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

Appraisal Stage

Report No.: PIDISDSA22253

Date Prepared/Updated: 18-Aug-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Mozambique	**Project ID:**	P158249
		Parent Project ID (if any):	
Project Name:	Power Efficiency and Reliability Improvement Project (PERIP) (P158249)		
Region:	AFRICA		
Estimated Appraisal Date:	19-Jun-2017	**Estimated Board Date:**	15-Sep-2017
Practice Area (Lead):	Energy & Extractives	**Financing Instrument:**	Investment Project Financing
Borrower(s)	Ministry of Economy and Finance		
Implementing Agency	EDM, Ministry of Mineral Ressources and Energy		

Financing (in USD Million)

Financing Source	Amount
IDA Grant	150.00
Financing Gap	0.00
Total Project Cost	150.00

Environmental Category:	B-Partial Assessment
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate
Other Decision:	
Is this a Repeater project?	No

B. Introduction and Context

Country Context

Mozambique is a low income country along the South Eastern Coast of Africa with a GNI of US$600 per capita and a population of 28 million people. It has experienced strong and sustained economic development since the end of its civil war in 1992. Annual GDP growth has averaged 7.4 percent over the past two decades facilitated by trade, manufacturing, extractive industries, transport,

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communication and electricity production.

Rapid growth has not translated into significant poverty reduction. Following a 16 percentage point decline in the national poverty headcount between 1997 and 2003, the pace has slowed considerably since then, with poverty falling by only a further 4 percentage points between 2003 and 2009, and by another 3 percentage points between 2009 and 2015. Close to half of the Mozambican population still lived in poverty in 2015. The weakened relationship between growth and poverty reduction is due to the changing pattern of growth, which in the past decade was driven by capital-intensive, import-dependent sectors.

Mozambique's recent economic growth has been derailed due to the compound effects of undisclosed sovereign debt, lower commodity prices, drought, internal conflict and governance weaknesses. The disclosure, in April 2016, of USD 1.4 billion in commercial loans contracted by state-owned enterprises, equivalent to roughly 10 percent of GDP, undermined investor confidence, and resulted in the suspension of the IMF program and direct budget support by development partners. Public debt is estimated to have reached 120 percent of GDP in 2016 (of which 111 percent is external). Foreign direct investment and external credit lines to private sector were reduced in 2016. This scenario contributed to a slowdown in the economy, with GDP growth contracting to 3.8 percent in 2016 from 6.6 percent in the previous year. Deteriorating economic conditions resulted in depreciation of the Mozambican metical by 27 percent against the U.S. dollar in 2015 and by an additional 37 percent in 2016. Whilst the metical has appreciated by almost 30 percent in the first semester of 2017, its current trading value of MZN 60/USD represents a 45 percent depreciation since the January 2015. Depleted fiscal buffers resulted in Mozambique defaulting on an interest payment on its sovereign bond in January 2017. The Government has approached creditors to restructure a part of its debt. Monetary policy tightening, which was ramped up in October 2016, has contributed to stabilizing the metical albeit at the expense of the private sector.

Mozambique's five-year Government Plan (2015-19) highlights agricultural and industrial development as the basis for socio-economic development of the country. The Five-year Government Plan, gazetted in April 2015, presents five strategic pillars to achieve acceleration economic growth and social development, and targets expanded infrastructure as a key element to enhance the productive sectors of the economy, economic diversification, and improve access to markets. This calls for rehabilitating and expanding access to electricity services and is recognized as a complementary input for the delivery of other basic social services, such as health, education, and sanitary services. Further, lack of electricity services is identified as factor of inequality and exclusion within the society. Therefore, provision of reliable, affordable, and sustainable electricity services are considered necessary to support economic growth, firm competitiveness, poverty reduction in Mozambique.

