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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 21-Jul-2025 | Report No: PIDIA01416



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Honduras	LATIN AMERICA AND CARIBBEAN	P510113	Honduras Energy Access Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	17-Jul-2025	15-Oct-2025	Energy & Extractives
Borrower(s)	Implementing Agency		
Secretaría de Finanzas	Empresa Nacional de Energía Eléctrica (ENEE)		

Proposed Development Objective(s)

To expand access to electricity services for households, public institutions, and productive uses in remote areas of Honduras

Components

Component 1 Expand Electricity Access

Component 2: Productive Uses and Local Capacity Building

Component 3: Project Management Support and Regulatory Framework

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Operation Cost	95.00
Total Financing	95.00
of which IBRD/IDA	87.00
Financing Gap	0.00

DETAILS

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World Bank Group Financing

International Development Association (IDA)	87.00
IDA Credit	87.00

Non-World Bank Group Financing

Counterpart Funding	8.00
Sub-borrower(s)	8.00

Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

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B. Introduction and Context

Country Context

1. **Honduras is one of the poorest and most unequal countries in the Latin America and Caribbean (LAC) Region, with significant gaps in access to basic services.** With a 2023 Gross Domestic Product (GDP) per capita of just US\$3,247, Honduras has the third lowest GDP per capita in the LAC region, ahead of only Nicaragua and Haiti.¹ The Honduran economy faces significant structural challenges, marked by recurring cycles of growth and crisis that have undermined development gains over the years. Major challenges include high crime rates, a weak institutional framework, widespread migration, and limited economic diversification. Fiscal constraints have limited public and private investment in key sectors of the economy, including the energy sector, resulting in electricity access gaps and poor service quality that constrains growth. These challenges contribute to the country's difficult socio-economic situation and hinder the prospects for economic growth, development, and local job creation. From 2010-19, real GDP growth averaged 3.7 percent,² largely driven by private consumption supported by family remittances. However, after peaking in 2022 during a post-pandemic rebound, growth in remittance inflows has been slowing down. Economic growth is projected to slow down to around 3.5 percent in 2025 and 2026, from an estimated 3.8 percent in 2024, dampened by weaker credit expansion and lower growth in the United States (US) and China and a potential reduction in remittances. Growth may strengthen starting in 2027, supported by improving global conditions and dynamic investment, reaching a modest growth rate of approximately 3.9 percent.³

¹ [GDP per capita](#) (current US\$) - Honduras, Haiti, and Nicaragua (World Bank, 2024).

² Idem.

³ 2025 Spring Meetings MPO, forthcoming (WB, 2025).



2. **There are substantial inequalities in access to infrastructure services like electricity, water, transportation, and sanitation, particularly in rural areas of Honduras.** These gaps limit inclusive economic growth and rural job creation.⁴ According to 2023 figures, over half of the population (52 percent) lived below the upper middle income poverty line of US\$6.85 per capita per day (2017 PPP). Poverty below the international line of US\$2.15/day line (2017 PPP) remains high, at an estimated 14 percent, which is higher than most countries in the region.⁵ Furthermore, official numbers from the National Institute of Statistics (NIS) indicate that 64.1 percent of rural households are poor.⁶ Additionally, Honduras faces some of the lowest human development outcomes in the region. Poverty is particularly high in areas disproportionately represented by indigenous peoples (IP) and Afro-Hondurans.⁷ Population Census data highlights that Gracias a Dios, a department with a high concentration of indigenous communities, has the worst levels of access to basic services such as electricity, water, sanitation, and education. Recent evidence shows that minority communities and women have been disproportionately affected by unemployment, income loss, and worsened access to services because of the COVID-19 pandemic and tropical storms ETA and IOTA. There is an urgent need to scale up programs that provide access to basic services such as electricity to further Honduras’s development efforts and facilitate greater job creation.

