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Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 19-May-2017 | Report No: PIDISDSA20198



BASIC INFORMATION

A. Basic Project Data

Country Benin	Project ID P161015	Project Name Energy Service Improvement Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 25-Apr-2017	Estimated Board Date 23-Jun-2017	Practice Area (Lead) Energy & Extractives
Financing Instrument Investment Project Financing	Borrower(s) Government of the Republic of Benin	Implementing Agency Ministry of Energy, Water and Mines	

Proposed Development Objective(s)

The project development objective is to improve SBEE’s operational performance; expand electricity access in targeted areas; and promote community-based management of forest resources.

Components

- Component 1: Improvement of SBEE’s Commercial Operations
- Component 2: Distribution Network Strengthening in Targeted Areas
- Component 3: Community-Based Management of Wood Fuels
- Component 4 : Sector Development and Implementation Support

Financing (in USD Million)

Financing Source	Amount
Borrower	1.00
International Development Association (IDA)	60.00
Total Project Cost	61.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Note to Task Teams: End of system generated content, document is editable from here.

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Benin is located in West Africa, bordered by Nigeria to the east, Togo to the west, the Atlantic Ocean to the south, and Burkina and Niger to the north. The country has a land area of 112 600 km² divided into 12 departments and 77 municipalities. The population in 2015 was 11 million and is mostly concentrated in the southern areas, along the Atlantic coastline. Forty-four percent of the population lives in urban areas, and the urban population is expected to increase in the coming years according to the National Institute for Statistics. Benin has significant agricultural potential, and in recent years, new agro-industries based on cotton, pineapple, and cashew have emerged. In contrast, the country has limited natural energy resources and thus is heavily dependent on neighboring countries (e.g., Nigeria, Ghana) for energy supply.
2. For more than three decades, Benin has enjoyed a democratic governance system. Since the 1990 National Conference, which laid the foundation for a democratic constitution, presidential elections have been deemed free and fair in general, and transfers of power have been peaceful. The last presidential election took place in March 2016, and the new government has resolved to promote better political and economic governance and has plans for political and institutional reforms to consolidate democracy, reduce poverty, and attract investments.
3. The economy has been growing at above four percent over the past decade. GDP growth averaged close to six percent between 2012 and 2015, but Real GDP growth is estimated to have declined to 4.6 percent in 2016. Economic output has been driven by agriculture and services, particularly formal and informal import/export activities. The GDP decline in 2016 was mainly due to a slowdown of re-export activities to Nigeria and a drop in agriculture production. The informal service sector accounts for 56 percent of GDP and provides 90 percent of employment, whereas agriculture accounts for 23 percent of GDP. Cotton is the main export agricultural product. There is also a significant export activity of derivatives of pineapple, such as pineapple juice, in the West African sub-region and particularly to the countries of the Sahel. Looking ahead, Benin's macroeconomic outlook remains sound, but it is vulnerable to exogenous shocks such as terms of trade (cotton and oil prices), developments in Nigeria, and adverse weather conditions.
4. Despite the economic growth, poverty remains widespread and is rising. With a GNI per capita of US\$860 in 2015, Benin is one of the poorest countries in the world. The national poverty rate in 2015 was estimated at 40.1 percent, up from 36.2 percent in 2011. The rate masks disparities between urban and rural areas: 35.8 percent of the urban population is poor, while 43.6 percent of the rural population is poor. Interestingly, female-headed households experience lower levels of poverty (28 percent compared to 38 percent for male-headed households). Though Benin has made significant



progress in reducing the mortality rate of children below five years old, and the proportion of people without access to safe drinking water, more needs to be done for other sectors such as energy to contribute to economic growth.

Sectoral and Institutional Context

5. Benin's energy sector is characterized by severe power outages, operational inefficiencies, and low electricity access rate, and remains heavily dependent on power imports for grid connected electricity, and on traditional biomass for cooking. The power sector is unbundled and interlinked with that of Togo's. Power generation and transmission for both Benin and Togo have been under the responsibility of the joint Benin-Togo bi-national utility, *Communauté Electrique du Bénin* (CEB), headquartered in Togo. CEB has been importing about 95 percent of its power from Nigeria, Ghana, and Ivory Coast. Some of CEB's self-generation output comes from thermal generation plants that are fueled by gas imported from Nigeria through the West Africa gas pipeline. CEB supplies both the Togo power distribution utility and the Benin state-owned power distribution utility, *Société Béninoise d'Énergie Electrique* (SBEE), whose installed capacity averaged 240 MW.

