



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 02-Apr-2018 | Report No: PIDISDSC23422

**BASIC INFORMATION****A. Basic Project Data**

Country Somalia	Project ID P165497	Parent Project ID (if any)	Project Name Somali Electricity Access Project (P165497)
Region AFRICA	Estimated Appraisal Date May 17, 2018	Estimated Board Date Jun 19, 2018	Practice Area (Lead) Energy & Extractives
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance, Federal Republic of Somalia	Implementing Agency Ministry of Finance, Somaliland, Ministry of Energy and Water Resources, Ministry of Energy and Minerals, Somaliland	

Proposed Development Objective(s)

The Project Development Objective is to expand access to electricity in targeted urban, peri-urban, and rural communities in Somalia (including Puntland) and Somaliland.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	5.50
Total Financing	5.50
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	5.50
Somalia Multi-Partner Fund	5.50



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

Situated along the Eastern coastline of Sub-Saharan Africa, Somalia has a population of about 13 million, of which roughly 60 percent are nomadic and semi-nomadic pastoralists. Somalia has been largely decimated in two and a half decades of conflict following the collapse of the Siad Barre government in January 1991. Concentrated mainly in southern Somalia, the conflict destroyed much of the country's governance structure and economic infrastructure - undermining legitimate institutions and creating widespread vulnerability. In 2012, a new federal government emerged in Mogadishu within the framework established by the Provisional Constitution. Following the political transition in 2012 the international community agreed to the Somali Compact with the Federal Government of Somalia (FGS), based on the principles of the New Deal.

Most Somalis today live in poverty and vulnerability: 2.3 million live on the margins of food insecurity and 1.1 million are internally displaced. Poverty is estimated at 73 percent and extreme poverty at 43 percent. Gross Domestic Product (GDP) per capita is estimated to be only US\$288. Humanitarian support is a life-saving reality for many in areas where access is possible. However, humanitarian action alone cannot develop the sustainable livelihoods necessary for poverty reduction - Somalia needs infrastructure investments to enable basic service delivery to millions of its citizens.

Somalia has a dynamic and highly entrepreneurial private sector that has filled the void of government institutions. Private providers supply anything from infrastructure, security, health and education services. The economy is dominated by the livestock sector, which generates trade worth an estimated 40 percent of Somalia's GDP, and over 50 percent of exports. Important sources of export earnings include charcoal and agricultural products. The Somali economy relies heavily on overseas development assistance (ODA, US\$0.75 billion) and even more on financial remittances from its sizeable Diaspora—estimates range from US\$1.0 billion up to US\$1.6 billion—that are sent via service providers, including money transfer businesses (MTBs) that lack appropriate regulation and supervision on the receiving side. The services MTBs provide include international money transfers for purposes of household consumption on which close to half of urban households in some parts of the region are estimated to depend. MTBs have also acted as quasi banks, providing a broader range of financial services to a significant proportion of the population.

Foundation is being laid for Somalia's accession to the Highly-Indebted Poor Countries (HIPC) debt relief and associated arrears clearance. Somalia is in debt distress with significant arrears to IFI's including the World Bank, IMF, and AfDB that make it ineligible for financing from IDA and many other concessional financing sources. In turn, this blocks the financing of national programs necessary to lift millions out of food insecurity, vulnerability, displacement, and poverty. Development partners, International Financial Institutions (IFIs) and the FGS are currently working to develop a clear and



comprehensive roadmap towards IFI normalization and debt relief. With the formalization of relations between the Federal Government and the International Financial Institutions comes the prospect of addressing Somalia’s substantial arrears, which will need to be cleared in a coordinated manner through a HIPC framework for regular IDA assistance to resume. This is a longer process, however in the short and medium-term grants are being used to deliver on country programs.

