COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED SAFEGUARDS DATA SHEET (PID/ISDS)

Additional Financing

Report No.: PIDISDSA24638

Date Prepared/Updated: 19-Feb-2019

I. BASIC INFORMATION

A. Basic Project Data

Country:	Southern Africa	**Project ID:**	P163545
		Parent Project ID :	P126661
Project Name:	Additional Financing for SAPP AREP Program - MDTF (P163545)		
Parent Project Name:	AFCC2/RI-SAPP-Program for Accelerating Regional Energy/Transformational Projects (P126661)		
Region:	AFRICA		
Estimated Appraisal Date:	04-Mar-2019	**Estimated Board Date:**	26-Mar-2019
Practice Area (Lead):	Energy & Extractives	**Financing Instrument:**	Investment Project Financing
Borrower(s)	SAPP		
Implementing Agency	SAPP Coordination Center		

Financing (in USD Million)

Financing Source	Amount
Free-standing TFs AFRVP	8.50
Financing Gap	0.00
Total Project Cost	8.50

Environmental Category	A-Full Assessment
Decision	
Other Decision (as needed)	
Is this a Repeater project?	No
Is this a Transferred project? (Will not be disclosed)	No

B. Introduction and Context

Country Context

The fifteen countries comprising the Southern African Development Community (SADC) cover a large and diverse region with substantial growth potential but also major development needs. The Southern Africa region spans a vast geographical area of over 9 million sq. km and is home to nearly 300 million people. The SADC was established in 1992 to promote socio-economic integration as well as political and security cooperation among its members. A challenging economic geography poses major constraints to expanding growth and shared prosperity in the region. Out of its fifteen countries, six are landlocked, eight have populations below 15 million people, six have economies smaller than US$10 billion per annum, and several rely on transnational river basins for their water resources. Among other African regional economic communities , the SADC presents the largest concentration of middle income countries but also a striking disparity in the level of development of its members. The Republic of South Africa (RSA) is the economic engine of the region, driving demand and market opportunities in Southern Africa and beyond. Angola, Botswana, Namibia, Mauritius, Seychelles, and South Africa have a GDP per capita well in excess of US$5,000. On the opposite side of the spectrum, there are a handful of low income countries with a GDP per capita below US$1,000 and poverty rates among the highest in Africa. However, most of these low-income countries, including Democratic Republic of Congo (DRC), Mozambique, Tanzania, Zambia, and Zimbabwe are large or potentially large economies. Knitting these emerging economies more closely together would help create a larger market and greater economic opportunities in the region.

In the midst of continuing global uncertainty and prospects for modest growth in Africa, greater regional integration remains an untapped driver of growth. The case for integration has also been well-articulated. SADC region (and Sub-Saharan Africa in general) needs to transform from what the Africa Competitiveness Report (2015) calls the 'first stage of development' where economies are factor driven and their competitiveness is based on factor endowments (unskilled labor and natural resources) to the second 'efficiency driven' stage. In the latter stage, competitiveness depends on higher education, frictionless labor markets, better developed financial markets, adoption of new technology, and larger size markets being available to firms. The potential benefits of regional integration run through each of these themes, by making markets bigger and addressing diseconomies of scale. Quality of governance, rule of law, a harmonized business environment, and policy consistency are also critical for the private sector to be a driver of regional integration. It is remarkable that regional integration has remained central to the African political priorities through periods of economic booms and down cycles, during peace and conflict periods, through domestic electoral and governance challenges - implicitly pointing to a likely broad-based support for the agenda. It remains very important to sector such as infrastructure and energy, where there has been considerable progress with building up regional infrastructure, but gaps remain in providing affordable, reliable and sustainable provision limiting economic growth potential.