3. **Honduras is also highly exposed and vulnerable to extreme weather events and natural hazards.**⁸ Historically, robust growth periods have been undone by devastating shocks, followed by modest recoveries. In 2025, the Global Climate Risk Index ranked Honduras as the third country in the world most severely affected by extreme weather events in the 1993–2022 period, highlighting its vulnerability and low preparedness. Climate hazards have significantly impacted economic and social development, with annual losses averaging 1.8 percent of GDP. Floods and droughts have been particularly destructive, and tropical storms like ETA and IOTA in 2020 caused severe damage to the electricity transmission and distribution system, that affected nearly 2.6 million people, causing partial blackouts primarily in the Atlantic coastal area of Honduras.⁹ The outlook is somber, as climate change is expected to intensify weather events such as floods, heatwaves, and droughts.¹⁰ Furthermore, poverty and climate risks and low coping capacity often overlap geographically.¹¹ Actions to enhance Honduras’s ability to mitigate and adapt to these risks, including for the energy sector and in rural areas, will be critical to sustain economic growth and to safeguard vulnerable populations.

4. **The Project is aligned with the WB Group’s Country Partnership Framework (CPF) for Honduras (FY23-FY27).**¹² The Project is aligned with CPF High-level Objective (HLO) 2: Inclusive Economic Development and Job Creation; and Objective 5: Improved infrastructure. It is also aligned with HLO 3: Strengthened Resilience to Natural Hazards; HLO 7: Improved climate resilience; and HLO 8: Strengthened institutional and financial framework for risk management. According to the CPF, in addition to the technical assistance provided to Secretariat of Energy (SEN) and Empresa Nacional de Energía Eléctrica (ENEE) to help advance energy sector reforms and promote energy efficiency, the World Bank will also support under the new Project ‘testing out alternative solutions to increase access in rural areas, by supporting local, and decentralized off-grid solar initiatives’.

⁴ [Encuesta Permanente de Hogares de Propósitos Múltiples \(EPHPM\)](#) (National Institute of Statistics (NIS), 2018).

⁵ [Macro Poverty Outlook for Honduras, October 2024](#) (WB, 2024).

⁶ [EPHPM](#) (NIS, 2023).

⁷ Eastern department of *Gracias a Dios*, a heavy minority department, has not been covered by the EPHPM.

⁸ World Bank Group. 2023. Honduras Country Climate and Development Report. CCDR Series.

⁹ CEPAL, in collaboration with World Bank and other organizations. Damages and Losses Assessment (DALA) - “Evaluación de daños y pérdidas causadas por las tormentas tropicales Eta e Iota” (DALA). February 2021.

¹⁰ The Intergovernmental Panel on Climate Change reported in 2022 that climate projections indicate an increase in the frequency of intense cyclones in Central America, accompanied by a decrease in the frequency of less intense tropical cyclones (IPCC, Climate Change 2022: Impacts, Adaptation and Vulnerability, Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change).

¹¹ World Bank Group. 2023. Honduras Poverty Assessment: Toward a Path of Inclusive Growth.

¹² [CPF for Honduras](#) (WB, 2022).



5. **The Project is also aligned with the Paris Agreement, Honduras' National Determined Contributions (NDC), the Green Resilient and Inclusive Development (GRID) approach, and the Roadmap for Climate Action in LAC.** In the updated NDC, Honduras ratified its commitment to reduce greenhouse gas emissions, increasing the commitment from 15 to 16 percent by 2030 compared to business as usual that same year. The energy sector is expected to contribute to 9 percent of the emissions reduction target, through increased renewable energy and energy efficiency uptake and efforts to increase electromobility and promote biofuels.¹³ The Project also fits the framework for the GRID approach by pursuing poverty eradication and shared prosperity with a sustainability lens through green, resilient and inclusive electricity development.¹⁴

B. Sectoral and Institutional Context

6. **Honduras faces multiple electricity sector challenges, including low electrification rates in areas with significant indigenous and Afro-Honduran populations, which hinders inclusive economic development.** The national electrification rate is 86.3 percent, but rural areas have only 76 percent coverage compared to 94 percent in urban regions.¹⁵ Geographically challenging areas like the Department of Gracias a Dios, with significant indigenous populations, have much lower electrification rates. The energy sector also struggles with other challenges such as tariffs set at non-cost reflective levels issued in a provisional manner, high electricity distribution losses, and the need for substantial investments in electricity generation and grid strengthening. The government has been working on addressing many of these issues, including through implementation of a national electricity loss reduction program and efforts to competitively procure additional generation capacity. However, significant challenges remain to expanding electricity access to the Moskitia and northeastern areas of Honduras, where much of the country's indigenous and Afro-Honduran populations reside.