Sectoral and Institutional Context

In Mogadishu, the FGS has created a Ministry of Energy and Water Resources to define and implement overall energy sector policies and to regulate the sector. The ministry has limited staff and limited budget. The ministry’s energy sector management department is poorly staffed with only a director and a volunteer consultant. In Somaliland, the Ministry of Energy and Mineral Resources has responsibility for energy sector policy and oversight. It was recently reorganized, and water resources were transferred to another ministry. The Ministry of Public Works supervises the Somaliland Electricity Agency (SEA). The Ministry of Energy and Mineral Resources has few qualified staff and thus limited capacity to manage the sector. The Puntland administration has no ministry of energy, or water or natural resources. Instead, there is the PSAWEN. Reporting directly to the office of the president, it is an autonomous agency with a mandate to oversee and regulate the electric power industry. However, PSAWEN has no staff with adequate technical expertise.

Today, in urban areas, diesel-powered mini-grids owned by private entities or NGOs constitute most of power supply¹. Though estimates vary, the total operational generating capacity across Somalia is estimated at around 103MW in 2015 with 270,000 connections. The AfDB estimates installed capacity at 11.4MW in Puntland and 45.5MW in South-Central. Somaliland has 46.5MW annual installed capacity² in 2014. The Somaliland Electricity Association (SEA) supplies 95 percent of mini-grid electricity in Somaliland. Composed of twelve members, it also sets tariffs and promotes renewables.

The energy access rate is estimated to be at 15 percent (implying that 10 million Somalis lack access to energy services), with wide variations among demographics (urban estimated at 33 percent, rural at 4 percent). With an average household size of 5.9, this translates to approximately 1.7 million un-electrified households nationwide. In the aftermath of it civil war, energy service delivery has been in the hands of the private sector. Private sector players supply more than 90 percent of power in urban and peri-urban areas using local private mini-grids. They have invested in diesel-based systems of between 500 kVA to 5000 kVA installed capacity per mini-grid. These mini-grids are normally zoned with each operator building, owning and



¹ Federal Republic of Somalia, “Economic Recovery Plan 2014-2015”, p.85.

² African Development Bank; Somalia – Energy Sector Needs Assessment and Investment Programme, November 2015



operating the generation, transmission, distribution, maintenance and collecting tariffs. Thus, more than 68 percent of urban/peri urban areas have access to electricity, though at a high cost that might reach a maximum of \$1/kWh, one of the costliest places in the world to buy power.

The mini grids if well designed may provide a basis through which a country-wide distribution system could be interconnected and linked to the national grid so that power can be wheeled and sold across the network. Nevertheless, there are significant information gaps regarding the status of the mini-grids, including profiles of incumbent operators (number of customers, hours of service, tariffs, connection costs, generation technology, quality of service metrics, expansion plans), understanding applicable policy and regulations in the territories, and identifying appropriate greenfield sites for new mini-grid installations. Much could also be done to improve the existing services provided by incumbent operators, including helping to bring on additional generation technology, greening existing technology mix through hybridization, modernizing business models, including the use of smart and/or pre-paid metering technology, reducing the losses in the distribution system. Incumbent operators could also be supported to densify their customer base within existing service territories. In short, there is considerable work to be done to make energy services currently delivered via mini-grids more modern, affordable, and reliable for Somali consumers. In addition, there is significant scope to support the development of new mini-grid sites throughout the country.

Even then, it is unlikely that a large part of Somali population will be reached by mini-grid (or by grid in the future) as economics of doing so are unfavorable. Many of these typically remote locations do not have sufficient demand from small industrial off-takers (for other value addition or service-related activities linked to rural livelihoods) to justify the deployment of a mini-grid. A combination of high CAPEX costs to develop new mini-grids, particularly in lower density localities, coupled with low ability to pay for energy services by households that live below the poverty line further undermine the business case for such an approach. Furthermore, livelihoods in rural areas do not lend themselves to a fixed grid connection; many households are nomadic pastoralists who move from one place to the other in search for pasture and water and food, or live in scattered settlements.

Therefore, standalone off-grid solutions can be a viable complement to mini-grids. These systems include solar panels, a rechargeable battery, and LED lighting arrays, and many include mobile phone charging capabilities. Larger systems include an interface for connecting appliances such as radios, televisions, fans, and other small appliances. Replacing traditional fuel based energy sources (kerosene, candles, diesel generators) with quality solar products has major positive impact on the local environment and household health, and disposable income. Market analysis shows that in Somalia these products are typically sourced from the Middle East and manufactured in China. The quality of these incumbent products is unclear, given that the vast majority have not been manufactured to internationally-recognized norms for this type of technology. Improving the quality of products coming into Somalia, while keeping their cost affordable is therefore a priority action area. The current status of electricity access also demonstrates that there is significant market potential for these technologies.