The 2016 Regional Integration Index for Africa ranks SADC as one of the highest scoring Regional Economic Communities (REC) in Africa. This index provides a composite picture of the relative levels of integration across five dimensions: productive integration (share of intra-regional intermediate goods exports and imports); trade integration (levels of customs duties, share of intra-regional goods imports and exports); regional infrastructure (Infrastructure Development Index, intra-regional flights, regional electricity trade, and average cost of roaming); financial and macroeconomic integration (convertibility of currencies and inflation rate differential); and free movement of people (visa on arrival for REC nationals, ratification of protocol on free movement, and REC nationals who do not require visa for entry). The average relative score for the Sub-Saharan African RECs, on a scale of 0 to 1, is 0.484. The EAC and SADC score the highest relative scores among the RECs in terms of the levels of integration. As per the 2016 Index, South Africa from the Southern African region is unsurprisingly the most 'deeply and broadly' integrated country. However, there is strong, but yet unrealized, potential for the following countries in the region to integrate more by steering their

economies toward the region—Angola, DRC, and Tanzania.

Sectoral and Institutional Context

Significant economic growth potential of the region remains largely unutilized, to a large extent constrained by the lack of reliable, affordable and sustainable energy supply. Inability to provide affordable and sustainable power service to households and businesses is a key constraint to industrial development, economic growth, and efforts towards reducing poverty and inequality. Despite the abundance of energy resources in the region, inadequate power supply and lack of cross-border interconnections present a major constraint to the region's ability to meet its power needs. In addition to rich thermal resources, the region has substantial hydro potential, located in DRC on the Congo River; in the Zambezi Basin countries of Zambia, Zimbabwe, Mozambique and Malawi, in central Angola, Northern Namibia and also in Tanzania. There is a large unutilized potential for solar and wind power across the southern African region. Many of the SAPP countries do not have sufficient generation capacity, translating into 8 of the 12 SAPP countries having a shortfall in meeting their current demand. Furthermore, in the medium-to-long term, the demand (see figure 2) is expected to pick up and, by 2040, is projected to increase by 2.5 times, driven primarily by industry (mining and manufacturing sectors), as well as through households (active electrification efforts ongoing in many of the countries in the region). With higher demand growth expected in the low electricity access countries (Angola, Malawi, Mozambique, and Tanzania) the region may lose up to 4 percent of GDP annually because of unmet power demand and higher costs of power supply, reducing economic investment, productivity and employment.

Inadequate electricity access poses a major challenge to SADC member countries in realizing their development aspirations and impedes our progress towards achievement of the Bank's twin goals of ending extreme poverty and boosting shared prosperity in Southern Africa. Electricity access in the Southern Africa region is around 28 percent – below the continental average of 31 percent – and would barely reach 17 percent – the lowest rate among all Africa sub-regions – if RSA was excluded. In many of the SADC countries, less than 30 percent of the population has access to electricity; DRC and Malawi report rates below 15 percent2. In all these countries expanding electricity access is critical to complement poverty reduction efforts and thus is at the core of their national development plans. Electricity access cannot be expanded without making the power supply more affordable that would both allow lower income population to access modern electricity services and make industry more competitive promoting industrial and economic development. While there are various off-grid electricity access solutions being planned and implemented, there is a significant proportion of the population that will need on-grid power supply for productive uses, and the industry will almost exclusively rely on the on-grid or self-supply.

The regional integration of power systems and regional electricity trade can provide opportunities for countries to access lower cost power supply options due to diversity of the resources and differences of supply and demand patterns in various parts of the Southern Africa region. Increases in connections to households and businesses require more electricity flowing into transmission and distributions systems uninterrupted. Cross-border interconnections are critical to allow countries less endowed with energy resources to access more reliable and cost-efficient supply from neighbors. In the past years, deficient power infrastructure has affected poverty reduction and economic development in Southern Africa more than in other African regions. Going forward, the region may be losing up to 4 percent of GDP annually because of higher costs of power supply or unmet power demand reducing economic investment, productivity and employment.