Sector Challenges

6. Power imports have been unreliable, leading to severe outages. Nigeria and Ghana have been experiencing generation and transmission constraints, and have been unable to supply adequately CEB, which in turn provides insufficient power to SBEE for the Benin population. On the other hand, demand for electricity in Benin has been growing steadily—at an annual average rate of seven percent over the past three decades—widening the demand-supply gap. As a result, the country has been experiencing severe load shedding, with significant costs on businesses and the economy. To help alleviate power shortages, SBEE has been resorting to the use of inefficient back-up thermal generation plants, and the Government of Benin (GoB) has been pursuing costly, emergency, stop-gap power rentals.
7. SBEE's financial situation is precarious, and its distribution network is in poor condition. Prior to 2010, SBEE was running significant deficits and had been unable to undertake adequate infrastructure maintenance. The situation improved slightly following a 2010 tariff increase and the phase-out of thermal generation plants in Northern regions (because of interconnection between Benin's Northern network and CEB's Northern Togo transmission line) as well as network rehabilitation investments carried out under the World Bank-financed Energy Services Delivery Project (ESDP, P079633). Nonetheless, SBEE's current electricity retail tariffs—averaging 115 CFA per kWh (US\$22.1 / kWh)—remain below its average cost of service (estimated at US\$26/kWh), which negatively impacts the financial viability of the overall power sector. Forty percent of SBEE's billing amounts are uncollected, with the highest share coming from public facilities and other high-revenue customer segments. Technical losses are estimated at 24 percent (though not accurately documented). Major portions of the distribution network are overloaded, and some sub-stations run with outdated and faulty protection systems. There is a long list of customers waiting for electricity service due to a lack of

¹ Exchange rate: US\$1 = 522 F CFA.



operating budget to acquire electricity connection kits. Around major urban centers such as Cotonou, Porto-Novo, Abomey-Calavi, Parakou, and Natitingou, high-density peri-urban areas remain in the dark.

8. As a result, only 29 percent of Benin's households have access to electricity. The rate, which is below sub-Saharan Africa's average electrification rate of 35 percent, masks deficiencies in quality of service. The vast majority of households with an electricity connection receive intermittent service due not only to unreliable power imports (as explained above), but also to frequent breakdowns at sub-stations and low voltage levels. In areas where the distribution network is overloaded, the quality of electrical tension provided to households is so poor that it does not enable adequate operation of motorized equipment. The rate also masks significant disparities between urban and rural areas. Fifty-six percent of the urban population has access to electricity, with the highest access rate in the coastal cities, such as Cotonou (capital city), and lower rates in medium urban centers where considerable proportions remain unconnected. In contrast, only six percent of the rural population has electricity.
9. With low and unreliable electricity access, Benin's energy sector is dominated by traditional biomass energy. The use of woodfuel and charcoal for cooking represents the highest share—49 percent—of the country's energy balance. However, the large majority of the woodfuel and charcoal is harvested/produced in an unsustainable manner to supply growing urban markets, which accelerates the decline of forest cover. Also, revenues from unsustainable wood harvesting do not benefit local rural populations as they are exploited by professional producers from urban centers. On the demand side, the vast majority of households cook with woodfuel in inefficient and traditional stoves, leading to indoor air pollution, which negatively affects the health of mostly women and children. Liquefied petroleum gas (LPG) use has been limited by high refill costs of bottles (with recent reductions of subsidies), sporadic shortages, restricted distribution networks, and lack of consumer awareness.

Government Plan

10. Recognizing the challenges, the GoB has acted to develop its institutions, but their capacity needs to be strengthened. The Ministry of Energy and Mines (MEM) remains responsible for planning the sector development, making policies, and developing as well as overseeing expansion programs. However, its institutional capacity has eroded, as many qualified senior staff have retired without adequate replacement over the last decade, leaving skills gaps in a number of areas including transaction advisory, financial planning, and program monitoring. To expand electricity access in off-grid areas, the GoB established a rural electrification agency, *l'Agence Beninoise de l'Electrification Rurale et de la Maitrise de l'Energie* (ABERME). Despite efforts to improve ABERME's management, progress on rural electrification has been below expectations. A renewable energy agency, *l'Agence Nationale de Développement des Energies Renouvelables* (ANADER) has also been established to promote, develop, and oversee the implementation of programs to scale-up renewable energy. More recently, in 2014, a decree was issued to create an electricity sector regulator, *l'Autorité de Régulation de l'Energie* (ARE). ARE is yet to become fully operational. With regard to the power distribution sub-sector, prior to 2010, there had been attempts to privatize SBEE, but interest from the private sector did not materialize.
11. Moving forward, in the short term, the GoB aims to reduce load shedding to ensure more reliable service; in the long term, the aim is to improve the reliability and affordability of electricity supply, and achieve universal access. The new Government Action Plan includes a vast energy infrastructure investment program, under which four major, high-priority projects are highlighted:



- (i) Modernize and expand thermal production to reduce dependency on external production and transmission. The GoB has recently negotiated a 200 MW emergency power rental contract based on thermal generation and is preparing to commission a 240 MW heavy fuel oil (HFO) generation plant with private sector investors. Also, the rehabilitation of selected SBEE thermal plants and the construction of a liquefied natural gas (LNG) terminal (to receive off-shore gas) are planned.
 - (ii) Develop renewable energy potential, including the Adjaralla hydropower plant, solar PV plants, and biomass gasification.
 - (iii) Restructure SBEE governance and improve its operational performance. Dialogue is ongoing to open up SBEE management to the private sector through a management contract.
 - (iv) Develop and implement an energy efficiency program targeting public buildings and residential sectors.
12. Though an Action Plan exists and priority projects were announced, there is a need to reconcile the Action Plan with the electrification master plan developed in 2015 under the ongoing World Bank-financed Increased Access to Modern Energy (IAME) Project (IAME, P110075, expected to close in 2018). Stop-gap emergency power rentals are not often the least-cost option for power generation. There are less costly priority power generation and transmission sub-projects options that were proposed under the electrification master plan but not yet taken up. Reconciling the GoB's power generation plans with suggested sub-projects from the master plan would enable power development in a more financially sustainable manner. Also, an actionable plan to expand electricity access is lacking. The electricity master plan would need to be complemented by an investment prospectus that can provide a rallying framework for engaging and leveraging financing from the GoB, donors, and the private sector with a view to expanding access.

Development Partner Support and Proposed Project Focus

13. The development community has been supporting the GoB's efforts to make the power sector an engine of economic development. The United States' Millennium Challenge Corporation (MCC) is financing the implementation of a US\$375 million power sector development compact signed in 2015. The compact aims to expand business production and productivity, generate greater economic opportunities for households, and improve the capacity to provide public services by improving quantity and quality of electricity supply. The compact comprises a number of projects to (i) improve governance and management of SBEE, including through the introduction of a private management contractor for the utility; (ii) increase generation capacity by adding up to 78 MW from renewable and thermal sources; (iii) increase the capacity and operation of the medium voltage network powering Cotonou; and (iv) support off-grid access scale-up through the provision of grants from an off-grid clean energy facility to be established. SBEE's governance improvement includes the development and implementation of a performance contract between the GoB and SBEE, the establishment and competitive recruitment of board members and senior management (Managing Director, Deputy Managing Director), the revision of electricity tariffs, and support to set up an independent and professional regulator. Conditions for the compact effectiveness are expected to be met soon. Also, the *Agence Francaise de Developpement* (AFD) is assisting SBEE to acquire a customer management platform, and is financing the rehabilitation of the distribution network in one of Cotonou's high-density peri-urban areas (Abomey-Calavi).



14. Besides MCC and AFD, the World Bank has been a major development partner in the energy sector. In 2005, the World Bank approved the ESDP, which was designed as the first in a series of projects to initiate reforms, extend and improve parts of the transmission and distribution networks, and rationalize biomass fuel use. ESDP, which closed in 2012, realized the interconnection of CEB's northern Togo networks with that of northern Benin and also the interconnection of Benin's southern network with Nigeria's southern grid. Building on and complementing ESDP, the IAME Project was approved in 2009. It covers transmission extension, distribution network rehabilitation, rural electrification, energy efficiency, community-based forest management in the Moyen-Oueme region, and charcoal and LPG cook stoves commercial dissemination.

