

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC12130

Date ISDS Prepared/Updated: 01-Jun-2015

Date ISDS Approved/Disclosed: 02-Jun-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Haiti	Project ID:	P154351
Project Name:	Haiti Modern Energy Services For All (P154351)		
Task Team Leader(s):	Frederic Verdol,Dana Rysankova		
Estimated Appraisal Date:	20-Mar-2015	Estimated Board Date:	30-Oct-2015
Managing Unit:	GEEDR	Lending Instrument:	Investment Project Financing
Sector(s):	Other Renewable Energy (70%), Transmission and Distribution of Electricity (10%), Hydropower (10%), Energy efficiency in Heat and Power (5%), General energy sector (5%)		
Theme(s):	Rural services and infrastructure (90%), Climate change (10%)		
Financing (In USD Million)			
Total Project Cost:	12.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source		Amount	
Borrower		0.00	
Clean Technology Fund		12.00	
Total		12.00	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The Project Development Objective is to jump-start renewable off-grid electricity market in order to facilitate the scale-up of access to modern energy services for rural households, enterprises and institutions.

Renewable energy-based off-grid electricity services will comprise a variety of technologies and

business models, including individual systems, such as solar lanterns and solar home systems, and community-based systems, such as mini- and micro-grids, powered by renewable energy or hybrid sources (renewables with a diesel back-up and/or battery storage).

This objective will be achieved primarily through assisting the Government with the creation of an enabling regulatory framework and the provision of funding to the private sector (including NGOs and cooperatives) for commercially viable off-grid electrification investments with a potential for replicability and scale-up.

-

C. Project Description

The project will have the 4 following components which are summarized hereafter:

- (i) Enabling environment and program oversight
- (ii) Access to finance facility
- (iii) Quality premium grants
- (iv) Technical support and capacity building

Component 1: Enabling environment and program oversight
(CTF \$0.5 million)

The lack of a clear regulatory environment is considered the main bottleneck to scaling up rural energy activities. The legal framework is currently unclear, with several legislations contradicting each other. The component will contribute to GOH's effort to clarify the legislation, facilitate permitting process and work towards creating a level playing field between fossil fuels and renewable energy options in rural areas. In addition, this component will provide support to MTPTC to strengthen not only the existing structure but also to create a well-functioning supervisory structure – in order to oversee the investments channeled through the financial intermediary. MTPTC is currently expanding its capacity to manage the sector, and the project will provide further support to do this effectively.

Component 2: Credit line
(CTF: \$10 million)

The component will be managed by a competitively selected financial intermediary (FI), and will consist of a credit line or another access to finance facility channeling funds to private sector providers of renewable energy services and products (including NGOs, cooperatives, rural retailers and MFIs) for investment in off-grid renewable energy projects. The details of the credit line are under development with the assistance of a highly qualified consultancy team of financial experts.

To be eligible, the projects will need to demonstrate that

- the project uses renewable energy (including hybrid systems),
- the project will expand access to power to rural households, businesses and/or public institutions in rural areas (which will be subject to verification)
- the project has a viable business plan, demonstrating sustainability of investments, clear and workable O&M arrangements, and showing replicability and/or scale-up potential,
- the renewable energy equipment and the system meets minimum technical standards, and

- the project sponsor is a legal entity and passes a credit risk assessment carried out by the financial intermediary (to be developed with the financial intermediary).

In addition, the credit line clients will be obliged to provide users with readily understandable information on the service levels provided by the solutions they offer, and make costs transparent upfront. Detailed eligibility criteria and procedures will be developed in Operating Guidelines.