The full integration of SAPP countries' power systems and the development of power trade could bring cumulative savings of over US$42 billion in investment and operating costs for the region till

2040 and have a transformative impact. Expanding electricity supply in line with projected demand growth over time and significantly increased rates of access involves a major scale up of generation and associated transmission capacity. The challenge is that the efficient option in many cases relies on large power infrastructure investments of a scale that cannot be justified based on national demand alone. Therefore, to make such investments economically viable, it is critical to arrange them as regional projects that would accommodate demand from more than one countries. The closer integration of countries' power systems and the development of power trade can change the growth trajectory of the region. The average cost of supply in the region, which is predominantly based on thermal resources, is nearly twice the cost of supply from its major hydropower sites. The latest price trends for the utility-scale solar plants increasingly make the renewable energy supply competitive not only compared to thermal generation but also to hydroelectric generation. Improved reserve margins and the possibility to access peak capacity of other countries would allow postponing, reducing or avoiding large and lumpy investments in domestic generation, greatly reducing the fiscal burden of power sector development. The latest estimates from SAPP Pool Plan 2017 reveal that full integration would result in cumulative savings of over US$42 billion in investment and operating costs for the region till 2040 over the business as usual case of each country implementing their national plans .

SADC member countries created the Southern African Power Pool (SAPP) to achieve their vision of full integration in the power sector by providing common power grid (hard infrastructure) and a common market for electricity (soft infrastructure) for their member countries. To better facilitate this integration, SADC passed its Protocol on Energy in 1996. This Protocol (being updated currently) acts as a policy framework for effective use and development of energy in the region, including the electricity sector. SAPP was created in August 1995 at the SADC Summit through signing of an Intergovernmental Memorandum of Understanding (IGMOU). The utilities of twelve Southern African countries were the original members of the SAPP. Currently there are sixteen members in SAPP with two private sector entities (Copperbelt Energy Corporation and Lunsemfwa Hydro) and two special purpose vehicles formed for regional generation and interconnection (Hidroeléctrica de Cahora Bassa - HCB and the Mozambique Transmission Company - MOTRACO) as members. The main grid systems of Botswana, DRC, Lesotho, Mozambique, Namibia, RSA, Swaziland, Zambia, and Zimbabwe form the existing regional network. Angola, Malawi and Tanzania are not yet connected to the common grid and are therefore not able to benefit from the regional trade. For those that are connected, there are two market mechanisms used to promote regional trade across the SAPP: medium to long term bilateral power purchase agreements; and the SAPP competitive electricity trading platforms where intra-day, day-ahead, weekly, and monthly contracts are actively traded.

Over time, SAPP has made a substantial progress towards a well-established and credible regional institution pursuing SADC regional integration agenda in the electricity sector but still faces challenges. SAPP is the most advanced power pool in Africa and is uniquely positioned to drive regional energy projects. As a regional organization created by the SADC, the SAPP enjoys the same legal status of a regional institution. SAPP has strong convening authority among its members and can play a key catalytic role in bringing together national and regional stakeholders. It is becoming heavily involved in the coordination of sub-regional power planning and now has an established role in supporting the development of regional projects and especially interconnections between its members' respective networks. SAPP has a sound governance structure, with its key establishing agreements and operating guidelines signed by both members' governments and utilities. Its Coordination Center (SAPP CC) is headquartered in Harare, Zimbabwe, and monitors operations and transactions within the pool, controlling dispatching operations and serving as tradi ng center for electricity auctions and, as such, has become a credible and trusted partner to the utilities in the region.

Toaddress the institutional, physical and human capacity constraints, SADC, SAPP and the World

Bank have designed a specific program to address the bottlenecks of project preparation capacity in delivering hard and soft infrastructure for the region. Regional energy projects generally require large financial and technical support from the public sector to make them bankable and able to attract private sector participation. On November 11, 2014, responding to a request from the SADC Secretariat and SAPP, the World Bank approved the SAPP AREP Program, with objective to advance the preparation of selected priority regional energy projects in the SAPP participating countries. The SAPP AREP Program established a regional platform for project preparation, leveraging and coordinating financing by multiple donors. In the SAPP region, grant funding for preparation, brought on by the AREP program at a regional scale, was therefore critically important to support SAPP and the public-sector utilities of SAPP member countries for early-stage preparation of priority regional projects, which tend to be complex in their design. AREP has also supported SAPP in building its capacity to continue developing the regional competitive market. By supporting preparation of regional projects at the regional level, AREP is a more efficient form of deployment of IDA than replicating efforts at the level of individual projects and countries. The implementation structure envisaged under the parent AREP, including the establishment of a professional team within SAPP CC, ownership by the region, clear procedures for identifying and approving investments eligible for preparatory support and adequate financial management and procurement procedures, has provided a suitable regional 'platform' to channel funding from multiple donors through the MDTF. The 'platform' modality is more efficient than other options as experience of cross-border projects suggests that trying to arrange co- or parallel financing by different sources on a project-by-project basis may impose prohibitive transaction costs and insurmountable coordination hurdles. The MDTF also complements the IDA financing constrained in supporting many priority regional projects that would traverse territories of only IBRD countries and/or Zimbabwe (currently in arrears with IDA), even though these projects would benefit other countries of the SAPP region (including IDA countries). Additionally, this AREP platform structure allows SAPP to work more flexibly with a number of development partners (Norway, Sweden, the European Union – EU, German Development Bank – KfW, Development Bank of South Africa – DBSA, the African Development Bank – AfDB and the US State Department), benefitting from the capacity built and due diligence carried by the World Bank, and is expected to do so well beyond the duration of this Project.