7. **Honduras's electricity sector is also vulnerable to high and volatile oil prices, natural disasters, and extreme weather hazards.** In June 2024, the nation's total installed generation capacity reached 3,308 MW. Fossil fuels continue to contribute 41 percent to electricity generation, followed by hydropower at 28 percent, solar at 16 percent, wind at 7 percent, bioenergy at 6 percent, and geothermal at 2 percent.¹⁶ Given the country's reliance on fossil fuel generation for a sizable portion of electricity supply, the country remains vulnerable to high and fluctuating fuel prices. Furthermore, the country relies on hydropower for almost a third of power generation, exposing electricity supply to climate risks, like droughts. Honduras faced electricity supply restrictions in 2023 and 2024, that led to power rationing and load shedding given various factors, including delays in new generation investments, low availability of water resources, and a reduction in imports from the Regional Electricity Market (REM). The Project will help Honduras to become: (i) more resilient, as the distributed electrification investments in isolated areas of the country will not rely on the grid electricity supply that is more vulnerable to droughts and extreme weather events which affects the reliability of electricity supply; and have (ii) cleaner electricity supply since the solar-hybrid mini-grids and individual solar photovoltaic (PV) systems can help displace more costly, polluting, and inferior sources of energy used for lighting and to meet other energy needs such as firewood, charcoal, kerosene, and in some cases individual diesel generators.

8. **The Honduras electricity sector has both public and private actors, with the public utility ENEE playing the leading role in electricity distribution.** The SEN sets energy policy and plans, including national electrification strategies,

¹³ UNFCCC - United Nations Framework Convention on Climate Change (2023)

¹⁴ [Green, Resilient and Inclusive Development](#) (WB, 2021).

¹⁵ SEN 2023. Informe de Cobertura y Acceso a la Electricidad. Datos a diciembre 2023.



and the Electricity Energy Regulatory Commission (CREE) regulates the electricity market and establishes tariffs. ENEE is a vertically integrated public utility that is involved in electricity generation, transmission, distribution, and commercialization throughout Honduras. The Social Fund for Electricity Development (FOSODE), part of ENEE, focuses on expanding rural electricity access. In 2023, private companies accounted for 81.9 percent of total installed generation capacity.¹⁷ Regulated private utilities provide electricity to Roatan and Útila islands, and three small companies manage isolated systems in the main population centers of Gracias a Dios. However, ENEE remains responsible for electricity transmission, distribution, and commercialization throughout most of Honduras.

9. **ENEE has a weak financial situation, which constrains new investment, but the government has been working to improve the energy sector's financial health in recent years.** In 2024, ENEE's debt reached approximately US\$3.6 billion, equivalent to about 11 percent of Honduras's GDP. Unsustainable debt levels, non-cost-reflective tariffs, and substantial commercial losses have limited the utility's ability to invest in new generation, improve the transmission and distribution network, and expand electricity access. To help remediate this situation, energy sector performance improvement measures are being undertaken, including: i) ENEE's implementation of a national electricity loss reduction program, ii) consolidation of ENEE's operational functions in the distribution segment into one business unit, iii) a reduction of arrears to generators, and iv) progress towards establishing cost-reflective tariffs. These measures have been included as structural benchmarks in the government's credit facility arrangements with the International Monetary Fund (IMF) that the Government of Honduras (GoH) is working to achieve.¹⁸ The government also approved amendments to the Law for the Electricity Industry, requiring the technical, administrative, and financial unbundling of ENEE's business activities (generation, transmission, dispatch and distribution) to improve transparency of costs and accountability for results. Continued progress in these areas is crucial to improve ENEE's financial situation and facilitate future grid strengthening and electrification investments.

10. **The World Bank has been providing technical assistance over the last three years to support ENEE and SEN implement some of these key reforms in coordination with other development institutions.** The World Bank, with financial support from the Energy Sector Management Assistance Program (ESMAP), has been assisting ENEE and SEN in analyzing reform options for implementing cost-reflective electricity tariffs, targeted subsidies, and to assess potential public sector energy efficiency investments to reduce public arrears to ENEE. The World Bank has been providing guidance to ENEE and CREE, in collaboration with the IMF, on different technical measures to advance the transition towards cost-reflective electricity tariffs. The World Bank has also been coordinating with other development partners like the Inter-American Development Bank (IDB) that has been providing technical assistance to ENEE and CREE to facilitate the implementation of competitive electricity generation tenders and to help ENEE adopt international financial reporting standards. Furthermore, the World Bank has participated in the Honduras Energy Roundtable discussions with multiple development organizations¹⁹ to coordinate support for the government of Honduras on a variety of topics including sector reforms, energy efficiency, renewables, and energy access.