15. The sector needs remain multifaceted, and a single operation is not able to address all aspects effectively. The proposed project intends to support the GoB's pressing needs for reliable power supply and improved utility management by focusing on the commercial and operational performance of SBEE, while tapping into "low-hanging" opportunity to expand electricity access. The expected performance improvement of SBEE would provide a sound financial and technical basis for power sector development. The project would complement MCC's assistance to improve SBEE's higher level governance structure and the high-to-medium voltage network by looking at SBEE's internal commercial practices with high-consuming customers as well as targeting service quality improvements and access expansion in selected peri-urban areas in major urban centers other than the one benefiting from the AFD's financing. The project will also maintain successful momentum on the biomass sector created under past World Bank-supported energy sector projects.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Development Objective(s) (From PAD)

The project development objective is to improve SBEE's operational performance; expand electricity access in targeted areas; and promote community-based management of forest resources.

Key Results

16. The achievement of the project development objectives will be assessed using the following project outcome indicators:
 - Number of people provided with new or improved electricity service (Corporate Results Indicator).
 - Reduction of losses (percentage).
 - Increased revenues from targeted high-consuming customers (percentage).



- Hectares of forest covered by community-based forest management plans (number)

D. Project Description

A. Project Components

17. Responding to the GoB's pressing needs to improve SBEE management and the reliability of electricity service, and longer-term goal to develop the energy sector in a sustainable manner, the project aims to (a) improve the operational performance of SBEE, in complement to the MCC, by contributing to reduced commercial losses (Component 1) and technical losses (Component 2); (b) maintain positive momentum in the biomass sub-sector (Component 3); and (c) provide a roadmap for gradual and sustainable power sector development while strengthening the capacity of the key stakeholders (Component 4). The project's four components are described below.

Component 1- Improvement of SBEE's Commercial Operations (IDA US\$10 million equivalent)

18. In complement to other donor efforts, the component will help SBEE reduce commercial losses and adopt a customer-oriented perspective. The component will finance the development and implementation of a MIP, which will inform the preparation of the MCC-supported SBEE business plan and management contract. The MIP will provide a comprehensive snapshot of SBEE's management and recommendations to improve key operational aspects (and has been designed in coordination with and in complement to MCC's activities in this area). The implementation of the MIP will focus on (a) protecting revenues from the high-consuming customer segment, which represents a large portion of energy consumption; (b) improving management information systems (designed in coordination with and in complement to AFD activities in this area); and (c) strengthening SBEE's capacity to manage newly acquired systems. Activities will include acquisition and installation of smart meters at high-revenue customers; establishment of a metering control center; acquisition and installation of associated advanced metering infrastructure and management information systems software (such as an outage management system and a geographic information system); updating of the customer database; establishment and training of a theft detection and inspection crew; and provision of technical assistance services. The assistance will include support for measures to ensure payment by the GoB of its electricity bills. An owner's engineer will be recruited to help SBEE oversee the activities.

19. The component will also support SBEE to gradually improve its customer relationships and better engage with current and potential customers. It will finance the installation and operationalization of a customer call center, which will enable customers to voice complaints/concerns and SBEE to track response time. In addition, SBEE will be assisted to conduct customer satisfaction surveys and disseminate findings. The surveys will include a comprehensive diagnostic of the state of electricity access following the World Bank's Energy Sector Management Assistance Program (ESMAP) multi-tier energy access methodology,² and will provide gender-disaggregated data to help document

² The multi-tier framework for energy access consists of six levels of electricity service from 0 to 5, with the highest level consisting of safe, reliable, unlimited 24-hour service from a grid system. See BEYOND CONNECTIONS: Energy Access Redefined, Energy Sector Management Assistance Program, 2015.



improvements. Gender-informed communications and awareness campaign will also be carried out to facilitate the regularization of informal electricity connections and prevent residential and commercial electricity theft.

Component 2: Distribution Network Strengthening in Targeted Areas (IDA US\$40 million equivalent)

20. Component 2 aims to reduce SBEE's technical losses while tapping into "low-hanging fruit" opportunities to improve the reliability of electricity service and provide new access to dark pockets in peri-urban areas. A technical loss reduction study is being launched under the IAME Project. Preliminary estimates suggest that high loss areas are located in segments of the distribution grids in poorly-served, high-density, peri-urban neighborhoods of the major cities of Cotonou, Porto-Novo, Parakou, and Natitingou, where electricity theft is rampant and pockets of households remain without electricity service. These areas will be targeted for network expansion and load balancing. The component will finance the expansion of the MV/LV network to rebalance the loads, regularize informal electricity connections, and provide new electricity connections to nearby, unserved neighborhoods. This will involve the construction of MV and LV lines, the installation of pole-mounted transformers and service drops, and the acquisition and installation of prepaid meters and the acquisition and installation of spare parts in distribution sub-stations. To help households afford a new electricity connection, the component will assist SBEE to roll payment of the electricity connection cost in installments as new customers recharge prepaid consumption units.