In addition, and to complement AREP Program, the World Bank is also financing transmission and interconnection projects that establish cross-border transmission infrastructure to promote power trade within SAPP and countries between SAPP and EAPP. These include recently completed Backbone Transmission Investment Project in Tanzania (P111598) and Kafue-Muzuma-Victoria Falls Regional Transmission Line Reinforcement Project in Zambia (P124351) and recently approved Tanzania-Zambia Transmission Interconnector (P163752), the first of the proposed Series of Projects. More transmission interconnection projects are under preparation, including Zambian portion of the Series of the Projects (Zambia-Tanzania Interconnection Project, P166099), and Mozambique-Malawi Regional Interconnector Project (P164354).

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The Project Development Objective is to advance the preparation of selected priority regional energy projects in the Southern African Power Pool participating countries.

Key Results

D. Project Description

The SAPP AREP Program Development Objective (PDO) is to advance the preparation of selected priority regional energy projects in the SAPP participating countries. The PDO is measured by the number of priority regional energy projects whose preparation is advanced.

Intermediate outcome indicators for the parent project are:
a. Projects Acceleration Team staff recruited and operational;
b. Preparatory studies/activities for priority regional energy projects completed; and
c. Regional analytical studies completed.

The SAPP AREP Program has the following three components:

Part A: Projects Acceleration Team: The PAU has been operational since August 2015 and comprised of a Senior Transaction Adviser (also Head of Unit), Transaction Adviser, Procurement Specialist, an Environmental and Social Development Specialist and a Financial Management Specialist. For ease of logistics among the SAPP participating countries and utilities, and to facilitate access to the region's financial hub, it was originally decided for the PAU to be based in Johannesburg; however, to ensure PAU's long-term sustainability, a decision was made in July 2017 to co-locate the PAU function with the SAPP CC in Harare, Zimbabwe. It was also decided to revamp the PAU structure to better integrate with the SAPP CC and hire additional staff to improve its efficiency and handle the increasing list of priority regional projects. In this proposed structure, PAU would be headed by a Program Coordinator (PC) and would be functionally split in fiduciary functions headed by the PC and the transaction advisory functions headed by a Chief Transaction Advisor (CTA). Two Project Managers (PM) will report to the CTA and will be responsible for developing the priority projects in the SAPP pipeline. The PMs will receive support in the fiduciary functions like FM, Procurement and Environmental and Social safeguards from the respective specialists. The SAPP has engaged the services of a recruitment firm to recruit the PAU staff as per the revised structure and the ToRs for the same have been drafted. It has triggered new commitments from the SAPP member utilities to increase their allocation to the regional SAPP budget to ensure longer term sustainability. This funding will be targeted for the expansion of the SAPP offices in Harare. The overall performance of the PAU is considered "Satisfactory" and the implementing agency risk rating is "Moderate"

