INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE

Report No.: 90028

Date ISDS Prepared/Updated: 12-August-2014

I. BASIC INFORMATION

1. Basic Project Data

Country:	Vanuatu	**Project ID:**	P150908
Project Name:	Rural Electrification Project		
Task Team Leader:	Kamleshwar Prasad Khelawan		
Estimated Board Date:	N/A		
Managing Unit:	GEEDR		
Sector(s):	General energy sector (100%)		
Theme(s):	Rural services and infrastructure (50%), Climate change (50%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?	No		

Project Financing Data (in USD Million)			
Total Project Cost:	7.80	Total Bank Financing:	4.70
Total Co-financing	3.10	Financing Gap:	0.00

Financing Source	**Amount**
BORROWER/RECIPIENT	0.00
Pacific Region Infrastructure Facility (PRIF)	4.70
Cofinancing (consumer contribution)	3.10
Total	7.80

Environmental Category:	B - Partial Assessment
Is this a Repeater project?	No
Is this a Transferred project?	No

2. Project Development Objective(s)

The project development objective (PDO) is to increase access to electricity services for rural households, aid posts and community halls located in dispersed off-grid areas.

3. Project Description

The project will have two components:

Component One: Electrification of off-grid households, aid posts and community halls (US$ 6.2 million). The Project will target 85 percent of the 20,470 dispersed off-grid households in Vanuatu, which equates to approximately 17,500 households, and 230 aid posts and 2,000 not-for-profit community halls. The Project will subsidize the retail cost of solar photovoltaic (PV) systems by 50 percent. Aid posts serve the basic health services needs of the community and are community-operated and managed. Communities and villages will also have access to subsidies to purchase solar systems under this Project for community-operated and managed aid posts and not-for-profit community halls. Initially, the Project will focus on solar PV systems of between 5 to 30 Watts peak capacity that are of "plug and play" type, installed easily by the consumer and require little to no maintenance other than replacing batteries. These systems can provide lighting and phone charging capabilities, with some systems capable of supporting other uses such as radios and small televisions. "Plug and play" systems of higher capacity are not ruled out in the future, provided they meet the product registration criteria for this Project. The Project will not fund smaller systems such as solar lanterns; such systems were funded under the Lighting Vanuatu project, and the demand and awareness for those systems is considered self-sustainable.

Component Two: Technical assistance and project management (US$ 1.6 million). The Project requires significant work on ensuring the integrity of the vendor supply chain, and of the products that are supplied to consumers/retailed, consumer awareness and training, collection and disposal of any hazardous or toxic materials, project management and independent verification to ensure the funds allocated under this Project are effectively directed towards achieving the PDO of this Project. The expectation of the participation of a number of vendors, a number of different types of products with different capabilities, the remote locations of consumers, the limited knowledge of the consumers and access to vendors, lack of a specific residential address or telephone or other formal contact details make the above activities particularly challenging. This component addresses two key areas of the Project, the first focusing on design and the second on implementation, with the following key activities:

(i) Vendor and product registration arrangements, communications and microfinance products. The following activities will be financed to support the preparation and implementation of the investment activities under Component One: (i) establishment of vendor registration arrangements; (ii) development of product registration arrangements (for a product catalogue); (iii) development of program and product awareness, safety and product care training material for communities, and end users; (iv) establishment of a grievance mechanism for end-user and communities; (v) support with the development of microfinance products to encourage lending in rural areas; and (vi) development of legislation, regulations and/or Environmental Code of Practice (ECOP) for disposal of lead-acid batteries for rural electrification products under the Project.

(ii) Project management and support. The following activities will be financed for effective implementation, monitoring and reporting under the Project: (i) capacity building and implementation support to the Department of Energy (DoE) through technical experts and advisors; (ii) workshops and training for the DoE staff (and other Governmental departments, such as the MIPU) involved with off-grid electrification; (iii) execution of awareness programs to rural communities and consumers in Vanuatu; (iv) independent verification of subsidy claims prior to payments; and (v) monitoring, evaluation and annual reviews of the Project.

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

The project is located in Vanuatu and includes remote communities in the outer islands that are not in close proximity to the existing grid to consider grid extensions feasible, or clustered in one area to consider micro- or mini-grid installations, for providing access to basic electricity services.

The PV systems intended for the households, aid posts and community halls, which will be subsided by the Project, will be simple, portable and easily installed by the buyer. With this approach, on-site provider installation in individual homes and after sales maintenance will not be required.

5. Environmental and Social Safeguards Specialists on the Team

Ross J. Butler (GURDR)

Anil H. Somani (GURDR)

Mary C.K. Bitekerezo (OPSOR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will subsidize solar PV systems for individual private households, aid posts and community halls. Most of the installation will be carried out in remote areas where extension of the existing electric grid or development of mini or micro grids may not be feasible or practical. Panels will be installed either on rooftops or mounted on pole(s), where roof orientation is not suitable. As such, there will be no construction related impacts. The major environmental issues associated with the installation will be the safe management (storage, transportation and disposal or recycling etc.) of spent storage batteries at the end of their useful lives. To address this, an ECOP for battery disposal will be adopted, until such time national legislation and regulations are adopted. Vendors participating in the Project will be required to comply with the ECOP. The ECOP prepared during project preparation provides guidance for the safe management of batteries used in the systems.
Natural Habitats OP/BP 4.04	No	Project activities will not take place in or impact Natural Habitat areas.