Given the country and sector context, coupled with the modest financing envelope, the proposed project will focus on improving energy access via standalone solar solutions for both households and small enterprises by providing a package of incentives to support local entrepreneurs to develop new ventures or scale up existing activities. Mini-grid activities will focus on studies that will complement and build upon the ongoing DfID and EU-led initiatives around this technology, and the findings of the Master Plan that is currently under preparation with World Bank financing. The project will also focus on building capacity within government agencies, while recognizing the need for robust third-party support to deliver the project activities.

The Bank and the IFC have initiated activities to support electricity planning, investment and regulation in the sector, in



In addition, an effort is made to consider off-grid access for rural and peri-urban areas. The Bank is implementing Somalia Power Sector Development Support (P146618) to contribute towards developing the fundamental building blocks for the establishing modern energy sector in Somalia. Under this project, several activities are underway, namely:

- (i) **Somalia power master plan development**, that would set the priorities and sequencing investment in generation, transmission and distribution over a period of 20 years; and the development of 5 city power development plans. This activity will be completed in September 2018. The plan will also analyze strategies for expanding rural and urban access to electricity to ordinary people in Somalia;
- (ii) **Renewable Energy Resource Mapping** of Wind and Solar has been developed. These include wind model, data bases and wind potential maps with +/-20% certainty on the suitability of specific areas for renewable wind power projects. The wind model for Somalia is very encouraging, but “bankable” wind projects i.e. private investment in this sector will require a higher level of certainty. In addition to wind maps, the Bank now has high quality solar maps under the Global Solar Atlas project for Somalia. The bank would support the government to undertake additional identification studies to provide data to produce high quality wind and solar potential maps.
- (iii) **A market study for the off-grid solar** was completed in February 2017. The study identifies key constraints in launching an off-grid solar activities in Somalia under Lighting Africa framework. The market study forms the basis for developing this project. Finally,

IFC is implementing technical assistance, which includes policy and regulatory reforms for the energy sector; and Public Private Dialogue (PPD), which is a structured engagement among an inclusive set of relevant and local stakeholders that seeks to identify, prioritize, and recommend fact-based solutions to a specific need, challenge, or problem. The Somalia Public Private dialogue forum was launched in June 2016 and received further impetus during the Somalia London conference in May 2017 during which, under the leadership of H.E the President of Somalia, a PPD declaration was signed between the government and the private sector. Inter alia, this declaration prioritized the development of the renewable energy sector, and partnership between government and private sector. The TA for energy PPD will lead to the formation of Energy Working Group; agree on terms of reference for the Working Group including its mandate, legitimacy and links with existing aid architecture; reach a common understanding of the main challenges facing government, the private sector and other stakeholders in the energy sector; and identify 5 -6 key priority areas with tangible, measurable actions that can be addressed in the next 6 months (starting in October 2017). IFC would be interested to participate in the investment activities once arrears are addressed and IDA lending resumes.

Relationship to CPF

The proposed project is aligned with the FGS’s National Development Plan (NDP), 2017-2019 that has a strong focus on tackling poverty and building resilience. The project supports the FGS’s aim to provide access to clean and modern energy services for Somali people. The NDP relies largely on the development assistance from the international community given the under-developed and poor socio-economic status of the country. The project thus contributes to the ongoing efforts by international community to deliver critical energy services to the Somali population and improve electricity access.

The project is in line with the Interim Strategy Note (ISN) for the Federal Republic of Somalia (FY14-16). The note supports sustainable poverty reduction in fragile and conflict-affected contexts, while highlighting the need to address facets of vulnerability—including displacement—as a cross-cutting concern. The ISN prioritizes



strengthening core economic institutions and expanding economic activity, by enhancing the productivity of high priority sectors and related value chains, including through the rehabilitation of critical infrastructure for energy. This is also in line with the Systematic Country Diagnostic (SCD) which is due to be completed by the end of FY18.