Part B: Project Preparation Funds: This component supports financing the requisite technical, economic, financial feasibility studies, including environmental and social impact assessments for priority regional energy projects. The current pipeline of regional projects in SAPP consists of nine priority regional energy projects. In order to overcome restrictions on the use of the IDA grant SAPP has undertaken efforts to mobilize funding from other development partners to support preparatory studies, but a significant gap remains that can be supported by this AF. Table 1 reflects the regional priority projects, in which the IDA resources from the parent project are utilized for the preparatory studies, along with other co-financiers, and Table 2 shows projects where the AF from MDTF can provide much needed funding for preparatory studies currently being sourced on a project by project basis from development institutions other than IDA

Given that a number of pipeline projects have progressed from concept stage to feasibility and/or pre-appraisal stage, SAPP is initiating establishment of two Panels of Experts (PoE) – One for Environmental/Social issues and second for Technical issues– to assist in better preparation of these

projects by recieveing overall guidance related to technical and social/environment safeguard related issues.

Part C: Regional Analytical Studies: This component supports regional planning undertakings and the analytical work necessary to advance the priority regional energy projects. A key task under this component was the update and revision of the SAPP Pool Plan. It has been completed following consultations with a broader set of stakeholders (e.g. SADC, member countries governments, respective energy ministries, development partners, civil society, etc.) and its findings endorsed by the SADC Ministerial Meeting in June 2018. The Pool Plan wa s publicly disclosed and disseminated at a workshop attended by over 100 participants in November 2018. Project Development Readiness Assessment (PDRA) tool, to enable utilities to assess their own projects, has been completed, disseminated among the SAPP utilities, and being rolled out. A number of other regional studies, aiming to facilitate development of regional projects by exploring innovative solutions – Regional Renewable Energy Integration Study, SAPP/EAPP Interconnection Impact Assessment Study, Regional Transmission Financing Study – are under implementation. Finally, the SAPP regional ESMF has been developed, approved and disclosed.

Component Name:
Part A: Projects Acceleration Team
Comments (optional)
This component finances the establishment of the Project Advisory Unit, or PAU that spearheads the preparation of the regional projects covering all the key functions (including technical and financial analysis; legal and transaction advice; environmental and social management; procurement; financial management; etc.). As part of its functions, PAU assesses and adjusts to the type of role it needs to play on a specific project, which may range from taking the lead on selected or all preparation activities to providing support to the concerned agencies and ensuring that preparation effectively serves the needs of project stakeholders

Component Name:
Part B: Project Preparation Funds
Comments (optional)
This component finances project preparation support activities, including technical, economic and financial feasibility studies; environmental and social assessments; preparation of legal documentation and financial transaction advisory services, especially related to commercial negotiations; stakeholder consultations. etc. Depending on the stage of the process, the funds are used independently or jointly with the funds of a project sponsor to advance project preparation

Component Name:
Part C: Regional Analytical Studies and Capacity Building
Comments (optional)
The funds in this component are to allow SAPP to engage with its members on regional planning issues and to support critical analytical work for advancing preparation of critical projects, including building a solid knowledge base for investment decisions and helping ensure long-term sustainability of investments. A key task is the preparation of the regional electricity master plan (SAPP Pool Plan) with a view to adjust investment decisions to the changing conditions of the regional power market and identify projects that remain high priority under all likely circumstances. Outputs of such studies and technical assistance activities are provided to the SADC Secretariat as part of the information flow to SADC Ministers with a view to informing policy decisions

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

The proposed AF will continue to support preparation of regional energy projects (including technical,

economic and financial feasibility studies, environmental and social assessments, legal documentation and financial transaction advisory services) throughout the SAPP region. This is a technical assistance project and no funding will be directly allocated to finance any infrastructure or physical activities that could directly cause adverse environmental or social risks and impacts. However, the Project will finance detailed studies for new generation and transmission projects that might have future environmental or social impacts, if and when the related investments materialize.