21. The component will also seek to reduce the number of hours of power outages in northern towns that are supplied by HV and MV stations where key protections are outdated and malfunctioning. It will finance the upgrade of power stations with the highest impact in terms of reduction of MV/LV power shortages. The upgrade will entail the acquisition and installation of key electrical protection systems and other related ancillary equipment. To facilitate daily operation and maintenance, the component will also finance the acquisition of critical installations and equipment, including a transformer repair workshop and associated spare parts, a fault detection vehicle, and various safety equipment and metering tools.

22. To help reduce peak electricity demand and unpaid electricity consumption from municipalities, the component will promote energy efficient street lighting. It will replace currently energy-intensive sodium vapor lamps by light emitting diode (LED) lights in the same areas where network strengthening is being carried out. To facilitate scaling up or replication, it will conduct a study to take stock of the current state of public lighting, and provide recommendations to ensure sustainable management of street lighting and address barriers to large-scale sales of LEDs in the residential market.

Component 3 – Rational Production and Use of Woodfuels (IDA US\$5 million equivalent)

23. Component 3 will contribute to reducing the pressure on northern Benin forests by building on and expanding into new regions the successful gender-sensitive, community-based, forest management practices financed under the ESDP and IAME Projects. The component will include the following two subcomponents:

- (i) *Subcomponent 3.1 – Sustainable Management of Forestry Resources in the Moyen and Haut Ouémé Basin Regions:* The subcomponent will implement community-based forest management



plans covering 300,000 hectares in the municipalities of Bassila, Bantè, et Djidja, prepared under the IAME Project. This will involve financing tree nurseries, tree plantings, logistical support, training of key actors on forest resource management and energy-efficient charcoal production, communication campaigns targeting local governments and households, and acquisition of equipment for income generation activities, such as bee keeping. Incorporating the lessons learned from the IAME-financed Moyen Ouémé experience, the subcomponent will also finance (a) the preparation of new participatory forest management plans covering 150,000 hectares across three municipalities of the Ouémé Supérieur (Djougou, Ndali, Pèrèrè), (b) the development of income-generating activities, and (c) the establishment of an inter-municipality association and installation of local forestry management bodies and rural wood markets. The local management bodies will be trained and equipped to manage efficiently rural wood markets, seedlings production, and reforestation.

- (ii) *Subcomponent 3.2 – Development of Quality Standards for Improved Cookstoves:* The subcomponent will finance a comprehensive study to take stock of quality assurance along the value chain of cookstove production and commercialization, and recommend quality standards and associated institutional arrangements and a capacity building plan required to implement and enforce the standards. It will also fund the development and roll out of a marketing and communication plan and the upgrade of an improved cookstoves testing center.

24. The component will continue the implementation of the gender-related activities started in the IAME Project, which designed and implemented activities to take into account and reduce the gender gaps in poor rural areas in Benin. The major gender gap that will be addressed by this component is women's lack of access to and expertise for income-generating and livelihood activities. Specific actions envisioned include ensuring a percentage of direct beneficiaries are women, providing the same training and resources to female and male beneficiaries, ensuring women are employed in planting and cultivating and forest exploitation and in managing and maintaining processing facilities, and providing support and capacity building to women to increase their productivity and income as well as the marketing of charcoal, where they are the main producers, but also of honey and cashews. The component will also contribute to increasing women's voice and agency by reserving a percentage of seats in local management bodies for women, and conducting separate consultations with women and men.

Component 4: Sector Development and Implementation Support (IDA US\$5 million equivalent)

25. The component will contribute to better planning for electricity access roll out in the country, support the development of key power sector institutions, and ensure effective implementation of the project. The capacity building activities will include the implementation of recommendations from studies funded under the IAME Project. The component comprises four subcomponents:

- i. *Subcomponent 4.1 – Sector Planning:* This subcomponent will finance the development of a single, comprehensive, least-cost generation and access scale up plan that will help achieve the goals set in the new GoB Action Plan and incorporate guidelines proposed in the 2015 Power Sector Master Plan. To leverage financing, including from the private sector, the generation and access scale-up action plan will be supported by an investment prospectus to be developed in close collaboration with development partners and private sector actors. The subcomponent



will also finance the update of the sector financial model; detailed feasibility studies for priority investments from the prospectus and least cost generation and transmission plan (such as the strengthening of the Védoko sub-station); and other analytical studies as needs emerge over implementation.