C. Proposed Development Objective(s)

The Project Objective is to expand access to electricity in targeted rural and peri urban communities in Somalia, including Somaliland

Key Results (From PCN)

1. People provided with new or improved electricity service;
2. Enterprises provided with new or improved electricity service
3. Community facilities provided with new or improved electricity service

The project indicators and results will be fully developed during project preparation.

D. Concept Description

The Project will be implemented across the entire Somalia peninsula, covering Southern Somalia (Banaadir, Jubbaland, South west state, Hiiraan & Shabelle and Galmuudud), Somaliland, and Puntland. While there are tremendous needs with respect to energy access, the fragile and complex operating environment necessitates a selective approach to supporting the effective, affordable, and sustainable delivery of energy services. Somalia's private sector has impressively stepped up to deliver basic energy services in the aftermath of the protracted conflict of the 1990s, nevertheless these enterprises are often lacking the latest technical, financing, and business model insights that could help scale their businesses. The core proposition of the SEAP is to leverage these incumbent capabilities and activities to improve the overall quality of services they offer to their customers, and to provide them with the technical and financial resources required to deepen and broaden their geographic footprint across the territories.

Given the limited project resources available, the scope will focus on energy service delivery at household and small enterprise levels. The main technology that will be supported will be Lighting Global Quality Verified products, whose reliability and affordability should make them attractive options for households currently not connected to the grid. While mini-grids are the de-facto energy service provider of scale in the country, there are several other development partners actively engaged in this space, and the technical and financial resources required to make meaningful investments in this technology are beyond the scope of this project. As such, mini-grid activities will focus on analytic work that will prepare future investment activities and which complement ongoing mini-grid support from other development partners. Technical capacities in the ministries are extremely limited; as such, a third party will need to be hired to administer the bulk of project activities on behalf of the federal and regional governments. The mandate of this entity will heavily focus on capacity building however to further develop capabilities of the public sector to oversee energy services that are delivered by private sector operators.

Project Components

Component 1: Electrification of households and small businesses through standalone solar home systems [US\$ 3 million]

The proposed component is based on a well-tested approach to catalyzing commercial markets for off-grid solar



developed by the joint World Bank-IFC Lighting Africa program. A holistic, bespoke approach to addressing both demand- and supply-side bottlenecks will be developed for the specific needs of the Somali off-grid market.

The goal of this component is to help reduce market barriers for the private sector to provide modern solar lighting to some of the 1.8 million households in Somalia without electricity. The activity targets poorer household and, small businesses in urban and peri urban areas that cannot afford to connect to a mini-grid service or households in these areas that are not proximate to a mini-grid; isolated villages and smaller settlements³ where mini-grids do not make economic sense; and nomadic pastoralists whose livelihoods do not lend themselves to a fixed electricity connection. Component activities will include a blend of supply- and demand-side interventions. Substantial market analysis was undertaken on the energy sector in Somalia over the past several months. This includes an off-grid lighting market assessment that was financed by the Lighting Africa program, technical studies related to mini-grids by DfID under its Energy Security and Resource Efficiency in Somaliland (ESRES) Project, an energy sector needs assessment by the African Development Bank, a renewable energy study by UNDP, and a technical study for off-grid solar by the European Union. In light of this, additional market scoping work is not proposed under the project.

A summary of these prospective instruments is outlined below (to be confirmed during project preparation):