F. Environmental and Social Safeguards Specialists on the Team

Abdelaziz Lagnaoui, Environmental Specialist

Erika Ella Auer, Senior Social Development Specialist
Aki Tsuda, Senior Social Development Specialist

II. IMPLEMENTATION

The SAPP is implementing the parent AREP through the Coordination Center. It is supported by a number of donors including the EU, USAID, SIDA and Norway and relies on a well-established institutional framework. Its self-governance structure is robust and clear on the functions of its various committees, sub committees and working groups. The Environmental Sub-Committee, which consists of environmental managers from the member utilities, is responsible for advising the SAPP on environmental and social issues. The Coordination Centre has significant experience in administering donor funds and complying with donor's requirements regarding environmental and social due diligence, safeguards and oversight. Nonetheless, the Coordination Center has limited capacity in a number of areas relating to project preparation, for which it relies mostly on external consultants. In order to ensure that the SAPP and the Coordination Center can deliver up to expectations, the proposed AF will co-finance the ongoing incremental operating costs of the Program Acceleration Unit (PAU), which is a high caliber core team that spearheads the preparation of the regional priority projects. The PAU responds directly to the SAPP CC and consists of key experts covering all the key functions needed to prepare regional energy projects (including technical and financial analysis; legal and transaction advice; environmental and social management; procurement; financial management; etc.). Given that specific projects pipeline started taking shape, the proposed AF will support the expansion and strengthening of the implementation arrangement of the program in environmental and social safeguards, which include hiring additional environmental and social expertise in the PAU and the establishment of Panels of Experts (PoE) – Environmental/Social and Technical – to ensure that the investment projects comply with national environmental and social requirements and World Bank and other funding agencies' safeguard policies. The World Bank task team will closely work with SAPP and monitor implementation of the AREP Program on the environmental and social aspects under the proposed AF. In particular, the Bank will continue to monitor the implementation of the ESMF, as well as review and clear relevant specific safeguards instruments of individual investment projects when (i) the preparation of such safeguards instruments utilize IDA and MDTF resources or (ii) the investment project will be supported by the Bank.

III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Despite the project being a technical assistance (TA) project aimed at facilitating

		project preparation and capacity building, it is proposed that the AF maintain the triggering of OP/BP4.01 with the same safeguards category "A" of the parent project. While the TA project will not finance any infrastructure or activities which may have direct environment or social footprints on the ground, it will finance detailed studies for potential new generation and transmission projects that might have significant potential environmental or social impacts, if and when these investments materialize. Part of the project objective and activities under the proposed AF is to introduce environmental and social assessment and management systems, which comply with good international practice including World Bank's safeguard policies. The Environmental and Social Management Framework (ESMF) prepared under the parent project has been updated to reflect the progress under the parent project and incorporate the relevant requirements of newly triggered OPs (see below). The updated ESMF has been cleared by the Bank and disclosed before appraisal. The Bank will continue to monitor the implementation of the ESMF, as well as review and clear relevant specific safeguards instruments of individual investment projects when (i) the preparation of such safeguards instruments utilize IDA and MDTF resources or (ii) the investment project will be supported by the Bank.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The TA activities to be financed under the proposed AF do not involve private sector activities as set out in OP/BP4.03.
Natural Habitats OP/BP 4.04	Yes	While the proposed AF will not finance any infrastructure or activities with direct environment or social footprints on the ground, it will finance detailed studies for potential new generation and transmission projects that might have significant impacts on natural habitats. The ESMF has been updated to reflect the requirements of OP/BP4.04.
Forests OP/BP 4.36	Yes	The proposed AF will finance detailed studies for potential new generation and transmission projects that might have significant potential

		impacts on forests. The ESMF has been updated to reflect the requirements of OP/BP4.36.
Pest Management OP 4.09	Yes	The proposed AF will finance detailed studies for potential new generation and transmission projects that might have significant potential impacts relevant to pest management. The ESMF has been updated to reflect the requirements of OP4.09.
Physical Cultural Resources OP/BP 4.11	Yes	The proposed AF will finance detailed studies for potential new generation and transmission projects that might have significant potential impacts on physical cultural resources. The ESMF has been updated to reflect the requirements of OP/BP4.11, including chance find procedures.
Indigenous Peoples OP/BP 4.10	Yes	The proposed AF will finance detailed studies for potential new generation and transmission projects in the areas where Indigenous Peoples are present or have collective attachment. The ESMF has been updated and includes an Indigenous Peoples Planning Framwork (IPPF) to reflect the requirements of OP/BP4.10, including the conduct of free, prior and informed consultation leading to broad community support by such IP communities.
Involuntary Resettlement OP/BP 4.12	Yes	The proposed AF will finance detailed studies for potential new generation and transmission projects that might cause land acquisition, physical and/or economic involuntary resettlement, or restrictions of land use. The ESMF has been updated and includes a Resettlement Policy Framework (RPF) to reflect the requirements of OP/BP4.12.
Safety of Dams OP/BP 4.37	Yes	The proposed AF may finance detailed studies for potential hydropower dam projects. The ESMF has been updated to reflect the requirements of OP/BP4.37.
Projects on International Waterways OP/BP 7.50	Yes	The proposed AF may finance detailed studies for hydropower dam projects with potential impacts on international waterways. The ESMF has been updated to reflect the requirements of OP/BP7.50.
Projects in Disputed Areas OP/BP 7.60	No	The proposed AF is not expected to conduct any activities in disputed areas.