Forests OP/BP 4.36	No	Project activities will not impact Forests.
Pest Management OP 4.09	No	The project will not involve use of pesticides/herbicides.
Physical Cultural Resources OP/BP 4.11	No	Solar panels will be mounted either on roofs or on poles where roof orientation is not suitable. New construction activities are not anticipated.
Indigenous Peoples OP/BP 4.10	Yes	Indigenous peoples are present in the project area of influence due to the rural context of this project in the outer islands. Since the overwhelming majority of beneficiaries are IPs, the project does not need to prepare any instrument and the elements of the IPP have been integrated into the design of the project, including free, prior and informed consultations for broader community support of the project, and provision of culturally appropriate project benefits during installation of PV panels in households. Consultations undertaken during the design of the Australian funded VERD program on which this project is based indicated strong community support. Further, consultations during the preparation of the National Energy Roadmap (NERM) established affordable electrification of rural households as a key priority. The Government of Vanuatu (GoV) also endorses and has requested the focus of this project to be on rural households and communities, with the caution that systems be affordable – hence the demand driven approach.
Involuntary Resettlement OP/BP 4.12	No	There will be no need for land since project activities will take place within the existing confines of households and community facilities.
Safety of Dams OP/BP 4.37	No	No dams will be affected by the project.
Projects on International Waterways OP/BP 7.50	No	No project activities will take place on international waterways.
Projects in Disputed Areas OP/BP 7.60	No	There is no known disputed area in the project area of influence.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
There are no significant and / or irreversible adverse environmental and social issues associated with the project. The use of renewable solar PV technology would result in net positive environmental impacts through replacement of kerosene and diesel currently used for lighting in rural areas of the country. The only potential environmental safeguard concern under the Project is improper disposal/recycling of lead-acid or lead-gel batteries by the community. If not handled correctly or not properly disposed of or recycled, inappropriate battery disposal could lead to pollution of surrounding soils and water resources by lead, nickel, cadmium, etc. As a result, Environmental Assessment OP/BP 4.01 is triggered. An ECOP for battery disposal has been prepared and will be adopted, until such time the government develops the necessary legislative and compliance framework for disposal of solid wastes, in particular lead-acid and other batteries. The ECOP will provide guidance for the safe management of batteries used in the systems. Where these batteries are toxic and not suitable for land-fill (such as lead-acid batteries) clear performance criteria will be established for the management of the batteries. Vendors participating in the Project will be required to comply with the ECOP. Arrangements for the collection/storage/transport/disposal of used batteries are envisaged as criteria for vendor registration, in compliance with the ECOP, until alternative national systems are developed and are in place. Indigenous Peoples OP/BP 4.10 has been triggered due to the presence of indigenous people (IPs) in the rural areas of the outer islands. However, since the overwhelming majority of the beneficiaries are IPs, the Project has integrated the elements of an Indigenous People's Plan (IPP) in the design of the Project, including consultations for broader community support of the Project, provision of culturally appropriate project benefits in the installation of PV panels in households, and gender-related considerations (e.g., specific consultations with women's groups and uptake of project services by female-headed households). In addition, there is no land acquisition for this project since the solar power connections will take place within the existing confines of households and community facilities.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
The project will encourage / finance the use of renewable solar energy technology and therefore there are no irreversible or indirect and or long-term impacts anticipated in the project area. Solar PV panels for "plug and play" systems have a minimum life span of 10+ years and the technology for recycling PV panels is available.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
To ensure least cost and affordable solutions to electrification in rural areas, the Project will be based on a vendor driven and competitive market and demand driven solutions. The Project will provide funds to increase community awareness on the availability, type and capabilities of products, easy to understand product care information, potential sources of microfinance, budgeting and a grievance mechanism.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
The DoE in the new Ministry of Climate Change and Natural Disasters (MCCND) has undertaken

some form of social assessment for purposes of informing the various stakeholder groups about the proposed project and its objectives and seeking feedback in order to establish any concerns the people might have. The assessment also established the role women have played in past rural electrification programs especially in uptake of services with support of microfinance facilities, and training for the maintenance of solar systems. The Project will adopt an ECOP as the instrument to address issues on used battery disposal and management.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
The Project will market the rural electrification program to the rural communities and beneficiaries via existing organizations, such as VANWOODS, Vanuatu National Council of Women, Provincial Councils, and other governmental bodies. The Project will facilitate promotional campaigns, demonstrations and other communication activities to raise general public awareness of the Project, particularly of the household subsidy and promotion of the purchase and delivery mechanism of household systems. The project will establish a vendor registration program and a product catalogue to ensure in integrity of the supply chain and quality of solar PV systems provided by the private sector. As part of the product marketing campaign, extensive information will be provided to the consumers and the vendors too will receive information and advice on the installation and maintenance of PV technology as well as safe management (storage, transportation and disposal/recycling) of used batteries. The Draft ECOP was disclosed as the safeguards instrument for the project at the offices of the DoE and posted on the websites of the Utilities Regulatory Authority and the National Advisory Board. A notice for public consultation on the ECOP was published in the national newspaper in Vanuatu on 2 August 2014 and the consultations were held on 5 August 2014. The consultation was attended by the local vendors and other interested stakeholders.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	6 August, 2014
Date of submission to InfoShop	8 August, 2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
"In country" Disclosure	2 August, 2014
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
"In country" Disclosure	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [X]	No [ ]	NA [ ]
OP/BP 4.10 - Indigenous Peoples			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ ]	No [X]	NA [ ]
The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's InfoShop?	Yes [X]	No [ ]	NA []
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [X]	No [ ]	NA []
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [X]	No [ ]	NA [ ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [X]	No [ ]	NA [ ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [X]	No [ ]	NA [ ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [X]	No [ ]	NA [ ]

III. APPROVALS

Task Team Leader:	Name: Kamleshwar Prasad Khelawan	
Approved By:		
Regional Safeguards Advisor:	Name: Surhid P. Gautam	Date: 8/13/14
Practice Manager:	Name: Julia M. Fraser	Date: 8/13/14