- *Quality assurance*: developing interventions to maintain the integrity of the market, by limiting availability of and demand for poor-quality and/or counterfeit products. It is proposed under the project that only Lighting Global Quality Verified products will be supported. Under the TA activities for the regional governments, specific quality assurance activities will be identified.
- *Consumer awareness*: improving household understanding of how off-grid solar technology works, its benefits, how to operate, maintain and dispose of the products, and the importance of and how to identify quality products. This is proposed to be a component under the project.
- *Access to finance*: financing solutions, most often in the form of debt, to enable local solar companies to purchase inventory, and in some cases, extend credit to consumers. Given how critical this type of support is to the development of the off-grid solar industry, this will be a major area of focus under the project. This is expected to take the form of two main instruments: i) “quick win” grants to solar companies, to lower the cost of initiating or scaling operations in the Somali territories; and ii) debt financing, to enable companies to get Quality Verified products into the market, and in some cases to extend credit to customers under a “pay-as-you-go” (PAYGo) model. Catalytic Grants that will enable the importation of inventories and growth capital to increase reach and service quality. Catalytic Grants will be awarded in one of two forms:
 - i. Risk Mitigation Grants offered to both local Somali financial institutions and regional hard-currency off-grid energy lenders to buy down market and country risk for loans to Somali solar distributors. Risk Mitigation Grants will cover a pre-determined percentage of debt finance to distributors, and will be available for drawdown by lenders in the event of default. Depending on the level of utilization of the Risk Mitigation Grant, funds held for this Grant may be reallocated to the Expansion Grant at an intermediate point in the Project.
 - ii. Expansion Grant to solar distributors triggered upon securing debt capital (with or without the Risk Mitigation Grant) or equity contribution. The Expansion Grant will increase enterprise liquidity, thus further reducing bank credit risk (when combined with the Risk Mitigation Grant), as well as providing growth funding for distributors to invest into key business functions such as marketing, training, and after-

³ UNDP Somalia is developing a solar lantern program targeting the IDP households and camps. These activities will be complementary to SEAP.



sales support. This Expansion Grant is also intended to further scale early pilots for providing consumer financing plans (including pay-as-you-go) that enable customers to pay in installments, thus spreading out payment over longer periods of time and improving affordability. Pending market response, the Expansion Grant could also be accessible to MFIs and local savings cooperatives seeking to grow their solar consumer loan portfolios.

- *Consumer affordability*: depending on findings relative to household's ability to pay, there may be a need to structure interventions that reduce the consumer price of solar products. This can be accomplished through lease-to-own arrangements, where customers pay for products in installments, or via direct subsidies to households in the form of vouchers or rebates. This will initially be covered via the debt financing instrument above.
- *Market enabling*: developing modalities to provide solar companies with the package of incentives and support they will require to establish and or scale up their operations. This could include grants to solar companies to de-risk changes to their business model, TA to support enterprise development, etc. This will be covered via the "quick win" grants mentioned above.
- *Policy and regulation*: determining whether there are adjustments required to the existing policy and regulatory framework that could further enable the prospects and consumer protection for the off-grid solar industry.

Management of the Catalytic Grant will be executed by the World Bank on behalf of FGS and GoSI⁴. The World Bank will competitively select a firm or consortium of firms to provide the services under the scope of work of the Catalytic Grant Manager. The individual subcomponents under the Catalytic Grant may also be awarded through separate contracts. However, the Catalytic Grant manager will need to closely co-ordinate Expansion Grant administration, Risk Mitigation Grant administration, and matchmaking between distributors and financial institutions. Consumer awareness and quality assurance will be implemented by FGS and GoSI in Somalia and Somaliland respectively, though the Catalytic Grant Manger will be expected to provide inputs and guidance to these activities as necessary. The preferred candidate/firm for this role will undergo an OP 10.00 review to confirm their suitability for this mandate prior to finalizing the selection process. The firm will also be tasked with building environmental screening and implantation capacity of the technical staff within the ministries at the national and regional levels.

Component 2: Enabling electrification through solar powered/hybrid mini-grids [US\$1,000,000]

This component will support mini-grid sector in Somalia. The information available on existing mini-grids is nascent, though they are the default energy provider throughout the country. This incumbent private-sector led approach merits additional investigation, given that any activities to be financed under the project should build on lessons learned from these experiences. The ongoing Power Master Plan Study, financed by the World Bank, will provide significant clarity regarding the status quo and the appropriate way forward for mini-grid technology. While the Master Plan will provide the long-term vision for the sector, key development partners already have activities underway to support the scale up of mini-grids in Somalia (e.g. DfID supports the £20 million ESRES Program, which in its first phase is supporting the hybridization of six mini-grid sites; Phase 2 will kick off in 2018, and will deploy the remaining £15 million; the EU planning

⁴ This would be under the Special Considerations as specified in the OP 10, para 12 for "Projects in Situations of Urgent Need of Assistance or Capacity Constraints"; and the Bank may provide support as the country is deemed to experience capacity constraints because of fragility.



to rollout several dozen community installations via the ADRA-implemented SET Project).

