noise and vibration; solid wastes, including hazardous wastes and asbestos; disposal and replacement of obsolete equipment; traffic disruption due to civil works in residential areas; workers' exposure to occupational risks (e.g. welding operations); some CO2 emission due to installation of news gas turbines; etc. These risks and impacts will be mainly minor, short-lived, and primarily limited to the project sites (except for movement of equipment and materials to/from the construction sites), and for Component 2 activities they can be addressed with good engineering and construction practices, as well as by preparing and implementing adequate mitigation measures and applying best housekeeping practices, while for Component 1 activities, - by implementing mitigation measures specified in the ESMP.

Social Risk Rating

Moderate

The reconstruction and upgrading of energy infrastructures under component 1 and 2 includes installation of gas engines, including electrical connections, replacement of boiler heating units, installation of IHSs and rehabilitation of internal heat distribution network in the public and residential buildings. All these renovations and reconstructions take place in existing premises and its vicinity belong to the TE and respective residential building footprints. No additional or private land acquisition envisaged, and all the civil works confined to the existing lands of the TE. No activities will be funded under the project that may cause economic or physical displacement. Overall the improved heating and electricity supply to the city of Chisinau and sub-urban population expected to have positive social outcomes for health, education and better quality of life for elderly persons who are more often affected by poor and interrupted heat supply. The social risks and impacts for Component 2 activities will be identified through the environment and social assessment (ESIA) and ESMPs focusing on temporary accesses for residents; traffic disturbances; workforce composition; occupational health and safety for workers; cultural heritage provisions; implications for vulnerable groups. No labor influx or large number of outside laborers for construction works is expected. ES documents prepared for this project include site specific ESIA and ESMP for Component 1 and ESMF for Component 2 activities, Labor Management Procedure (LMP), and Stakeholder Engagement Plan (SEP) that take into account coordination and consultation with project affected people, workers of ME and other interested stakeholders

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according to ESS 2, and ESS10. The project level Grievance Redress mechanism (GRM) was established and will be operationalized for the whole project life, as part of SEP. Based on the above, the project social risk is considered to be moderate.

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:

The proposed subcomponent 1 “Optimization of Heat and Electricity Generation” will support mostly replacement of old and installation of new energy equipment (turbines; boilers; gas engines; power transformers and power facility/switch gears) and may generate a series of moderate risks and impacts such as: GHG emissions reduction due to installation of more energy-efficient equipment; solid waste management and disposal of obsolete equipment; and Occupational and Health Safety (OHS) risks associated with replacement of equipment activities, welding operations. Additionally, as these activities will require minor civil works for rehabilitation of buildings within the existing premises and small-scale construction of facilities by applying sandwich-panels technologies for installing the new gas engines at Heat Only Boiler (HOB) West and CHP Source-3 sites, the project will also generate low-scale environmental risks and impacts such as soil and air pollution; generation of noise and construction wastes, labor safety, etc. No demolition or remodeling of existing facilities for proposed under this Component activities are envisioned. During the project operational phase expected environmental risks and impacts will be associated with noise, vibration and GHGs emission and local air pollution.

The energy conservation and efficiency activities proposed under Component 2 (construction of Individual Heating Stations (IHSs); insulation of external walls, rooftops; replacement of selected windows and doors; etc.) will have minor environmental impacts and provide significant environmental benefits (reductions in local pollution such as dust (PM10 and PM2.5) and sulfur dioxide; improving livelihoods by securing heat supply; etc.). It is also expected that the proposed energy efficiency and conservation activities will contribute to GHGs emission reduction, - based on international experience, their implementation may bring reduction in heat consumption of multi-apartment houses by 20 to 40 percent. The potential adverse impacts of these activities will be primarily associated with small-scale civil works and related to the following: dust, noise, disposal of non-hazardous wastes and potentially of asbestos containing material; 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, short term, and site specific. No impacts during operational phase are anticipated.

To address specified adverse environmental and social impacts and risks, the Borrower conducted an Environmental and Social Impact Assessment (ESIA) and prepared the site specific Environmental and Social Management Plan (ESMP) for Component 1, and prepared an Environmental and Social Management Framework (ESMF) for Component 2. The unified ESIA&ESMP and ESMF report includes the requirements of the World Bank's ESSs relevant to the project, along with the description of the policies, legal, and administrative framework regarding environmental and social assessment and management, and the district heating sector in Moldova. The document includes also the following other aspects: (a) baseline analysis (for the Chisinau city as well as for concrete project sites for the proposed under Component 1 activities – TE CHP Source-1 and 3; and HOB West); (b) project location and technical alternatives for Component 1 activities ; (c) site specific potential environmental impacts and necessary activities targeted at mitigating them for Component 1, along with the potential risks impacts and well known generic mitigation measures, to be used for preparing ESMP Checklists, - for Component 2; (d) site specific ESMP for



Component 1 and the description of structure of the ESMP Checklist to be applied for energy conservation and efficiency of public buildings for Component 2; (e) specific monitoring plan for ESMP implementation for Component 1 and description and requirements for monitoring plan under Component 2; (f) concrete ESMP's implementing arrangements for Component 1, as well as analysis of TE company as regards the capacity for carrying on E&S requirements, and proposed implementing arrangements for Component 2.

The ESMF for Component 2 activities will ensure that the selected for financing subprojects will be correctly assessed from environmental and social perspective to meet WB's Environmental and Social Standards alongside with country's Environmental and Social Laws and Regulations. The ESMF will guide the ESIA process and in this regard covers the following: (i) guidance for conducting subprojects ESIA and preparing ESMP Checklist which includes monitoring plans; for each activity under this component MEPIU will be prepare an individual ESMP Checklist document; (ii) generic mitigation measures for possible impacts of proposed subprojects based on the best industry practices and World Bank Environment, Health and Safety (EHS) guidelines; (iii) overview of the MEPIU capacity and of other involved in ESMPs implementation parties for environmental and social risk management and measures to fill any gaps in capacity. The ESMF also specifies the ESMP documents will be included in the contractors' bid documents along with Environmental Codes of Practice for Construction (ECPs), which are part of the WB Standard Procurement document.

Lastly, the ESIA&ESMP section of the document for Component 1 includes the results of TE environmental express audit, based on the current environmental performances of the company. The results of the audit show TE is operating in full compliance with the national environmental legislation and standards. Furthermore, the company don't have any complaints from the state inspection bodies or from the general public on its environmental performances and no any of outstanding pollution payments. The ESIA&ESMF document specifies the ESMP provisions will form part of the design documents for all project activities and will be included in the construction contracts. The bidding documents for selecting the contractors will include specifications that would ensure effective implementation of environmental, health and safety performance criteria by the winning bidder. The Contractors will be required to include the cost of ESMP requirements in their financial bids and to comply with them during project implementation.

No labor Influx impacts are anticipated given the project size and civil works involve mainly locally hired workforce and the project will not involve any primary supply workers. Local laws and practices regulating labor and working conditions assessed during the preparation stage and mitigation measures are included based on the findings. There is the potential for some disturbance to the public (pedestrian and vehicle) during the construction period, which may need to be mitigated and all such social risks and impacts will be identified during ESIA&ESMF preparation. The site specific ESMPs that are to be prepared based in the ESMF will include an assessment of temporary traffic disturbances; workforce composition; occupational health and safety for workers; implications for vulnerable groups. Secondary data will also be used to ensure the project complies with the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, if any. Methods for primary data gathering if necessary, during implementation will also be defined by the ESIA&ESMF document and site specific ESIA, as relevant. ESMF will also assess and identify social groups vulnerable to and/ or excluded from affordable heating services, and identify opportunities to make affordable hearing services more accessible to such people, by considering incomes and well being as well as other drivers of vulnerability such as gender differentials and disabilities etc.

ESS10 Stakeholder Engagement and Information Disclosure



The key stakeholders identified at present include the communities, households and institutions in Chisinau and sub urban areas to be serviced and benefited by the project; and potentially stakeholders in locations for transmission expansion (households in apartment buildings, pre-schools/kindergartens and other institutions) will benefit from the transmission expansion in the long term. Other interested parties may include government agencies responsible for management of environmental protection, occupational safety, district public health department and district traffic police. No specific ethnic minority groups reside in the project areas. Existing facilities including the CHP and distribution network operators will be regarded as technical stakeholders to the project. The list of key stakeholders and their areas of interest were analyzed and assessed as part of preparing the Stakeholder Engagement Plan (SEP). There are no specific vulnerable and disadvantaged groups in the areas covered by the under component 1 and 2. The only consideration in this regard is the elderly persons who may reside in the public housings that to be supported by improved heating systems. The site specific ESMPs for Component 2 activities will identify and assess the relevance and inclusion of vulnerable and disadvantaged households/persons and will be consulted in the stakeholder consultation process to ensure their views and concerns are adequately addressed during the implementation.