Sectoral and Institutional Context

The current institutional structure of the power sector in Mozambique was established in the 1997 Electricity Law. The Ministry of Mineral Resources and Energy (MIREME) is the government entity responsible for energy policy and planning, as well as monitoring sector performance and governance. In May 2017, Parliament approved the creation of the independent regulator Autoridade Reguladora de Energia (ARENE) with authority to set the electricity tariff. Electricidade de Moçambique (EDM) is the state-owned, vertically integrated utility responsible for electricity generation, transmission and distribution countrywide. The Energy Fund (Fundo de Energia, FUNAE) is a public body with the aim of promoting the development and use of different forms of low cost power and the sustainable management of power resources. The Hidroeléctrica de Cahora Bassa (HCB) is an entity operating the generation and transmission complex composed of a hydropower plant with an installed capacity of

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2,075 MW and the high-voltage direct current (HVDC) transmission system connecting it to the South African power system and, through it, to the Mozambique network in the Maputo area. HCB is owned 92.5 percent by Companhia Electrica do Zambeze (CEZA), a wholly-owned subsidiary of EDM, and 7.5 percent by Redes Energeticas Nacionais (Portuguese Government owned entity). Private sector participation has materialized in the generation segment, through some independent power producers (IPPs) with power purchase agreements (PPA) with EDM.

The sector has reported impressive results across the value chain. The country's installed generation capacity is largely in excess of its demand because of the HCB. However, 1,330 MW of HCB's 2,075 MWs capacity is committed to ESKOM in South Africa under a long-term power purchase agreement, which ends in 2029. The domestic maximum demand has increased from about 320 MW in 2006 to 876 MW in 2016. The current energy mix is comprised of 56 percent hydropower, 42 percent gas power, and about two percent imported from neighboring countries. The transmission network has expanded from 3,691 km in 2003 to 5,249 km in 2015, but the country still lacks a country-wide integrated electricity grid.

EDM has increased access to electricity services from 8 percent in 2006 to 26 percent in 2016 and has reached all administrative centers . Currently, EDM serves more than 1,500,000 customers, including around 1,250,000 with pre-paid meters. Collection rate improved from 77 percent in 2009 to 98 percent in 2016, this rate is higher than the weighted average for SSA (94%). The total system losses are currently estimated at 27 percent in 2016, this is slightly higher than the weighted average for SSA excluding South Africa (23 percent).
EDM remains the cornerstone of the sector, successfully mobilizing new resources for generation sector, and taking steps to improve its operational efficiency.

New financing in generation assets: EDM has mobilized private and public financing for a number of generation projects commissioned over the last 2 years or to be implemented in the next 3 years[1] in the form of state-owned power plants or IPPs. The commissioning of these power generation projects has enabled Mozambique not only to meet its domestic demand but also positioned Mozambique as an important player in the regional electricity market, with the possibility to boost EDM's revenues in hard-currency through electricity exports. In 2016, about 7,018 GWh of electricity was sold by EDM. The volume of sales has been growing in the past years, with growth in both domestic sales and exports – the compounded annual average growth rate between 2010 and 2016 was 14 percent per year[2]. Domestic sales represented 71 percent and exports 29 percent of the total electricity sales (GWh) by EDM in 2016.

Management information system. Sistema Integrado de Gestão (SIGEM), financed by the World Bank's Energy Development Access Project consists of the incorporation of a Management Information System (MIS) and other tools to improve efficiency, transparency, and accountability in operations in all business areas, as well as to enhance corporate governance. The MIS incorporated through the SIGEM includes: (i) a commercial management system (CMS); (ii) an incident recording and management system (IRMS), renamed Outage Management System (OMS), which supports customer complaints related to quality of electricity supply; (iii) a corporate resources management system or "enterprise resource planning" (ERP), which supports management of accounting, finance, human resources, procurement, and logistics; and (iv) an internal communication system (ICS), the communication backbone through which all of EDM's sites using the MIS are interconnected. Through the implementation of the system, EDM has been able for the first time to publish its financial statements without qualification and to clearly identify the gaps on procedures, process and approvals and delegation authority, which are an integral part of the governance of the company.

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Revenue protection program (RPP). The RPP aimed to eliminate commercial (non-technical losses) in electricity supply to EDM's largest customers (around 5,000 customers, representing close to 45 percent of the company's sales and revenues) through remote monitoring of consumption using advanced metering infrastructure (AMI).

Significant challenges remain in the power sector to meet GoM's objectives to become an energy hub while providing affordable and sustainable access to electricity service to its population.