IV. 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:
While the proposed AF will not finance any infrastructure or activities which may have direct environment or social footprints on the ground, it will finance detailed studies for potential new generation and transmission projects that might have significant environmental or social impacts, if and when these investments materialize. Thus, despite the absence of immediate physical footprints or impacts, it is proposed to classify this AF as safeguards category "A". Part of the project objective and activities will be to introduce environmental and social assessment and management systems, which comply with good international practice, including the World Bank's safeguard policies, and will result in a range of safeguards instruments. The overall Environmental and Social Management Framework (ESMF), which includes the RPF and the IPPF, provides strategic guidance and requirements to the SAPP on the development and application of environmental and social criteria in project screening, prioritization, and development. Further instruments to be prepared under the proposed AF will be ESIAs, RPFs, IPPFs and other required studies (e.g. cumulative impact assessments) complementing the techno-economic development of specific projects. While the future civil work for investment projects prepared under the AF may require temporary labor from outside the project area, the ESMF and project-specific instruments will address the adverse risks and impacts from such labor influx, including gender-based violence, referring to the World Banks' guidance note on "Managing the Risks of Adverse Impacts on Communities From Temporary Project Induced Labor Influx (OPCS, December 2016)."
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
The proposed Project itself will not have any direct physical impacts in the project area. However, the projects that will receive TA support under this operation may include large scale energy infrastructure investments, including cross-border transmission line projects and hydropower dam projects, with a potential for significant induced, cumulative, indirect, and long-term impacts. The project activities will include techno-economic and feasibility studies for such investments, and likely result in a portfolio of selected, concrete investments. The project design foresees that all technical, economic and engineering studies will be complemented with appropriately scoped social and environmental studies, assessments and management instruments. Such impacts are addressed in the ESMF, and further instruments will be prepared under the proposed AF.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Given the nature of the proposed AF, there are no reasonable alternatives to the approach, which is to develop – parallel to technical and economic studies, feasibility studies and designs – the appropriate environmental and social studies, assessments, and management frameworks. In the course of the environmental and social due diligence performed during project implementation, alternatives will be identified and analyzed both on a portfolio level

(e.g. via strategic E/S assessments) and on the level of individual investments, within project specific ESIA as the appropriate instruments.

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.

As discussed in Section D, the Coordination Centre of SAPP has significant experience in administering donor funds and complying with donor's requirements regarding environmental and social due diligence, safeguards and oversight. Nonetheless, the Coordination Center has limited capacity in a number of areas relating to project preparation including safeguards. To address this gap, the parent project has set up the Program Advisory Unit (PAU), which consists of experts covering all the key functions needed to prepare regional energy projects including environmental and social management. The proposed AF will co-finance the ongoing incremental operating costs of the PAU. Given that specific projects pipeline started taking shape, the proposed AF will support the expansion and strengthening of the implementation arrangement of the program in environmental and social safeguards, which include hiring additional environmental and social expertise in the PAU and the establishment of Panels of Experts (PoE) – Environmental/Social and Technical – to ensure that the investment projects comply with national environmental and social requirements and World Bank and other funding agencies' safeguard policies. The World Bank task team will continue to closely work with SAPP and monitor implementation of the AREP Program on the environmental and social aspects under the proposed AF.