Given the high investment costs associated with mini-grid development and the modest resources under the proposed project, the project's exclusive focus under this component will be on analytic work. Activities financed by SEAP takes into account the activities of DFID and other development partners in the Somali mini-grid space. Analytic work under this project is expected to include the following activities:

- a. Detailed geospatial mapping to undertake a more comprehensive inventorying of the current mini-grid situation in Somalia, identify potential future sites, and estimate future demand;
- b. Review of property rights and land issues pertaining to energy infrastructure investment;
- c. Pre-feasibility studies for hybridization, operational enhancements, and densification of Brownfield (existing) mini-grid sites
- d. Pre-feasibility studies for Greenfield (new) sites identified in geospatial mapping
- e. Developing/ structuring options for the financing, operation, and ownership of new mini-grids
- f. Defining Legal, institutional and financing arrangements for developing mini-grids.

With the considerable activities, currently underway by other donors, it is likely that this component will focus on supporting activities that will establish a pipeline of mini-grid projects and identify appropriate business models for their deployment. No land acquisition is envisaged under this component.

Component 3: Technical Assistance, Capacity Building and Project Management [US\$1.5 million]

This component will ensure the effective rollout of project activities and support the development of capacity in the government agencies to directly manage these types of engagements in the future. A first set of activities will focus on capacity development within the federal government of Somalia's Ministry of Energy and Water Resources; and Somaliland's Ministry of Energy and Minerals. The capacity development would be in form of training of key staff in the ministries, participation in workshops and seminars, exposure visits, hiring of local consultants to support the ministries and office equipment. The component will also support safeguard capacity building for the clients (PIUs, ministries of energy, and stakeholders who will access financing from the project).

Given the complexity of the activities to be supported, along with capacity constraints within the government entities associated with them, third part consultants/firm would competitively be selected to manage Component 1 of the project under a Bank Executed (BE) arrangement on behalf of the recipient. This firm will oversee the rollout of the catalytic grant facility and consumer awareness campaign activities. A strong emphasis will be placed in their scope of work on capacity development of the technical staff within the ministries at national and regional levels. The BE firm will also be tasked with building environmental screening and implantation capacity of the technical staff within the ministries at the national and regional levels.

SAFEGUARDS

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

The project would be implemented in Somalia, covering all regions including Somaliland, Puntland and Southern Somalia. Somalia's northern regions (Somaliland and Puntland) have put in place functioning institutions that have succeeded in



sustaining stability, although considerable development challenges remain. Following the declaration of independence and semi-autonomy respectively, Somaliland and Puntland have developed hybrid forms of governance combining modern institutions with religious authorities, civil society, private sector and diaspora organizations, which have guaranteed higher levels of peace, security and institutional development. While substantial development challenges remain, the starting point for development work is nevertheless different in the north. However, Puntland and Somaliland seek very different futures: while Somaliland constitution envisages an independent existence, Puntland is committed to participate in Somalia’s federal system. Population densities are low and the lifestyle is predominantly pastoral and low level sedentary farming on the arid and semi-arid lands. These regions are deficient in terms of access to good roads, electricity, portable water and social services due to their remoteness from national infrastructural networks. Electricity supply is predominantly from unimproved sources (such as diesel or petrol powered gensets, kerosene, candles, and batteries) which do not meet the ever-increasing demand in these underserved areas.