11. **Expanding electricity access is therefore a top priority for the government, and SEN has developed various policies and plans aimed at closing the electrification gap by 2030.** There are approximately 1.4 million people (346,000 families) that still lack electricity access in Honduras, and significant challenges remain to achieve universal access, particularly in rural and remote areas. Honduras has the lowest electrification rate in Central America and the second lowest rate in the LAC region (after Haiti).²⁰ According to SEN, the country would need to invest USD \$900 million to close the electricity gap by 2030. Last mile electrification poses significant challenges due to difficult terrain and the geographic

¹⁷ Informe Estadístico Anual del Subsector Eléctrico Nacional, SEN, 2023

¹⁸ IMF. "IMF Country Report No. 24/332" Honduras. December 2024.

¹⁹ IDB, GIZ, JICA, UNDP, U.S. State Department.

²⁰ OLADE. The Energy Outlook for Latin America and the Caribbean report. 2021



isolation of certain areas of the country with limited road access and dense vegetation, with some areas only accessible by boat. The department of Gracias a Dios has the lowest coverage in the country at 16.4 percent, equivalent to 19,156 households lacking access to electricity. Olancho and Colon also have coverage rates below the national average, at 74 percent and 79.7 percent, respectively, where approximately 60,000 households lack electricity access. Furthermore, most of the country's Miskitos, Garifuna, Nahua, Tawahka and Pech indigenous communities live in these departments, which presents equity and inclusion constraints and hinders the development of new economic activities that could support local job creation.

12. Public sector-led electrification is crucial for last-mile electrification in Honduras due to the high costs, limited affordability, and small market size which deters private electricity service provision in remote areas of the country.

Lessons learned from past experiences in Honduras, other LAC countries where the World Bank has financed electrification projects (Bolivia, Argentina, Peru), and globally show that public utility led models may be most-suitable for last-mile electrification. Public entities like ENEE have more experience, resources, and capacity to provide access and continue service in very remote settings. This is especially the case for the proposed project given the indigenous and afro-Honduran communities where the electrification investments will be made are small and geographically difficult to service and where affordability remains a significant challenge. Nonetheless, there is also an opportunity to roll-out a hybrid approach to electrification in Honduras led by the public sector but that involves private companies in the installation of the mini-grids and their initial operation to take advantage of the comparative advantages of both the public and private sector.

13. The Government of Honduras (GoH) requested investment financing and support from the World Bank (WB) to help scale-up last-mile electrification efforts in Honduras.

The proposed Project will support the GoH to increase electricity access in territories with high indigenous and afro-descendant populations, contributing to boosting the local economy and social well-being and supporting local job creation. The Project seeks to expand electricity access in the departments of Gracias a Dios, Olancho, and Colon,²¹ through the development of mini-grids and installation of solar home systems and through extension of the electricity distribution grid. The Project will also finance activities that increase: i) productive energy use for businesses and other economic activities, ii) the institutional capacity of the ENEE, including its FOSODE, and also SEN to implement electricity access projects, and iii) capacity building to support the creation of local jobs related to installation, operations and maintenance, and supervision of electrification investments.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To expand access to electricity services for households, public institutions, and productive uses in remote areas of Honduras

Key Results

14. The key results expected from the proposed project are:²²

²¹ The implementation areas initially identified by GoH are based on the access policy where indigenous people must be prioritized.

²² Other important impacts such as improvement in the quality of life of the poor, health and education benefits, as well as economic development of the impacted communities will be qualitatively assessed. The specific indicators, baselines, and targets will be defined during project preparation.



PDO indicators:

- a) *People provided with new or improved electricity service (Corporate Results Indicator, Number)*²³ - this indicator measures the number of people that have received an electricity connection under the Project.
- b) *Renewable energy generation capacity constructed under the Project (Megawatts)* - This indicator measures the generation capacity installed under the Project, from all technologies deployed.

The Project's intermediate results include results indicators to track the provision of new or improved electricity services to both households and public institutions, disaggregated by mini-grids, standalone solar, and grid extensions, and also tracking increased solar and mini-grid generation capacity installed, and the amount of electricity grid extension as well as greenhouse gas emissions avoided. Progress towards promoting productive uses, enhancing local capacity, and ensuring citizens engagement will also be reported on. Furthermore, the results framework will also report on energy reform measures adopted to help enhance energy sector financial sustainability.