Poor network infrastructure: Lack of a country-wide, interconnected transmission system with limited redundancy and capacity presents a challenge for operation and security of electricity supply. The system is unable to transfer the surplus of energy from the south of the country to other areas that are energy deficient such as northern Mozambique, where demand for electricity increased 25 percent in 2014 due to gas and mining industry activities. Further, the medium and low voltage distribution networks have not been dimensioned for such rapid growth of electricity demand. Consequently, the distribution networks are currently overloaded in the main load centers of the country, further compromising the reliability of electricity service.

Fragile financial health of EDM: EDM financial position has gotten progressively more difficult due to a combination of factors, including: (i) macroeconomic crisis exacerbating EDM's exposure to foreign currency liabilities in 2015-2016 (ii) high level of electricity losses in the system ; (iii) increasing use of new and more expensive thermal-based IPPs (compared to the cost of supply from Cahora Bassa plant, EDM's main supplier), (iv) lack of timely and adequate adjustments to the retail tariff to cover the cost of power purchases and operations; (v); difficulties in collecting payments from some external customers , and (vi) the capital expenditures for rehabilitation of the network and increasing energy access are not adequately funded.
Despite tariff adjustments in 2015 (26.4 percent) and 2016 (40 percent), its average sale price (in USD) declined from 8.45 USc/kWh in 2011 to 6.29 USc/kWh in 2016, whereas its average domestic supply costs (in USD and net of export revenues) increased from 8.46 USc/kWh in 2011 to 9.55 USc/kWh in 2015 before falling to 7.42 USc/kWh in 2016. Consequently, EDM started to experience significant net losses in 2015 (MT1.95 billion on total revenues of MT16.3 billion). The preliminary results for 2016 appear slightly better in terms of net loss (MT0.98 billion on total revenues of MT29 billion), with operational deficit slightly higher than in 2015 (MT2.4 billion vs. MT2.2 billion).

Continuing operational inefficiencies: While the implementation of the SIGEM has made it possible to achieve significant improvements in EDM's operations, it still required systematic and exclusive use of the SIGEM to run operations in all business areas that can be reflected in the improvement of the operation and commercial performance in terms of the accurate recording of billing, revenue and losses. Losses stand at 26 percent as of end of 2016, which is higher compared with the weighted average for SSA excluding South Africa (23 percent). EDM, through a Project Preparation Advance provided by the World Bank, has already procured technical consultants to review the implementation of each of the MIS, identify gaps, and propose actions to address them and consolidate the systematic effective application of the systems. Those actions are included in the scope of this Project, as a second phase of the SIGEM.

Low electricity access: Only about one of four Mozambiqans have access to electricity. The pace of electrification has also slowed to 80,000 new connections in 2016 compared to 120,000 new connections in the previous years. The distribution network in larger demand centers cannot accommodate additional customers due to the poor state of the networks. At the same time, the medium-voltage lines that have been built to reach all the districts of the country are underutilized since they only serve electricity to public entities. The low energy consumption and long distance of

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the lines present an operational challenge to transfer energy at acceptable levels of quality. However, lack of adequate planning and financing prevents EDM and FUNAE to impleme nt an efficient electrification program to optimize the use of medium-voltage network.

The sector lacks a coordinated planning and projects are not developed on competitive basis. GoM has been actively pursuing investments in generation, both through public and private financing that are now aligned with least-cost option from the country perspective. While projects have enabled Mozambique to maintain adequate domestic supply and increase electricity exports, they led to undue financial burden on the sector. EDM has taken an important step to prepare the Power Sector Master Plan (2018 – 2043) for the sector (to be completed later this year with technical assistance provided by Japan International Cooperation Agency (JICA), but it would be required that projects are developed and implemented following least cost principles, and adhering to a competitive and transparent approach.

GoM is approaching the transformation of the power sector in a multi-faceted manner.

Creation of ARENE. In May 2017, the Parliament approved a law to transform the National Council for Electricity (CNELEC), established as a consultative body providing advice on issues related to the power sector, such as new concessions and tariffs, into an independent regulatory body, ARENE, that will oversee the power sector. Inter alia, ARENE will be responsible for: (i) proposing and approving electricity tariffs; (ii) promoting competition in the power sector; and (iii) propose legislation on the energy sector. Establishment and capacity building of ARENE is supported by development partners.