B. Borrower’s Institutional Capacity for Safeguard Policies

The counterpart’s capacity in planning, implementing and supervising any due diligence measures (environmental, social, technical and overall quality) is currently deemed very low. There is very limited capacity in terms of staffing, financial resources and skills on the World Bank's safeguard policies. The FGS has created a Ministry of Energy and Water Resources in Mogadishu, to be focused on developing energy sector policy and regulation of the sector. The ministry’s energy sector management department has only a director and volunteer consultant. However, this consultant is knowledgeable about environmental and social safeguards and international standards, and could provide a focal point for beginning to develop PIU or in-house safeguards capability, given some capacity building and other project support. In Somaliland, capacity within the Ministry of Energy and Mineral Resources, which is responsible for energy sector policy and oversight, and Ministry of Public Works, which supervises the Somaliland Electricity Agency (SEA) have limited capacity to provide sector management, including in safeguards. Puntland has no equivalent energy ministry, but does have the Puntland State Authority for Water, Energy, and Natural Resources (PSAWEN), a semiautonomous agency reporting to the Presidency and mandated to oversee and regulate the electric power industry, but PSAWEN has currently no technical capacity. Despite the current low level of safeguard capacity within the agencies responsible for the power sector at the FGS level and in Puntland and Somaliland, there is some nascent capacity in those government’s agencies responsible for environmental matters. Given the relatively low to minimal level of environmental and social impacts anticipated by small-scale solar installations under this project, the addition of one or two knowledgeable and engaged safeguard specialists to a dedicated PIU or the staff of agencies responsible for electricity sector oversight could adequately cover safeguard requirements for this project. Under Component 3, additional capacity building for safeguard focal points and implementing agencies' technical staff could also serve as the base for strengthening their safeguards oversight capacity for possible future larger power projects. The frameworks will assess in more detail the staffing and capacity of the implementing agencies and propose a course of action to fill the staffing and capacity gaps during implementation.

C. Environmental and Social Safeguards Specialists on the Team

Tracy Hart, Environmental Safeguards Specialist
Richard Everett, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
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Environmental Assessment OP/BP 4.01

Yes

The project is assigned as a Category B Partial Assessment, - assigned to projects that are likely to have limited and reversible environmental impacts, that can readily be mitigated. There are no significant and /or irreversible adverse environmental issues anticipated from the subprojects to be financed under the Project. The main potential environmental impacts anticipated for the project are the environmental, health and safety concerns that are likely to be associated with recycle and disposal of spent batteries at the end of their useful lives, which is usually 3-5 years after deployment. Rechargeable batteries for storing solar energy may run on nickel-cadmium (Ni-Cad), nickel metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A) or lead-gel (Pb-gel). These batteries should not be disposed in standard landfills because they can create long lasting environmental and human health impacts (e.g., headaches, abdominal discomfort, seizures and comas, cancers, irritation of skin and respiratory system, burns and damage to skin and eyes, corrosion, etc.) due largely to the heavy metals such as mercury, lead, cadmium and nickel, and acids. The entire management processes including de-manufacturing, collection, storage, recycling, transport and disposal may present a challenge to this Project, given the scope of this operation. The ESMF for this grant will incorporate aspects related to solid waste from solar PV systems and/or develop a project-specific environmental code of practice (ECoP) as a guidance on approach for the collection, transport, storage and disposal of spent batteries, with the aim of ensuring that risks to the environment and human health are prevented or mitigated. Apart from providing approaches to the management of spent PV batteries, such an ECOP will also seek to inform discussion and build awareness of all stakeholders, including rural community members, vendors/suppliers of products and service providers, around safe management of used batteries.

Since the specific locations/ sites of the subprojects are unknown at this stage of project preparation, the Client will prepare an Environmental and Social Management Framework (ESMF), with an ECoP within, in participatory manner and consulted upon. The ESMF will contain an environmental and social



screening process, and environmental and social checklist to ensure that potential negative impacts are mitigated. Two ESMF will be development for Somaliland and Federal Government of Somalia.

Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	TBD	During preparation, screening will be done to establish whether there are natural habitats in the project implementation area.
Forests OP/BP 4.36	No	There are no forests in the project implementation area.
Pest Management OP 4.09	No	There will be no chemical pesticides procured or used in this project.
Physical Cultural Resources OP/BP 4.11	No	The project will not result in land disturbance.
Indigenous Peoples OP/BP 4.10	No	This policy is not applicable because there are no indigenous peoples in Somalia.
Involuntary Resettlement OP/BP 4.12	No	No physical displacement is anticipated due to the nature of the project. There will be no land acquisition under Component 1 and 2.
Safety of Dams OP/BP 4.37	No	There will be no dam construction financed in this project.
Projects on International Waterways OP/BP 7.50	No	Project sites are not located on or near any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project will not be operating in disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Apr 27, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The client has already started working on the ESMF.

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APPROVAL

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Country Director:	Preeti Arora	05-May-2018
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