D. Project Description

The proposed Project consists of the following three components:

- 15. **Component 1: Expand Electricity Access (IDA US\$77 million | ENEE US\$1.75 million).** This component will assist the GoH in increasing electricity access in Gracias a Dios, Olancho, and Colon, including for indigenous communities that grid expansion programs are unlikely to serve. This component will comprise off-grid electrification through mini-grid solutions (US\$48.5 million) and individual solar photovoltaic systems (US\$10.8 million), and grid-extension (US\$8.5 million) for households, public facilities (health centers, schools), and existing businesses to enhance the prospects for economic growth and shared prosperity.
- 16. **Component 2: Productive Uses and Local Capacity Building (IDA US\$5 million | ENEE US\$2.47 million).** The component will develop business models to enable productive uses of energy and finance pilot productive use applications in selected areas where the electrification investments are being undertaken. This component will also finance environmental and social activities and consultations related to the Project, local capacity building, and awareness activities related to energy use and energy efficiency.
- 17. **Component 3: Project Management and Regulatory Support (including M&E) (IDA US\$5 million | ENEE US\$3.78 million).** This component will strengthen the capacity of ENEE to implement the Project, and to monitor and report on the Project indicators and objectives. The component will support the Project Coordination Unit (PCU) and FOSODE to improve its capacity to perform its technical, fiduciary, and environmental and social roles and to conduct monitoring and evaluation activities. This component will also provide support to cover logistics costs to travel to the communities and cover operational expenses to facilitate project implementation and oversight. The component will also provide support to ENEE and SEN for activities to support the achievement of measures to promote the financial sustainability of the electricity sector in Honduras and to develop off-grid electrification tariffs and targeted subsidy schemes to overcome affordability challenges in rural and remote areas.

²³ This key result is directly linked with the WBG Corporate Scorecard 9: 'percentage of population with access to electricity'.



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Area OP 7.60

No

Summary of Screening of Environmental and Social Risks and Impacts

Based on the ESA developed for the Project, the Environmental and Social Risk Classification of the Project is Substantial. The Project activities are expected to contribute to positive E&S outcomes by: i) increasing access to electricity from renewable energy sources in indigenous and rural households; ii) increasing access to electricity in health and education facilities, as well as for productive uses in these areas; and iii) supporting the implementation of actions and measures aimed at improving the financial sustainability of the electricity sector in Honduras. The environmental risk is rated as Substantial due to the high biodiversity values and high vulnerability to climate-related hazards of the Project's setting. Key potential environmental risks and impacts associated with works under Component 1 include, inter alia, the following: land use changes; habitat disruption; risk of landslides, soil erosion from cut surfaces of hill slopes; soil compaction; nuisances related to noise, vibrations, dust and emissions; fuel/oil spills and leakage; occupational, health, and safety (OHS) issues; and hazardous material and waste management, including significant volumes of E-waste. The aforementioned risks and impacts are likely to be predictable, temporary, and/or reversible, and site-specific. In addition, with the exception of risks/impacts associated with E-waste generation, they are assessed as low to moderate in magnitude, contingent on the implementation of appropriate and timely mitigation measures, and provided they occur in modified habitats. The specific sites of expected investments are not yet known at this stage. However, works relative to distribution grid extension and reinforcement, as well as off-grid electrification solutions are anticipated to take place within existing footprints at already disturbed sites. A comprehensive E&S impact assessment (ESIA) conducted for distribution grid extension works during the project implementation phase will inform the planning and selection of routes for distribution lines, to avoid traversing natural habitats and areas with high biodiversity values. In addition, the full range of risks and impacts associated with distribution grid extension works, including the clearing of vegetation for the rights-of-way (RoWs) of distribution lines will be further assessed as part of the ESIA. The social risk is rated as Substantial. Potential social risks and impacts include the exclusion of the most marginalized from the mainstream consultation process, including indigenous peoples, lack of cultural appropriateness when engaging indigenous and other groups, and elite capture. The potential risks and impacts are likely to be predictable, temporary, and/or reversible; low in magnitude; site-specific, without likelihood of impacts beyond the actual footprint of already disturbed sites; and with a low probability of serious adverse effects on human health. To mitigate the aforementioned risks and impacts, the Project's ESCP includes a comprehensive set of instruments and measures to effectively manage E&S risks and impacts. Central to this plan is the ESA that is prepared prior to Appraisal and will be implemented to ensure alignment with relevant Environmental and Social Standards (ESSs). Additionally, the Stakeholder Engagement Plan (SEP) prepared for the Project, will be implemented to facilitate continuous and meaningful engagement with stakeholders, including with indigenous communities, throughout the Project. This includes implementing robust Grievance Mechanisms (GMs) for the public and project workers to address and resolve complaints and concerns promptly. Guided by the ESA and ESIA, the subproject-level/site-specific Environmental and Social Management Plans (ESMPs) and Environmental and Social Codes of Practice (ESCOPs) will address specific risks such as community health and safety, traffic, security personnel use, road safety, pollution prevention (including waste management measures), and impacts on biodiversity and habitats, among others.