Modernization of electricity service provision. EDM has developed a three-pronged strategy to transform the way in which the company provides electricity services. This includes:

(a) A corporate transformation plan. This plan (under implementation) comprises a complete overhaul of the organizational structure, consolidation of the management information system (MIS - SIGEM) through its effective implementation across all functions, and the reinforcement of the company financial management system, including the publication of audited financial statements.

(b) The improvement of the operational reliability of the system. This activity will implement the short, medium, and long- term investments identified in the Transmission and Distribution Master Plan (2012-2027) required to achieve its objectives in extending the grid and ensuring security of supply. In the immediate phase, the short-term supply constraints to increase generation capacity was accorded priority attention. In the subsequent phases, EDM will focus on transmission and distribution system bottlenecks hampering security of supply. As such, EDM has packaged a number of priority investments referred to as the Short-Term Investment Program (STIP), to alleviate the most pressing constraints, until longer-term initiatives requiring more time to implement can be completed.

(c) A financial recovery plan. EDM has prepared a financial recovery plan and discussed with Ministry of Economy and Finance (MEF). The plan is under revision by EDM and will be informed in part by a cost-of-service study, supported by the World Bank This plan with defined and monitorable milestones that will cover the cost and revenue side of EDM as well as addressing the stock of debt accumulated in EDM's balance sheet. Actions could include cost reduction measures (both in operation and investment), revenues enhancement measures (tariff adjustments, revenue-maximizing export strategies), and other measures to support the company's balance sheet (especially with respect to the payment arrears), and more sustainable investment strategies.

Development of National Electrification Strategy and Plan (NESP). Over the past years, EDM has

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been tasked to expand electricity access without proper consideration on how to shoulder its financial impact, as the investments have not specifically been included in the electricity tariff. Without GoM financial support, every effort made by EDM to expand access has systematically ended up in the erosion of its profitability and capital base. Therefore, NESP will develop strategic pathways to achieve national electrification targets without compromising sector financial viability. The NESP is currently under preparation with support from the World Bank.

This Project will support EDM operational performance as a prerequisite to increase EDM's viability as off-taker. First, investments on infrastructure rehabilitation will increase the reliability and capacity of the existing transmission and distribution system, which is expected to stabilize the provision of electricity service. Second, support towards company restructuring built on a sound management information system will increase transparency, accountability and optimize efficiency in operations, and enhance corporate governance. Finally, targeted investments on reducing commercial losses, will protect EDM's revenue and contribute to restoring its financial sustainability.

The proposed Project is part of a comprehensive World Bank Group support to the power sector in Mozambique. This project is complemented by the ongoing support to increase transmission capacity and generation through the implementation of the first phase of the National Transmission Backbone (Sociedade de Transporte de Energia – STE) and the Temane Generation Project. The STE transmission project represents the first step towards building a national transmission backbone for the country that will also enable electrification along the line through the substations. The Temane Generation Project may be supported by WBG credit enhancement instruments to induce new private sector investment in the sector. The project also builds on the lessons learned from the recently implemented projects, namely, Transmission Upgrade Project (TUP, P084404) for the rehabilitation and increase of the substations at transmission level and Energy Development and Access Project (EDAP, P108444) related to the investments for increasing access and distribution capacity, as well as the first phase of the implementation of the management information system of the company.

The Project is part of a coordinated and complementary effort from the development partners to support the development of the power sector in Mozambique. The STIP is the most immediate support to reestablish the operational performance of the company. In addition, the capacity building activities proposed under this Project are complemented by the capacity program financed by AFD focusing on technical training, and the robust technical assistance to MIREME and ARENE for planning and regulation provided by the Kingdom of Norway, USAID and Sweden. The Project also builds on the diagnostic program for loss reduction options for EDM commissioned by USAID. The report coincides with the WB technical review and financial support in which Advance Metering Readers (Revenue Protection Program) is identified as a priority.

C. Proposed Development Objective(s)

Development Objective(s)

The Project Development Objective (PDO) is to improve the operational capacity of the electricity network in the project areas and the operational efficiency of EDM.