SAPP prepared an overall ESMF under the parent project. SAPP is conducting regular awareness raising and capacity building activities for SAPP members on environmental and social management. The ESMF has been updated to reflect the progress under the project and the newly triggered safeguard policies as discussed in Section III above.

Under the parent project, SAPP has established a grievance mechanism. The proposed AF will maintain the mechanism to respond to concerns and grievances of project-affected parties related to the environmental and social performance of the program. The grievance mechanism will be managed in a transparent, inclusive and accessible manner. The project will report periodically information related to grievances received and treated by the project.

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

The key stakeholders are the members of SAPP, both on the institutional / agency level (e.g. generation, transmission and distribution companies, utilities, regulators) and the ministerial level; project-affected parties of potential investment projects supported by the proposed AF; and national and international research institutions, academia and NGOs engaged in environmental protection, river basin and water resources management which have a strong technical interest in the Project's design and the planned environmental and social management.

Under the parent project, SAPP prepared an overall ESMF through region-wide stakeholder consultations, and the ESMF was disclosed on SAPP's website on November 10, 2017, to

seek further input from stakeholders. The ESMF has further been updated to reflect the progress under the parent project and the newly triggered safeguard policies, together with additional stakeholder engagement. The final ESMF was reviewed and cleared by the Bank and disclosed in country on September 20, 2018 and in WB Infoshop on October 1, 2018.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	20-Sep-2018
Date of submission to InfoShop	01-Oct-2018
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Africa	03-Apr-2014
Comments:	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	20-Sep-2018
Date of submission to InfoShop	01-Oct-2018
"In country" Disclosure	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	20-Sep-2018
Date of submission to InfoShop	01-Oct-2018
"In country" Disclosure	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	20-Sep-2018
Date of submission to InfoShop	01-Oct-2018
"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::	
The updated ESMF addresses the requirements related to pest management and physical cultural resources. The updated ESMF has been disclosed before appraisal of the proposed AF.	

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment						
Does the project require a stand-alone EA (including EMP) report?	Yes	[X]	No	[]	NA	[]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes	[X]	No	[]	NA	[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes	[X]	No	[]	NA	[]
OP/BP 4.04 - Natural Habitats						
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes	[]	No	[X]	NA	[]
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?	Yes	[]	No	[]	NA	[X]
OP 4.09 - Pest Management						
Does the EA adequately address the pest management issues?	Yes	[X]	No	[]	NA	[]
Is a separate PMP required?	Yes	[]	No	[X]	NA	[]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design?If yes, does the project team include a Pest Management Specialist?	Yes	[]	No	[]	NA	[X]
OP/BP 4.11 - Physical Cultural Resources						
Does the EA include adequate measures related to cultural property?	Yes	[X]	No	[]	NA	[]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	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	[X]	No	[]	NA	[]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	[X]	No	[]	NA	[]

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes	[]	No	[]	NA	[X]
OP/BP 4.12 - Involuntary Resettlement						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	[X]	No	[]	NA	[]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	[X]	No	[]	NA	[]
Is physical displacement/relocation expected?	Yes	[]	No	[X]	TBD	[]
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	[]	No	[X]	TBD	[]
OP/BP 4.36 - Forests						
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes	[X]	No	[]	NA	[]
Does the project design include satisfactory measures to overcome these constraints?	Yes	[X]	No	[]	NA	[]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes	[]	No	[X]	NA	[]
OP/BP 4.37 - Safety of Dams						
Have dam safety plans been prepared?	Yes	[X]	No	[]	NA	[]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes	[]	No	[]	NA	[X]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes	[]	No	[]	NA	[X]
OP 7.50 - Projects on International Waterways						
Have the other riparians been notified of the project?	Yes	[]	No	[]	NA	[X]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes	[]	No	[]	NA	[X]

Has the RVP approved such an exception?	Yes	[]	No	[]	NA	[X]
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	[]

V. Contact point

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Borrower/Client/Recipient

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VII. Approval

Task Team Leader(s):	Name:Mirlan Aldayarov,Arsh Sharma	
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Safeguards Advisor:	Name:	Date:
Practice Manager:	Name:	Date:
Country Director:	Name:	Date: