

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC1183

Date ISDS Prepared/Updated: 23-Nov-2016

Date ISDS Approved/Disclosed: 27-Jan-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	West Bank and Gaza	Project ID:	P148600
Project Name:	GZ: Electricity Sector Performance Improvement Project (P148600)		
Task Team Leader(s):	Roger Coma Cunill		
Estimated Appraisal Date:	10-Mar-2017	Estimated Board Date:	23-May-2017
Managing Unit:	GEE05	Lending Instrument:	Investment Project Financing
Financing (In USD Million)			
Total Project Cost:	12.00	Total Bank Financing:	0.00
Financing Gap:	6.00		
Financing Source		Amount	
Borrower		0.00	
Special Financing		6.00	
Total		6.00	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The project development objective is to improve the monitoring of electricity payments, to reduce energy losses and to increase bill collection rates.

C. Project Description

The project concept benefits from strong buy-in and ownership from the PA counterparts.

The proposed operation builds on the ongoing Electricity Utility Management project (EUMP). The EUMP was approved in 2008 for US\$12m, with additional financing of US\$2.5m approved in 2012 for a total amount of US\$14.5m. The original objective was to reduce the fiscal burden of the electricity sector on the Palestinian Authority's budgetary resources through lower deductions from

clearance revenues for arrears owed to the IEC. The project leveraged World Bank resources with parallel resources from a number of donors. After several years of implementation, the pace of activities financed by other donors was delayed, and, as a result, the original objective was judged to be too ambitious. The EUMP went through a Level I restructuring in September 2013, which included a revision of its PDO and changes to the results framework. PENRA continued the consolidation of power supply and improvement of electricity system efficiency.

In light of the deterioration of Palestinian utility performance, e.g. total losses, and an increase of non-payment for electricity imported from IEC, the World Bank undertook the 'Assessment and Action Plan to improve payment for electricity services in the Palestinian Territories' or the so-called 'Net Lending' study to better understand the sources and causes of non-payment and proposed targeted actions. The study provides the additional analytical underpinnings for the proposed operation to focus on the following: (i) improving governance and efficiency of the energy sector, e.g. web database for transparency and accountability, prepaid and smart meters; (ii) consolidation of power supply (outgoing feeders for EIB-financed substations); and (iii) enhancing energy security (renewable energy and energy efficiency).

The project will also work on implementing the recommendations of the 2013 Renewable Energy Pilot, carried out under the Municipal Development Program, also led by the World Bank. The project will also promote renewable energy knowledge and application in the West Bank in selected pilot areas. The energy efficiency component in this project will be based on the recommendations of the ongoing World Bank-financed Energy Efficiency Action Plan (to be completed by June 2015). This action plan is to identify the most feasible energy efficiency measures in the short to long term to saving energy and reduce CO2 emissions.

The proposed project components are planned as follows:

Component 1: Enhanced monitoring capacity and accountability for electricity payments (US\$ 1.0 m).

Based on the recommendations of the 2014 'Net lending study', this component will focus on improving the transparency and accountability of the electricity payment cycle, which was a major obstacle for keeping electricity non-payers accountable. A web database will be established to track timely transfer of invoices and payments to IEC by relevant Palestinian stakeholders, i.e. Distribution Companies (DISCOs) and Municipalities. The web database will be managed by PETL in coordination with the IEC. This online database is critical for monitoring payments (and non-payments) from all Palestinian stakeholders, particularly as negotiations on a legally binding Power Purchase Agreement are ongoing between PETL and the IEC. This component will include a technical assistance sub-component to develop awareness campaigns to address the culture of non-payment for electricity services in targeted populations, e.g. refugee camps. The outcome of this component is to increase transparency and accountability of the electricity payment cycle in order to increase payments for electricity service.

Component 2: Reduction of Distribution Losses and Power Supply Consolidation (US\$ 4.5 m).

Network losses, technical and non-technical, are above 20% and higher than regional benchmarks. The second component will focus on reducing non-technical losses, i.e. thefts, and increasing bill collections by deploying smart meters and related Advanced Metering Infrastructure as well as monitoring meters to selected DISCOs. The introduction of smart metering along with data tracking software and mobile applications would also enable households and other customers to have greater control over their consumption. This component will include a second sub-component to finance

materials, tools and civil works for the installation of the out-going feeders (purchased with the support of Norway Cooperation) of the new Jenin and Nablus 161/33 kV substations (financed by the European Investment Bank). This sub-component would contribute to the Palestinian power supply consolidation process while reducing technical losses.

Component 3: Technical assistance to PETL and PERC (US\$1.0m). This component will provide technical assistance to PETL to enhance its technical expertise for the completion of the contractual arrangements related to the planned 200 MW gas-fired power plant. PETL is expected to purchase the entire output of the Jenin power plant under a 23-year power purchase agreement. The component will also provide initial technical assistance to the nascent Palestinian petroleum sector governance, including conducting an institutional assessment of PENRA's ability to regulate the petroleum sector and an institutional staffing plan. Legal and regulatory support in managing the petroleum sector may be considered following the completion of the Energy Sector Review update, planned for mid-FY16.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project activities will be conducted entirely in selected municipalities of the West Bank and Gaza. The targeted municipalities for the installation of smart meters, pilot roof top solar panels will be identified further by project appraisal.

E. Borrowers Institutional Capacity for Safeguard Policies

PENRA has attained adequate knowledge for environmental and social management (ESM) through the ongoing Bank operations of EUMP and GENRP projects. However, there is a need for consolidating this capacity within PENRA and building in-house capacity/staffing for ESM. In the past operations PENRA relied on a consultant for preparing the safeguards instruments and monitoring the compliance on safeguards. For this operation, PENRA will be requested to assign environmental and social safeguards staff to manage the safeguards aspects of the project.

F. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari (GSU05)

Zeyad Abu-Hassanein (GEN05)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Component 2 involves the purchase of materials, tools, and civil works for the installation of the out-going feeders (purchased with the support of Norway Cooperation) of the new Jenin and Nablus 161/33 kV substations. The feeders will be overhead lines expected along existing right-of-way of roads to supply power to nearby villages and urban areas. The Environmental risk of this component is moderate and localized and the. Project environmental category is B. Since the routing of the lines is not yet fully identified, the proper OP 4.01 instrument to be used is an Environmental and Social Management Framework.

Natural Habitats OP/BP 4.04	TBD	
Forests OP/BP 4.36	No	The installations and construction works are expected in urbanized areas and no Natural Habitat is expected to be impacted by project activities.
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	TBD	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	TBD	As the exact routing and land requirements for the construction of feeder lines for component 2 are currently unknown, we cannot determine if the Bank Policy on Involuntary Resettlement, OP 4.12, will be triggered. In other words, it is unclear whether the construction of the feeder lines will involve relocation of households, temporary or permanent land take, impacts on livelihoods, including those that may occur through restriction of access to resources. If the exact routing and land requirements for the feeder lines are determined before appraisal, a RAP will be prepared. If not, but there is still a possibility of land acquisition/involuntary resettlement, then an RPF will be prepared prior to appraisal.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 09-Feb-2017

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

ESMF will be conducted, reviewed, and disclosed in January, 2017.

IV. APPROVALS

Task Team Leader(s):	Name: Roger Coma Cunill	
Approved By:		
Safeguards Advisor:	Name: Nina Chee (SA)	Date: 27-Jan-2017

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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Practice Manager/ Manager:	Name: Paul Baringanire (PMGR)	Date: 27-Jan-2017
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