Component 3: Quality premium grants (CTF: \$1 million)

High quality lanterns and other pico/micro PV products are currently facing significant regulatory and market constraints, which are threatening to reverse the recent Haiti market progress. Not only are these products facing unfair competition from the subsidized fossil fuels (kerosene and diesel) - increasingly, they have also been threatened by an influx of very low quality off-grid lighting products, which are often channeled through the informal economy (thus mostly un-taxed), while the formal pico PV enterprises are subject to import duties and taxes that can be as high as 36%. There is a consensus that the current situation is contributing to market spoilage: uneducated users choose lower cost products, which turn out not to work as expected, creating a negative impression for other solar and off-grid renewable products. This worrying trend (which confirms the rationale behind early Lighting Global and GIZ quality assurance measures) seems to already affect 2014 Haiti sales of high quality solar lanterns, as per stakeholder reports during the 2014 Forum. To level the playing field for the products of appropriate quality, the project would consider offering quality premium grants for high quality off-grid products (Lighting Global certified or equivalent).

Component 4: Technical support and capacity building (CTF: \$1 million)

This component will provide technical support, capacity building and market development services to the various nascent off-grid renewable energy markets described in the Technical Annex. This component will finance a dedicated technical team to set up at the financial intermediary level; and will include:

- i) setting up and enforcing quality standards required for accessing credit line funding for different system types and business models;
- ii) TA to the FI credit officers for the evaluation of proposals;
- iii) TA to service providers and users including TA for energy efficient use of off-grid electricity (including the use of smart technology, dissemination of energy efficient appliances, intelligent user communication and simple demand-oriented tariff solutions in village grids) and support for productive applications;
- iv) verification of service provides
- v) development and implementation of consumer awareness campaigns;
- vi) promoting gender-sensitive approaches in off-grid electrification sub-projects;
- vii) further pipeline development for credit line financing, including awareness building about the credit line opportunities among the potential local SMEs.
- viii) implementation of South-South knowhow exchange for fast diffusion of emerging lessons on PAYG and similar disruptive business innovations.

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

The project location is not known as the sub-project would be fully demand-driven, financed through a financial intermediary. The project will not have any geographic targeting. All sub-projects developed on Haitian territory fulfilling eligibility criteria will be eligible for financing.

E. Borrowers Institutional Capacity for Safeguard Policies

MTPTEC is currently implementing the IDA-financed Rebuilding Energy Infrastructure and Access Project (P127203). The IDA Project is already financing off-grid electrification activities similar to those eligible under the Modern Energy for All Project. To manage environmental and social risks of these operations, MTPTEC is using Environmental and Social Management Framework and Resettlement Management Framework, which were developed during the preparation of the IDA P127203 project and disclosed on July 1, 2012. It is expected that the Modern Energy for All Project will use the same framework, which, however, will be reviewed and adapted to reflect (i) experience with its use under the IDA project; and (ii) specificities of the Modern Energy for All project.

MTPTC's performance regarding safeguards has been satisfactory under the ongoing IDA project PRELEN. However, due to PRELEN's current low disbursement rate, MTPTC's capacity for safeguards policies has not been fully tested yet. The World Bank is strongly supporting the Government in its current endeavor to accelerate progress under PRELEN. Under PRELEN, compliance with Project Safeguards is the responsibility of MTPTC and EDH, as described in the Mirebalais Environmental Management Plan, the Mirebalais Abbreviated Resettlement Action Plan, and in the Environmental and Social Management Framework and in the Resettlement Policy Framework.

During project preparation in 2012, the implementation institutional capacity for safeguards was considered low. Therefore, PRELEN provides capacity building support to address this issue, through the organization of workshops, the hiring of a consultant to support the MTPTEC and EDH in the implementation of safeguards policies (during Project preparation), and technical assistance. In addition, the consultants hired to help the Government prepare the safeguards documents work in close collaboration with the MTPTC and EDH, providing training as needed, including improved PCB management.

To ensure that there is adequate monitoring, reporting and implementation supervision of safeguards policies, the proposed CTF project will build on these experiences within the existing safeguards framework.