- ii. *Subcomponent 4.2 – Institutional Strengthening:* The subcomponent will contribute to strengthening the capacities of MEM, ABERME, ANADER, and ARE in order to help them better fulfill their respective roles, including power development planning, program coordination and oversight, rural electrification program supervision, renewable energy development, and regulations development and enforcement. The subcomponent will fund the update and expansion of a MEM diagnostic (funded under the IAME Project) to other entities, and the implementation of a capacity strengthening plan that will be derived from the diagnostic. Though the capacity plan is yet to be developed, it is expected to include (a) the provision of international advisory services to the Cabinet of the Energy Minister; (b) support to competitively recruit a critical number of nationals for MEM, ABERME, ARE; (c) delivery of identified training; and (iv) acquisition of vehicles and software, including an intranet system for MEM. With regard to the newly established regulatory agency, the subcomponent will contribute to its operationalization by funding the elaboration of critical regulatory tools, a standard public-private partnership contract, and service rules.
- iii. *Sub-component 4.3 – Project Management:* The subcomponent will fund the operationalization and running of the project implementation unit for the duration of the project. Operational services and goods to be funded would include: (a) the recruitment of fiduciary, safeguard, and engineering staff; (b) oversight of implementation of the environmental and safeguards instruments for the investments; (c) external auditing; (iv) training; (v) office supplies and vehicles for project supervision; and (d) part-time consultants as needed.

E. Implementation

Institutional and Implementation Arrangements

1. The project will be anchored within MEM. MEM's Project Coordination Unit (PCU), which had been a key implementing agency for the ESDP and has been the sole implementing agency of the IAME Project, will assume the overall project coordination and implementation function in close collaboration with SBEE, ABERME, and CEB. SBEE, ABERME, and CEB (as needed) will provide technical and oversight inputs in their respective areas. The proposed implementation arrangements have been in place over the last four years under the IAME Project and have been performing satisfactorily. To further clarify the responsibilities of each involved entity, a memorandum of understanding will be prepared and agreed upon.
2. Though the PCU has a good track record in implementing World Bank projects and is familiar with World Bank procedures, its capacity will be strengthened to take on the extra work of this project as it is still implementing the IAME Project. Therefore, recruitment of additional staff is underway to reinforce its fiduciary and technical capacity. New positions envisioned include a Procurement Specialist, an Internal Auditor, an Accountant, a Social Development Specialist with gender experience, an Electrical Engineer, and an Energy Efficiency Engineer.



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project will finance small distribution grid extensions, but their exact location has still to be determined.

G. Environmental and Social Safeguards Specialists on the Team

Paivi Koskinen-Lewis, Abdoul Ganyi Bachabi Alidou

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project triggers OP 4.01 due to potential negative impacts that might occur under activities to be financed in component 2 and subcomponent 3.1. These limited environmental and social impacts triggered the Environmental Assessment Safeguard Policy (OP 4.01). An Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) have been prepared to screen and address the environmental and social impacts. The project is expected to have limited environmental and social impacts after the proper implementation of the Environmental and Social Management Plan (ESMP) and the Resettlement Action Plan (RAP), which will be prepared during project implementation, as and when necessary.
Natural Habitats OP/BP 4.04	Yes	This policy is triggered because of activities of subcomponent 3.1 of project. This is of positive benefit as it entails monitoring of the production and the protect. As mentioned above these areas will be avoided