SEP has been developed for the project, and it will be disclosed and discussed with stakeholders prior to appraisal. The above key stakeholders will be engaged and consulted virtually which is justifiable as people who may be directly and adversely affected by the project will only be identified during implementation. Additional stakeholder consultation process will be carried out during the project implementation including the identification of those who may be directly and adversely affected by the project and their feedback will be considered in the project technical design and preparation. The GRM that has been developed under the SEP will respond to complaints throughout the project life cycle and be devised to promptly respond any project grievances. These can be construction-related complaints, such as temporary access issues to pedestrian and vehicle traffic etc. The GRM developed outlines ways in which users can submit their grievances, which may include submissions in person, by phone, text message, mail, email or via a web site; will include a log where grievances are registered in writing and maintained as a database, publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgement, response and resolution of their grievances, transparency about the grievance procedure, governing structure and decision makers; and an appeals process (including the national judiciary) to which unsatisfied grievances may be referred when resolution of grievance has not been achieved. All ES documents, including the SEP, will be disclosed locally and through the external website at the website of the Bank before appraisal.

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

Based on available information, the project is expected to involve a limited number of direct and contracted workers. Community workers are not expected to be hired and no primary supply workers involved. The estimated number of workforce both direct workers and contracted workers is around 225. Migrant workers or primary workers are not expected to be employed. A Labor management procedures (LMP) has been developed which outlines procedures and will be operational before the engagement of the first workers. LMP is also specific in excluding child labor and forced labor.



A GRM for contracted workers has been developed as part of the ESMP for Component 1 along with the guidance for such instrument to be prepared for Component 2 activities, and adherence to these documents will be mandated through incorporation into the ESCP.

The OHS-related impacts and mitigation measures also have been incorporated into the ESMP for Component 1 activities and will be required to be included in all site specific ESMPs to be prepared under Component 2, as relevant. Furthermore, the project ESIA&ESMP document for Component 1 sets up the procedure for identification, removal, storage, transportation and hazardous materials, 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. The OHS requirements (in terms of noise, dust, hazardous waste management and asbestos, etc.) are also clearly specified in the ESMF for Component 2 and will be included in site specific ESMPs to be prepared for Component 2 activities. As during the operation stage, at the TE subdivisions the heat and noise exposure and related injuries could affect operations workers, the ESMP for Component 1 contains adequate measure to ensure their safety. Under the ESIA&ESMP section as well as in the ESMF sections of the document, the construction contractor(s) are also required to put in place and operate GRM for their personnel.

ESS3 Resource Efficiency and Pollution Prevention and Management

The ESS3 is relevant to the project. Project activities will contribute to improved city's heating infrastructure and assets, strengthen market linkages and enhance TE institutional capacity which would contribute to better resource efficiency. The ESIA/ESMP&ESMF document includes sections on pollution prevention and management, - under Component 1 with a focus on those issues which might arise while conducting replacement of energy equipment and civil works for facilities' construction and rehabilitation and under Component 2 – on civil works for energy efficiency and energy conservation measures. Overall the assessment of risks associated with civil works and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste have been clearly specified in the project ESIA&ESMP section for Component 1 of the document and will be required to be included in all ESMPs to be prepared under Component 2, 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, the ESIA&ESMF document includes assessment of potential traffic safety issues during construction works; livelihood of excessive noise and dust; need to impose access restrictions and make communities aware of planned/ongoing works. While the project's civil works under Component 1 will be undertaken on the well delimited and fenced territories of TE units, these works under Component 2 will be implemented within different residential and administrative areas of city of Chisinau. Respectively, maintaining the health and safety of local population and nearby communities throughout the construction/rehabilitation phase is critical. The movement of heavy goods vehicles can lead to accidents. Energy conservation and efficiency 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 proposed in the ESIA&ESMP and in the ESMF sections mitigation measures will be required to be strictly followed during civil works, ensuring health and



safety of communities residing in and around sites of the project intervention will be made mandatory for adherence by works' contractors. TE has in place well designed emergency preparedness plans, including in terms of fires and during its operation the staff is required to strictly follow them.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS is not relevant to the project. The project activities under component 1 will take place in lands belonging to ME, TE, Residential Building sites and belong to the Government. Implementation of energy efficiency under Component 2 of public and residential buildings are to be screened to exclude impacts related ESS 5. No activities will be funded under the project that may cause economic or physical displacement and subprojects /investments that cause such impacts will be excluded through screening criteria/ procedures provided in the ESMF.

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 existing TE premises as well as in public and residential buildings, and there will be no impacts to the biodiversity and living organisms.

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

This standard is not relevant, because no indigenous people are known to reside in these areas, nor will the project be sited on any traditional customary land.

ESS8 Cultural Heritage

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

ESS9 Financial Intermediaries

This project will not involve any FIs.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

The project activities will not have any direct or indirect impacts on international waterways.

OP 7.60 Projects in Disputed Areas

No

The project will be not implemented in disputed areas.