Key Results

The indicators that will be used to measure achievement of the PDO are:

- Cash-recovery index (billing index per collection index)
- Transmission capacity constructed or rehabilitated under the project (kVA)

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D. Project Description

The Project supports three components that are each aimed at: (i) rehabilitation and upgrade of the transmission and distribution network, (ii) enhance the operational and commercial performance of EDM, and (iii) institutional development, capacity building and project implementation support. The components of the Project also built on the recently completed Mozambique Transmission Upgrade Project (TUP) (which focused on increasing transmission capacity) and EDAP (which focused on investments to extend the electricity service to new customers and the implementation of the new management information systems).

Component Name:
Component 1: Rehabilitation and Upgrade of Network Infrastructure
Comments (optional)
The focus of this component is to improve security and reliability of electricity supply through the reinforcement and rehabilitation of transmission and distribution lines, installation of additional transformers to increase capacity and installation of reactive compensation equipment in the cities of Maputo, Matola, Nacala, Pemba, and Lichinga, depending on the specific needs of each city.

Component Name:
Component 2: Enhancement of EDM Operational and Commercial Operations
Comments (optional)
The focus of this component is to enhance governance, efficiency, transparency and accountability in operations in key business areas of EDM.

Component Name:
Component 3: Capacity Building and Implementation Support
Comments (optional)
This component aims to assist the GoM and EDM build capacity on key sector issues and support towards project implementation.

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

The project will finance some new 275 kV and 66 kV transmission lines in the Maputo area mostly along existing Right-of-Ways (RoWs). Some greenfield RoWs will likely need to be selected. Other project components to be financed are composed of mostly rehabilitation of existing power equipment within existing substations. It is expected that the selected project corridors will pass mostly through agricultural land or bushland and semi-urban areas of low biodiversity value. However the route of the proposed “Reinforcement of Maputo City Transmission Network through the installation of 66kV and 275kV lines along mostly existing routes and some new corridors to be further determined” may have limited negative environmental and social impacts on communities along the route, such as loss of land and assets. The proposed project activities in the existing RoWs are not expected to cause any major or irreversible environmental and social impacts. Since the exact locations of the transmission lines are not yet known, the PAPs are not yet known. For this reason a Resettlement Policy Framework (RPF) will be prepared.Since the wider project area is known an Environmental and Social Impact Assessment (ESIA) will be prepared. Both the RPF and ESIA will be consulted on and disclosed in country and in the Infoshop prior to appraisal.

F. Environmental and Social Safeguards Specialists

Eden Gabriel Vieira Dava, Social Safeguards Specialist

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Maria Do Socorro Alves Da Cunha, Social Safeguards Specialist

Paulo Jorge Temba Sithoe, Environmental Safeguards Specialist

Paulo Jorge Temba Sithoe, Social Safeguards Specialist

Robert A. Robelus, Social Safeguards Specialist

II. IMPLEMENTATION

A. Institutional and Implementation Arrangements

Project implementation will be led by MIREME and EDM. MIREME will implement Component 3.1 and EDM will implement Components 1, 2, and 3.2. For the MIREME sub-component, the Department of Energy will be responsible for the implementation. In the case of activities executed by EDM a dedicated team (Project Implementation Unit) has been appointed with prior experience in implementing IDA-financed projects. This PIU will also include international expertise with regard to the implementation of the ESMP, RAP and Health & Safety Plans. Given the relevance of activities funded under Component 2, the PIU will report directly to the Board on the progress made. This is key to assure that all decisions on transformation adopted during execution of tasks in the component are effectively implemented as defined and fully enforced companywide.

EDM Project Implementation Unit. The PIU is led by a Director and it is supplemented with additional staff given the size of the project portfolio it manages, including the additional projects that are part of the STIP. The Director will be supported by the other departments of EDM (project management, contract management, procurement, social safeguards, environmental safeguards, health and safety and project accounting) and specialist consultants who will be financed through the PERIP. Appropriate technical assistance is included to support implementation, especially in the areas of procurement processing and supervision of construction works, as well as international technical assistance to build capacity in EDMs Environmental and Social Unit and EDMs Health and Safety Unit and to oversee the adequate implementation of the ESMP, RAP and Health & Safety aspects during construction.