Forests OP/BP 4.36	Yes	The potential impacts on protected forest areas triggered the Forests safeguard policies. The project will finance interventions in biodiversity conservation in the forest reserves, accompanied by control and surveillance to help reduce an human pressure on the forest reserves. By investing in community income-generating and sustainable livelihood micro-projects, the quality of life of inhabitants and communities bordering the forests is expected to improve. A forest management plan will be prepared in consultation with the affected people during project implementation.
Pest Management OP 4.09	No	The project will not finance acquisition transport, distribution, storage or use of pesticides or similar chemicals that could threaten environmental and human health.
Physical Cultural Resources OP/BP 4.11	Yes	The ESMF states that if physical cultural resources are found during civil works, a "chance find procedure" will apply in accordance with national regulation and OP/BP 4.11.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project areas.
Involuntary Resettlement OP/BP 4.12	Yes	OP 4.12 is triggered to address the potential negative social impacts from component 2, which includes construction of MV and LV lines, that may require some limited land take and cause losses of assets. No physical resettlement is expected. Since the exact project locations are not yet known, the Borrower prepared a Resettlement Policy Framework (RPF) to screen and address the social impacts and to provide a road map for the preparation of Resettlement Action Plans (RAP) if and when necessary once project locations are selected. The RPF was consulted upon and disclosed in-country and at InfoShop. A Process Framework was also prepared, consulted upon and disclosed in-country and at InfoShop. The PF addresses issues of restrictions of access to sources of livelihoods under component 3.1 which aims to expand community-based forest management.
Safety of Dams OP/BP 4.37	No	The project will not finance dam works or activities associated to existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not finance activities that will interfere with international watercourses; either in terms of water withdraw or discharge of pollutants.



Projects in Disputed Areas OP/BP 7.60

No

The project intervention areas are not under dispute.

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:

The project will induce many positive impacts on the environmental and social side including: (i) improvement of livelihoods; (ii) reduction of resource use conflicts; (iii) strengthening of social cohesion; (iv) reduction of unemployment rate among unqualified youth; (v) increase of performance of the SBEE and improvement of electricity production practices and quality . The project impacts are not of significant importance or irreversible; the ones to monitor being water, soil and air pollution. The impacts are likely to be small-scale and site specific typical of category B projects. None the activities will have regional environmental effects or impacts on a large scale.

The application of environmental and social safeguards of this project are related to the activities of the Components 2 and 3 that have triggered the following environmental and social safeguard policies: OP/ 4.01: Environmental Assessment, OP 4.04: Natural habitats, OP/BP 4.36: Forests; OP 4.11 on Physical Cultural Resources and OP 4.12 Involuntary Resettlement.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
Not applicable.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
not applicable.

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.

An Environmental and Social Management Framework (ESMF) has been prepared to address any impacts derived from the activities under components 2 and 3.

The proposed project activities under Component 2 on distribution network strengthening and expansion trigger OP 4.12 on Involuntary Resettlement. This is because these works may require some small-scale private land acquisition and cause subsequent losses of assets and/or temporary restrictions of access to livelihoods. Since the locations and details of the civil works are not known at this point, the potential adverse impacts are addressed in the Resettlement Policy Framework (RPF) prepared by the client. The RPF will guide the preparation of Resettlement Action Plan (RAP) during project implementation as and when necessary. Sub-component 3.1. on community forest management may cause some limitations of access to forests, and to manage such impact a Process Framework has been prepared and consulted upon. During implementation, a specific action plan for community forest management will be prepared in consultation with the affected people. This document will be subject to approval by the World Bank.

In terms of Borrower's capacity, the borrower has already successfully managed similar activities in two previous projects. Also the PCU has previous experience with managing World Bank funded projects, including safeguard issues. However, to strengthen the capacity further, the PCU will hire designated specialists to cover both environmental and social safeguards issues as part of its staff; one environmental specialist and one social



development specialist, respectively in charge of environmental safeguards and social safeguards in addition to other related issues (gender, climate change, social inclusion, etc.). These staff members will be trained in World Bank safeguards policies and their implementation requirements and the World Bank safeguards specialists will provide guidance to the PCU and implementing entities. During implementation support missions, the World Bank environmental and social specialists will assess the implementation of the safeguard instruments and recommend additional strengthening, if required. The safeguards documents, along with the requisite attachments, will be shared directly with the involved stakeholders, including relevant ministries.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include affected people as well as the various agencies such as the utility, Ministry of energy and the rural electrification agency as well as the environmental protection agency (SBEE, MEM, ABERME). Consultations with stakeholders at various levels were held during the preparation of the safeguards instruments. Further consultations will follow during project implementation during the preparation of RAPs, if and when necessary, as well as for the preparation of the forest management plan.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank 19-Apr-2017	Date of submission to InfoShop 08-May-2017	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

Benin
08-May-2017
Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank 19-Apr-2017	Date of submission to InfoShop 08-May-2017
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"In country" Disclosure

Benin
08-May-2017
Comments



C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

Yes

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes



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

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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Country Director:	Pierre Frank Laporte	21-May-2017

Note to Task Teams: End of system generated content, document is editable from here.