F. Environmental and Social Safeguards Specialists on the Team

Nicolas Kotschoubey (GENDR)

Peter F. B. A. Lafere (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Overall, the project is expected to have a positive environmental impact, as renewable energy solutions supported by the project will displace polluting fossil

		<p>fuel alternatives such as kerosene and diesel.</p> <p>Negative environmental impacts are expected to be very minor and are likely to be transitory only (e.g. related to construction activities). Even those, however, are likely to be limited as the project will support only very small (village or household-level) electrification solutions, most of them powered by solar energy.</p> <p>The typical sub-projects will be</p> <ul style="list-style-type: none"> - individual solar home systems or solar lanterns for households (3 - 40Wp) capacity - individual systems for rural enterprises - 100Wp - 10kWp capacity - village mini-grids - about 200-2000 customers - kWp range (all well below 1MW) <p>These impacts may be related to waste/debris removal and disposal, worker and fire safety, soil removal and erosion, increased levels of dust and noise, oil spill or leakage from machinery (during the mini-grid construction) and solid waste impacts related to the disposal of batteries and solar panels (post installation).</p> <p>Social impacts are also expected to be largely positive as affected population will benefit from access to electricity, allowing them to improve their lifestyle, increase disposable income (savings from expenditures on kerosene, cell phone charging and batteries) and engage in productive activities. There is also increasing evidence showing that access to electricity/light increase children study time. There will be no resettlement, but there could be some property acquisition.</p> <p>The updated ESMF will include the types of measures that need to be adopted to address the environmental impacts foreseen under this Project, and/or (ii) environmental management performance of the existing measures and the institution(s) in charge of their implementation.</p>
Natural Habitats OP/BP 4.04	TBD	<p>The Project is not expected to impact critical natural habitats. However, because the sites are still unknown at the concept stage, it will be determined by appraisal whether or not natural habitats will be</p>

		impacted. The ESMF will also include screening procedures to ensure that project activities will not involve unprecedented degradation or conversion of critical natural habitats. An effort will also be made to ensure that non-critical habitats are not impacted by the project.
Forests OP/BP 4.36	No	Given the massive scale of deforestation in Haiti, there are very few pockets of any forestry remaining and the project will not intervene in these areas.
Pest Management OP 4.09	No	The distribution grids are very small and village-size. No herbicide or other chemical control measures will be needed.
Physical Cultural Resources OP/BP 4.11	No	It is expected that the proposed project will not involve any sites with archeological, paleontological, historical, religious or other area of unique natural value as defined under the policy. However, the ESMF will include chance finds procedures.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous people as defined under OP 4.10 present in the project area.
Involuntary Resettlement OP/ BP 4.12	Yes	There will be no resettlement of people (projects involving resettlement of people will be included in a negative list not eligible for the project financing), but it is possible that the project activities will include property acquisition. A Resettlement Policy Framework (RPF), laying out the applicable policies and guidelines, will be prepared to assess potential impacts and disclosed prior to appraisal. The RPF will include: (i) principles, review of policy regulations; (ii) institutional arrangements, roles and competences; (iii) consultations disclosure and grievance redress mechanisms; (iv) monitoring and reporting process. The RPF will be prepared in accordance with World Bank OP 4.12. The client and any financial intermediary implementing the project will be required to screen activities and subprojects for land acquisition, and if it does occur, that a RAP satisfactory to the Bank will be prepared and implemented. Special attention will be given to the eligibility of potentially affected persons to ensure that the rights of those without formal legal rights to land are recognized in the RPF and subsequent RAPs, per OP 4.12.
Safety of Dams OP/BP 4.37	No	The project will not support any construction or rehabilitation of dams, nor support any activities that rely on the operations of existing dams.

Projects on International Waterways OP/BP 7.50	No	No projects on international waterways will be funded.
Projects in Disputed Areas OP/BP 7.60	No	The project will not support any activities in disputed areas as defined under the policy

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Sep-2015

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

Studies will be completed by September 2015

IV. APPROVALS

Task Team Leader(s):	Name: Frederic Verdol,Dana Rysankova	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Glenn S. Morgan (SA)	Date: 01-Jun-2015
Practice Manager/ Manager:	Name: Malcolm Cosgrove-Davies (PMGR)	Date: 02-Jun-2015

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