

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC18380

Date ISDS Prepared/Updated: 14-Jun-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Zambia	Project ID:	P160383
Project Name:	Zambia Scaling Renewable Energy Program Investment Plan		
Team Leader(s):	Raihan Elahi		
Estimated Date of Approval:	31-Mar-2018		
Managing Unit:	GEE01	Lending Instrument:	IPF
Sector(s):	Other Renewable Energy (80%), General energy sector (20%)		
Theme(s):	Infrastructure services for private sector development (40%), Rural services and infrastructure (30%), Climate change (30%)		
Financing (in USD Million)			
Total Project Cost:	0.3	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Strategic Climate Fund Grant			0.3
Environment Category:	B - Partial Assessment		

B. Project Development Objective(s)

The project development objective is to support the Government of the Republic of Zambia to prepare a renewable energy investment plan for consideration by the SREP for funding.

C. Project Description

The project will provide support to the Government Republic of Zambia (GRZ) in the preparation of the SREP Investment Plan for consideration by the SREP subcommittee for funding. The Investment Plan will identify projects that the GRZ would want the SREP fund to support. This will be a high level document which will identify whether the selected projects meet the eligibility criteria to receive funding support from SREP. These include, renewable energy based projects, selected through a consultative process, involvement of private sector participation, ensuring poverty reduction, promotion of gender equality, etc. The investment plan will also identify the Multilateral Financing Agency (MFA) that will co-fund each project. Once the investment plan is approved, then each project will have to follow the identified MFA's project approval process to become eligible for funding. To prepare the Investment Plan, the GRZ will appoint consultants to review existing studies that may be reused in the framework of SREP and identify the most appropriate components

and investments following specific criteria. The consultants will also review the enabling environment for the development of renewable energy projects in the country and propose changes necessary. Finally the consultants will review and provide recommendations regarding the current business models and selection criteria and mechanisms with the aim of promoting additional transparency and objectivity.

GRZ designated the Director of the Department of Energy (DoE) of the Ministry of Energy and Water Development as the Focal Point for the preparation of the SREP Investment Plan for Zambia. The Alternate Focal Point is the Director of the Interim Climate Change Secretariat. GRZ has nominated a task force, and is awaiting formal appointment by the Secretary to Cabinet. The Task Force would include: Permanent Secretary, Ministry of Energy and Water Development; Permanent Secretary, Ministry of Finance; Director, Department of Energy; and representatives from Cabinet Office; Ministry of National Development Planning; Interim Inter-Ministerial Climate Change Secretariat; Zambia Environmental Management Agency; Energy Regulation Board; ZESCO Limited; Rural Electrification Authority; and the Office for Promoting Private Power Investment.

Zambian stakeholders indicated the following as the obstacles to the renewable energy investment.

- Lower than cost-reflective tariff is a major constraint to private sector participation in the Zambia power sector;
- Absence of a transparent and competitive procurement framework, standardized power purchase agreements, indicative term sheets to raise debt, etc. negatively affect the level of private investment in Zambia power sector;
- Lack of clarity on the future of mini-grids when national grid reaches the mini-grid areas, puts the mini-grid developers at risk and reduces attractiveness for new investments;
- Absence of a least-cost expansion plan does not allow ZESCO to efficiently expand the power sector;

The investment plan will be aligned with the priorities identified in the National Energy Policy of 2008 (NEP2008), the Sixth National Development Plan (SNDP 2011-2016), and the Vision 2030, which aims to transform Zambia into a prosperous middle income country with universal access to clean, reliable, and affordable energy by 2030. Likewise, the prioritization of investments proposed in the investment plan will consider its alignment with both SREP objectives and GRZ priorities as outlined in the NEP2008 and the Rural Electrification Master Plan (REMP).

The investment plan shall demonstrate how the proposed activities will lead to barrier reduction for renewable energy development and market transformation, including increased private sector participation in the sector. The potential areas of engagement under the SREP may include renewable energy technologies such as small-hydro, solar, geothermal, and wind. During the preparation of the investment plan, the GRZ will identify and review all types of renewable energy applications (including cook stoves) and business models that have potential for replication in Zambia through consultation with relevant stakeholders. The investment plan will be developed to include a broader set of renewable energy priorities to help GRZ access not only SREP resources but also other climate finance resources such as the GCF.

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

This activity concerns studies and technical assistance. No physical activities are being financed. Nevertheless, some screening will be needed to make sure that the proposals which end up in that

plan identify relevant meet Bank safeguard policy requirements. As currently designed this triggers OP 4.01 and is rated as B.

E. Borrower's Institutional Capacity for Safeguard Policies

N/A

F. Environmental and Social Safeguards Specialists on the Team

Mwansa Lukwesa (GEN01)

Paula F. Lytle (GSU07)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	No physical activities are being financed. Nevertheless, some screening will be needed to make sure that the proposals which end up in that plan identify relevant Bank safeguard policy requirements. As currently designed this triggers OP 4.01 and is rated as B. The draft TORs for the consultant preparing the Investment Plan will be disclosed prior to appraisal and will take into account relevant environmental and social considerations.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/ BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Raihan Elahi	
Approved By:		
Safeguards Advisor:	Name: Nathalie S. Munzberg (SA)	Date: 09-Jun-2016

Practice Manager/ Manager:	Name: Lucio Monari (PMGR)	Date: 09-Jun-2016
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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.