MIREME Project Implementation Unit. The implementation of Component 3.1 will rely on the existing structure of MIREME that has implemented bank-financed projects in the past. This will be led by the National Directorate of Energy (Direcção Nacional de Energia), who is also in charge of planning of the power sector.

EDM and MIREME will be responsible for preparation and submission of progress reports to IDA on quarterly basis.

B. Results Monitoring and Evaluation

The project monitoring and evaluation of the project will be carried out by the MIREME and EDM PIU for each of their components. At MIREME, the National Directorate of Energy will prepare a quarterly report to be submmited to the Minister of MIREME. In the case of EDM, the units will prepare a quarterly progress report for discussion by the EDM's senior management and on a periodic basis by the EDM's Board. Both progress reports will also be submitted to the Bank including the results indicators, as well as reporting on the implementation of the ESMP, RAP and Health & Safety. Annex 1 presents the project's results

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framework, which defines specific outcomes and results to be monitored.

C. Sustainability of the project

EDM's new management is committed to turn around the overall status of the company for sustainable provision of electricity services.

(i) Grid reinforcement components will accelerate the recovery of operational performance of the company. The current condition of the transmission and distribution infrastructure prevents EDM from providing adequate electricity services to customers located in certain areas of the country, limits the possibility to serve increasing electricity demand from existing and prospective customers, and contributes to increase technical losses in the system. Timely project implementation will allow Mozambique to reduce voltage drops and technical losses while meetin g the rapidly increasing demand for electricity in the country with important economic benefits, as demonstrated in the economic analysis.

(ii) Enhancement of EDM's operational performance will impact the financial situation of EDM. By targeting improvementson the operational, management, and commercial activities within EDM (proper implementation of Component 2), the project is expected to improve EDM's financial situation. In addition, technical assistance activities developed under this project, complemented with related ongoing activities supported by the Bank (for instance, debt restructuring options funded by SE4All) will help to define and put in place a sound roadmap for more efficient EDM operations and restoring its long-term financial sustainability. By improving the financial situation of the company, this will ensure that sufficient resources allocated for operation and maintenance preventing the system to fail as it is the current situation. This is critical to ensure that the economic benefits proposed under this project are not eroded by systemic EDM constraints.

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III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will finance the rehabilitation and upgrades of existing transmission and distribution lines, and the construction of one new transmission line of 220kV and 66kV mostly along exiting Right-of-Ways (RoWs). Other investments of the project will finance rehabilitation of existing power equipment within existing substations. The project does not impact on natural or critical natural habitats and does not cross protected forest areas or national parks. In light of the above, this project has been classified as a Category B project. The safeguard documents include: two separated ESIAs for Maputo/Matola and for

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		the rest of the cities, for which locations of investments are known, and two separated ESMFs for Maputo/Matola and for the other cities, for which locations were not known at the time of appraisal. The above documents have been prepared to address the limited Environmental and Social Impacts and Health and Safety issues during construction and operation in compliance with applicable World Bank Safeguard Policies, the General and Electric Power Transmission and Distribution Environmental, Health and Safety Guidelines and the new Mozambican ESIA legislation. The simplified ESIA spells out the responsibilities with regard to the implementation of the Environmental and Social Management Plan (ESMP) and the Health and Safety Plan (H&S Plan) to be prepared and implemented by the Contractors. The ESMP will include a Waste Management Plan (e.g. incineration of potential PCBs in South Africa), a Traffic Management Plan and manage labor influx and potential workcamps. The ESIA and ESMF have been disclosed in-country and on the World Bank website prior to appraisal. The ESMP will include a Stakeholder Engagement Plan (SEP) and a Grievance Redress Mechanism (GRM) for communities and workers. All workers will have to sign a Code of Conduct to minimize the risks of misconduct of workers.
Natural Habitats OP/BP 4.04	No	The project will not affect natural habitats.
Forests OP/BP 4.36	No	The project will not have an impact on forest reserves, natural forests and forest plantations.
Pest Management OP 4.09	No	No herbicides will be used to control weeds under the transmission lines and in the substations.
Physical Cultural Resources OP/BP 4.11	Yes	The policy is triggered based on the low likelihood of encountering physical cultural resources during project implementation due to the fact that project activities will finance civil works and movements of earth in areas that may contain sites deemed physical cultural resources by communities living there (e.g. graves, holy sites such as sacred groves,