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A project-level E-waste management plan will include provisions for the safe disposal and recycling of these materials. A GBV Action Plan, that is part of the ESA, will be integrated into the ESMPs/ESCOPs to mitigate GBV risks. Additionally, Chance Find Procedures will be established within the ESMPs/ESCOPs to manage unexpected cultural heritage discoveries. The Indigenous Peoples Planning Framework (IPPF) and Indigenous Peoples Plan (IPP) will be updated and implemented, respectively, to prevent negative impacts on indigenous peoples and to promote sustainable development benefits and opportunities in an accessible, culturally appropriate, and inclusive manner. The Labor Management Procedures (LMP) will be revised, and its application will ensure fair labor conditions. Contractors and subcontractors will be required to develop and execute OHS management plans as part of their ESMPs/ESCOPs, in line with the ESA, ESIA and LMP. They will also submit monthly reports on E&S performance, with incidents or accidents promptly reported and reviewed. To manage the E&S risks and impacts effectively, the Project will maintain the PCU within ENEE, staffed with qualified specialists in environmental, social, gender, and GBV areas. These instruments are designed for implementation throughout the Project's duration. According to the Project's Risk Assessment, as per ESS7, FPIC is not required. However, should the country's laws necessitate it, the Project will adhere to the required procedures to obtain FPIC. The E&S risk rating will be reviewed periodically throughout project implementation to ensure it continues to accurately reflect the level of risk.

E. Implementation

Institutional and Implementation Arrangements

18. **A PCU has been established by ENEE whose functions will be expanded so that it becomes responsible for fiduciary management** of the World Bank Project. ENEE will be the lead agency responsible for supervising overall project implementation. In addition to its fiduciary functions, the PCU will oversee the implementation of environmental and social measures, supervise the execution of contracts, and prepare progress reports on project indicators and results. The PCU will receive technical support from FOSODE and other technical areas of ENEE (Generation Management, Distribution Management), to support project implementation. FOSODE is the unit within ENEE designated to oversee the technical implementation of the electrification projects. FOSODE will manage preparation of the technical specifications required for the electrification investments financed by the Project, coordinate with the external supervision firm hired the ENEE PCU for third-party oversight of off-grid investments, and will also manage any consultants hired to support technical aspects of project implementation. Additionally, FOSODE will be responsible for managing contract implementation for the project investments, including ensuring that electrification investments meet ENEE technical standards. The Environmental Directorate (DMA) of ENEE will be responsible for implementation of the Project's E&S measures. ENEE will also obtain additional in-kind technical and social support from SEN.

19. ENEE's PCU will contract private companies under an engineering, procurement, and construction (EPC) contract who will be responsible for preparing the final design for the mini-grid systems, supplying the equipment, and installing the mini-grid systems in the selected communities. The private mini-grid companies contracted will provide systems operation and maintenance (O&M) for 2 years, and during this time also provide training for ENEE technicians so that these technicians can take over operation of the mini-grid systems after the end of the private contractor O&M period. A separate procurement process will be used to procure the SHS to enable both international and local suppliers to participate, and the private SHS suppliers contracted will be responsible for installing the SHS systems and providing a warranty for the equipment. Training for local end-users on basic operation and maintenance of the SHS systems will also be provided. The mini-grid and SHS systems will be owned by ENEE to facilitate continued operation of these systems. All activities will be implemented in coordination with the local municipalities and beneficiaries to ensure sustainability.



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APPROVAL

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