

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC2877

Date ISDS Prepared/Updated: 14-Mar-2013

Date ISDS Approved/Disclosed: 18-Mar-2013

I. BASIC INFORMATION

A. Basic Project Data

Country:	Nepal	Project ID:	P131592
Project Name:	Waste to Energy Market Development Project (P131592)		
Task Team Leader:	Mohua Mukherjee		
Estimated Appraisal Date:	16-Dec-2013	Estimated Board Date:	18-Mar-2014
Managing Unit:	SASDE	Lending Instrument:	Learning and Innovation Loan
Sector(s):	Other Renewable Energy (100%)		
Theme(s):	Other economic management (70%), Infrastructure services for private sector development (30%)		
Financing (In USD Million)			
Total Project Cost:	8.00	Total Bank Financing:	0.00
Total Cofinancing:		Financing Gap:	0.00
Financing Source			Amount
Borrower			0.00
Strategic Climate Fund Grant			8.00
Total			8.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The objective of the proposed Waste to Energy market development project is to attract private investment for the delivery of innovative, commercially viable waste to energy projects using biomass and biogas through Public Private Partnerships.

C. Project Description

Nepal has obtained a SREP grant in the amount of \$40m to implement transformational projects

using a variety of renewable energy technologies, with the funds to be channeled through IFC, Asian Development Bank and the World Bank. Most of the SREP grant (\$32m out of \$40m) will be used for renewable energy technologies for which GoN already has national programs in place (small hydro, micro and mini hydro, and solar). The remaining \$8m which is to be channeled through the World Bank, involves market development in a renewable energy segment for which there is no national program in place yet. The SREP grant is expected to support market development, i.e. support the introduction of waste to energy as a business line in transparently selected Nepali private sector companies, through a call for proposals. Proposals will be selected according to acceptable criteria, and those firms will be supported with technical assistance and due diligence, as well as preparation of business plans, pre-feasibility and feasibility studies. The few firms whose proposals survive the technical scrutiny of the feasibility study stage, will be expected to arrange funding of at least 80% of project cost from various sources including equity. AEPC will then provide support to reach financial closure with up to 20% of total project cost, that will be made available through a range of delivery mechanisms e.g. support to commercial borrowing by providing a first-loss guarantee to a commercial bank, or outright equity stake in the business, or to boost collateral, etc.

Safeguards Assessment

The proposed project will provide support to sub-projects based on a transparently conducted call for proposals, and sub-project proposals will be selected according to agreed criteria. Since geographical locations of investments are not yet known, it is proposed to immediately engage a consultant to prepare an Environmental and Social Management Framework (ESMF) for the implementing agency, which is the Alternative Energy Promotion Center (AEPC). AEPC will refer to the ESMF at all stages, i.e. during proposal selection, during project preparation by the private sponsor, and during supervision of implementation progress, as well as during commercial operation, for consistency with World Bank Group safeguards policies. The same consultant should also be engaged to prepare a simple ESMF checklist which will be used as a communication tool to be shared with prospective sub-project sponsors who are invited through a Call for Proposals. These private sector potential investors will be informed upfront about the standards of ESMF compliance that will be expected, even if AEPC is only providing 20% of the investment in future. In fact, it is expected that the SREP investments (if private stakeholders can be successfully catalyzed) will yield positive environmental and social impacts through removal of organic and inorganic waste that may pose health hazards, and recycling these to produce cleaner energy that will offset a percentage of the kerosene and diesel currently used.

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

N.A.

E. Borrowers Institutional Capacity for Safeguard Policies

AEPC has been implementing World Bank projects for over eight years and is very familiar with our safeguard policies. AEPC has previously implemented demand-driven micro-hydro projects under a similar scheme of the ESMF. We also have specialist staff on the World Bank team who are readily available to provide support to AEPC as needed.

F. Environmental and Social Safeguards Specialists on the Team

Drona Raj Ghimire (SASDI)

Parthapriya Ghosh (SASDS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Natural Habitats OP/BP 4.04	Yes	The ESMF will provide the guidelines for the mitigation of OP 4.04 (Natural Habitats).
Forests OP/BP 4.36	Yes	The ESMF will provide the guidelines for the mitigation of OP 4.36 (Forests).
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	The ESMF will provide the guidelines for the mitigation of OP 4.11 (PCR).
Indigenous Peoples OP/BP 4.10	Yes	The policy has been triggered as there could be presence of indigenous community in the project area. The ESMF to be prepared for the project will also have framework for developing VCDP.
Involuntary Resettlement OP/BP 4.12	No	The policy has not been triggered as land, if required, will be purchased on commercial basis on willing seller – willing buyer basis and there will be no relocation of PAPs or loss of livelihood.
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

A. Tentative target date for preparing the PAD Stage ISDS: 10-Sep-2013

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:

The first priority is to complete the Environmental and Social Management Framework, as well as the document which will be attached to the Call for Proposals and will explain in simple language to prospective investors, what safeguard standards they will have to comply with. ESMF is expected to be ready by no later than May 15, 2013.

AEPC will provide substantial technical assistance and capacity building support, including funding of technical due diligence, referral to appropriate expertise for technology selection etc. to competitively selected sub-projects. All technical due diligence studies funded by SREP through AEPC will include a component for social and environmental assessment of the proposed investment. Lastly, the safeguards procedures will require the project sponsor to disclose the required safeguards compliance standards to a commercial lender or any other financial investor in the sub-project.

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.

IV. APPROVALS

Task Team Leader:	Name: Mohua Mukherjee	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Zia Al Jalaly (RSA)	Date: 18-Mar-2013
Sector Manager:	Name: Bjorn Hamso (SM)	Date: 18-Mar-2013