III. BORROWER'S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
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ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
<p>ORGANIZATIONAL STRUCTURE</p> <p>Maintain and strengthen the existing MEPIU organizational structure with qualified staff and resources to support management of E&S risks, ES Staff, including for ESHS management under Component 1 activities.</p>	12/2025
<p>ENVIRONMENTAL AND SOCIAL ASSESSMENT</p> <p>Finalize the project ESIA&ESMF document, including its disclosure and public consultation(s).</p>	04/2020
<p>MANAGEMENT TOOLS AND INSTRUMENTS</p> <p>Screen any proposed subproject under Component 2 in accordance with the Environmental and Social Management Framework (ESMF), and, thereafter, draft, adopt, and implement the subproject Environmental and Social Management Plan (ESMP) Checklist, as required, in a manner acceptable to the Bank/Association.</p>	12/2025
<p>MANAGEMENT OF CONTRACTORS</p> <p>Based on conducted ESIA and ESMP for Component 1 activities, as well as once the Component 2 subprojects ESMP Checklists are prepared, incorporate the relevant E&S issues and/or plans, along with the Labor Management Procedures, into the ESHS specifications of contracts for civil works. Thereafter, ensure that the contractors will be required to comply with the ESHS specifications of their respective contracts.</p>	12/2025
ESS 10 Stakeholder Engagement and Information Disclosure	
<p>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</p> <p>Finalize Stakeholder Engagement Plan (SEP) and implement it.</p>	12/2025
<p>PROJECT GRIEVANCE MECHANISM:</p> <p>Implement the arrangements for the project Grievance Mechanism, as described in the SEP.</p>	12/2025
ESS 2 Labor and Working Conditions	
<p>LABOR MANAGEMENT PROCEDURES</p> <p>Finalize the draft LMP, and implement it throughout project life. For activities under Component 1&2, submit for Bank's approval contractor(s)' LMP and clause Contractor(s) and Include template of C-LMP in the POM.</p>	12/2025

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<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Establish&maintain a GRM. Ensure contractor(s) develop their GRM for Component 1&2 activities. Include generic GRM template in BDs. Deliver GRM training of Contracted Workers contractual rights & obligations.</p>	<p>12/2025</p>
<p>OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES</p> <p>Ensure compliance with identified requirements and implement OHS management plans. Integrate OHS measures for Component 2 activities in ESMP documents and ensure their implementation.</p>	<p>12/2025</p>
<p>ESS 3 Resource Efficiency and Pollution Prevention and Management</p>	
<p>WASTE MANAGEMENT PLAN:</p> <p>Ensure the selected Contractor under Component 1 activities prepared a special Waste Management Plan and ensure its implementation.</p>	<p>04/2021</p>
<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>Integrate in contract(s) to be signed requirements on ensuring resource efficiency and pollution prevention and management and enforcing their implementation.</p>	<p>12/2025</p>
<p>ESS 4 Community Health and Safety</p>	
<p>TRAFFIC AND ROAD SAFETY:</p> <p>Ensure implementation of Traffic Management Plan for Component 1 and ensuring integration in ESMPs traffic and road safety risks prevention measures and their implementation for Component 2 sub-projects, as relevant.</p>	<p>12/2025</p>
<p>COMMUNITY HEALTH AND SAFETY:</p> <p>Ensure implementation of measures and actions to assess and manage specific risks and impacts to the community (noise and dust, site safety awareness, access restrictions, behavior of workers emergency situations, etc.)</p>	<p>12/2025</p>
<p>GBV AND SEA RISKS:</p> <p>Ensure preventing and mitigating risks of sexual exploitation and abuse and sexual harassment and Code of Conduct attached to the project civil works contracts.</p>	<p>12/2025</p>
<p>ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</p>	



ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
ESS 8 Cultural Heritage
ESS 9 Financial Intermediaries

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

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

Although Moldova has an established Environment permit and review framework, the limited experience of the implementing agencies in implementing and managing social risks in a manner which would achieve good international industry practice may pose significant challenge. Therefore, neither the project as a whole, nor its individual components will use Borrower framework for environmental and social management.

IV. CONTACT POINTS

World Bank

Contact: Sandu Ghidirim Title: Senior Energy Specialist

Telephone No: 5254+248 Email: sghidirim@worldbank.org

Contact: Fabrice Karl Bertholet Title: Senior Financial Specialist

Telephone No: +1-202-473-0618 Email: fbertholet@worldbank.org

Borrower/Client/Recipient

Borrower: Ministry of Finance

Borrower: Republic of Moldova

Implementing Agency(ies)

Implementing Agency: Termoelectrica

Implementing Agency: Moldova Energy Projects Implementation Unit

V. FOR MORE INFORMATION CONTACT

Public Disclosure



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

VI. APPROVAL

Task Team Leader(s): Sandu Ghidirim, Fabrice Karl Bertholet

Practice Manager (ENR/Social) Satoshi Ishihara Cleared on 08-Apr-2020 at 16:47:59 EDT