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		sacred forests, etc.). The ESIA did not identify any Physical Cultural Resources. To ensure due diligence, Chance Find Procedures will be included in all contractor contracts to address OP/BP 4.11 basic requirements to adequately handle unexpected Physical Cultural Resources finds.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous people in the project area as defined by OP/BP 4.10.
Involuntary Resettlement OP/BP 4.12	Yes	The project will finance activities such as reinforcement of Maputo City Transmission Network through the installation of 66kV and 220kV lines along mostly existing routes and some new corridors, that could necessitate involuntary land acquisition. Resulting impacts are unlikely to require the involuntary resettlement of people as most affectation is expected to lead to loss of assets that will be partial and/or temporary. Impacts on means of livelihoods or resources is also expected to be limited. Due diligence has been focused on minimizing impacts through micro rerouting of lines and other measures., The Borrower has prepared a Resettlement Policy Framework (RPF) and a Resettlement Action Plan (RAP) to adequately deal with issues of land acquisition and compensation and physical displacement of people, if any. A substantially completed RAP and RPF have been duly consulted upon, have been cleared by the World Bank and adequately disclosed both in-country, and on the World Bank website prior to appraisal. The RPF includes specific provisions to guide the borrower in the allocation and payment of compensation and, should it become necessary the preparation and implementation of site specific Abbreviated Resettlement Action Plans (ARAPs) for any site requiring relocation, during project implementation, but so that resettlement and compensation measures are completed before any construction works are initiated in the respective segment. Such specific compensation proposal and ARAPs will also be consulted upon and adequately disclosed prior to the physical implementation of any of such given activity.
Safety of Dams OP/BP 4.37	No	There are no new or existing dams involved in

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		the present project.
Projects on International Waterways OP/BP 7.50	No	The project does not affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in a disputed area.

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:
Other than land acquisition as described above, the project is not expected to have major environmental and social impacts. Nevertheless, construction will occur in dense urban areas and will require measures designed to minimize impacts and to address PAP concerns (dust, noise, vibration, traffic, risk exposure, service interruptions, risk exposure, worker behavior, etc.). The ESMP includes the necessary measures and a Stakeholder Engagement Plan (SEP) and GRM, which will be used to communicate actions and schedules to PAPs, identify and document any PAP concerns, and address any damage or harm to PAPs that may result from construction activities, transport of materials and equipment, workers' behavior, etc. Contractors will commit to prepare and implement the Construction ESMP and Health & Safety Plan (including workers and community health and safety plans) and will require all personnel to sign a code of conduct including behavior vis a vis project neighbors and the community. Special care will be taken with eventual removal of old transformers, which could still contain PCBs. Health and Safety aspects during construction and operation will require special attention.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
As this project reinforces and repairs primarily existing structures, these are not expected.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
Micro routing alternatives continue to be considered for the lines and posts to minimize impacts on people and land take.
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.
EDM has limited internal capacity to implement/supervise safeguards measure's implementation. For preparation, they retained a good team of consultants. For implementation during construction EDM will retain an experienced social and environmental specialist and an experienced health and safety specialist both with international experience to track and report on the implementation of the RAP, ESMP, Health & Safety Plan and a community relations specialist to manage the SEP and GRM. These specialists will also be responsible for capacity building of EDMs Environmental and Social and Health and Safety Unit(s).
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

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PAPs with affected assets will be contacted on a household per household basis. The RPF and RAP have been consulted on and any needed specific ARAPs will also be consulted and disclosed in local venues and through the World Bank website.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	23-Jun-2017
Date of submission to InfoShop	28-Jul-2017
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Mozambique	26-Jul-2017
Comments:	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	30-May-2017
Date of submission to InfoShop	01-Aug-2017
"In country" Disclosure	
Mozambique	01-Aug-2017
Comments:	
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	[]
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 4.11 - Physical Cultural Resources						
Does the EA include adequate measures related to cultural property?	Yes	[X]	No	[]	NA	[]
Does the credit/loan incorporate mechanisms to	Yes	[]	No	[]	NA	[X]

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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	[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	[]	TBD	[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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VII. Approval

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