

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1082

Date ISDS Prepared/Updated: 25-Nov-2014

Date ISDS Approved/Disclosed: 10-Dec-2014

I. BASIC INFORMATION

A. Basic Project Data

Country:	Lao People's Democratic Republic	Project ID:	P149599
Project Name:	Power Grid Improvement Project (P149599)		
Task Team Leader:	Rome Chavapricha		
Estimated Appraisal Date:	21-Apr-2015	Estimated Board Date:	30-Jul-2015
Managing Unit:	GEEDR	Lending Instrument:	Investment Project Financing
Sector(s):	Transmission and Distribution of Electricity (50%), Energy efficiency in Heat and Power (50%)		
Theme(s):	Other environment and natural resources management (100%)		
Financing (In USD Million)			
Total Project Cost:	30.00	Total Bank Financing:	30.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
IDA Grant			15.00
IDA recommitted as a Credit			15.00
Total			30.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The project development objective is to help improve efficiency and reliability of power distribution in the selected load areas served by EDL.

C. Project Description

The main proposed project components include:

a. Smart metering and reduction of distribution losses [US\$ 18 million]: This component will introduce advanced metering technology in the project area to help reduce distribution losses and improve metering, billing and collection system. In addition, this component will help improve reliability of power supply and reduce losses in selected parts of the distribution network through strengthening of power distribution infrastructure (upgrading of conductors, increasing transformer capacity, placement of capacitors for reactive power and voltage control, installing load break switches and reclosers, etc.). The upgrading of conductors involves the rehabilitation of an estimated 366 km of power distribution lines, including about 127 km of medium voltage lines (22 kV).

b. Management Information System [US\$ 7 million]. There are three subcomponents: (i) Supply and installation of optical fiber communication links in the project area; (ii) Extension of Geographic Information System (GIS) to support power distribution operation and maintenance; and (iii) Supply and installation of an updated corporate financial management system. This sub-component will focus on the modernization of financial management in EDL, including through the improvement of billing and collection system and its integration with other functions in a modern corporate-wide financial management system

c. Institutional capacity building and technical assistance (TA) [US\$ 5 million], including: (i) expand testing and certification facility of distribution materials and equipment, (ii) applications of advanced metering infrastructure, (iii) applications of energy balancing and power flow software, and (iv) project implementation support.

d. Contingent emergency response [US\$ 0 million]. The objective of this “zero component” is to allow a rapid reallocation of IDA proceeds from other components to provide emergency recovery and reconstruction support following an adverse natural disaster event. This component would finance public and private sector expenditures on a positive list of goods and/or specific works, goods, services and emergency operation costs required for emergency recovery. A Contingency Emergency Response Component (CERC) Operational Manual will apply to this component, detailing financial management, procurement, safeguard and any other necessary implementation arrangements.

Status of the Project, Procurement, Financial Management and Disbursement

EDL, supported by the Bank team, has prepared a preliminary cost estimate for the three components under the proposed IDA Credit and grant budget of US\$ 30 million. The actual cost will be determined upon completion of procurement for each procurement package.

The implementing agency EDL is expected to utilize its existing expertise in procurement, financial management, disbursement, and environmental and social management gained through the on-going REP II and the GMS Power Trade Project. The Bank team will carry out an updated assessment of EDL’s fiduciary as well as safeguard capacity and provide the necessary training and support during preparation, appraisal and implementation.

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

The geographical scope of the project is limited to the urban and suburban area of Vientiane. Specifically, the intended project area is located in Xaythany district of Vientiane capital, about 10

kilometers north of Vientiane city center, with a distribution loss of almost 25 percent at present. The Vientiane capital area accounts for about 40 percent of the country's demand for electricity. The Xaythany district comprises low- and high-income residential customers, commercial, and industrial customers. There are currently about 46,000 residential and 1,100 non-residential customers in Xaythany.

The number of kilometers of power lines to be rehabilitated is about 366 (of which 127 for medium-voltage). Small-scale works linked primarily to installation of meters, capacitors, upgraded medium-voltage transformers and conductors of low- and medium voltage lines are linked to the proposed rehabilitation of existing medium and low voltage distribution lines and reinforcement of selected electricity networks. The planned activities within the project do not include construction of new transmission or distribution electrical lines. The physical installations of meters, power distribution equipment, communication links, computing hardware, testing equipment are expected to be done on existing power poles, power lines, and buildings owned by EDL or by electricity customers. No land acquisition or physical relocation of existing residences is expected as construction work will be done on the existing power distribution infrastructure. However, a due diligence work is required to review in situ the power lines identified for rehabilitation, including access routes to associated facilities such as sub-stations, as relevant, for encroachments or other types of land use or informal land occupation which may hinder access to a safe working space or pose a safety risk to people living or working in the right-of-way. EDL will notify affected customers for any power cut requirements during project implementation in accordance with its established procedure.

E. Borrowers Institutional Capacity for Safeguard Policies

EDL has experience with Bank safeguard policies through the on-going Rural Electrification Phase II and GMS Power Trade Projects. This experience will be carried over to the proposed Power Grid Improvement Project.

F. Environmental and Social Safeguards Specialists on the Team

Juan Martinez (GSURR)

Ruxandra Maria Floroiu (GENDR)

Satoshi Ishihara (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Small scale installation works pertain to the rehabilitation of distribution of medium voltage (MV 22kV) and low-voltage (LV 0.4 kV) lines and the installation of electronic meters, replacement of capacitors (LV line), upgrading of conductors (on LV and MV lines) and replacement and upgrading of transformers (for MV). Given the nature of the rehabilitation works the project is proposed as category B as certain mitigation measures and monitoring actions will have to be implemented during the civil works in order to minimize, prevent and reduce possible temporary impacts on the environment. Temporary environmental impacts

		during works may include noise and air pollution, soils and water surfaces pollution due to disposal of fuel oils and other chemicals related to works and disposal of waste materials from installations to be replaced, and physical hazards to workers. Special attention will be given to management of hazardous electrical waste (old transformers) including handling, transportation and final disposal of materials contaminated by PCBs, as well as to impacts from disconnection of power lines and interruption of service to beneficiaries during works. These potential impacts could be managed through clear environmental due diligence obligations of contractors (which will be stipulated in the EMP) and use of adequate technical construction standards. To ensure that the environmental issues are appropriately addressed, the Client will prepare a standardized EMP including ECoPs that will meet Bank safeguard policies and national applicable legislation. The WBG Environmental, Health and Safety (EHS) Guidelines for Power Transmission and Distribution will be followed during project implementation, including provisions for beneficiaries and worker health and safety. The ECoPs should include specifications for the proper disposal of excess/discarded electric materials, lubricants, etc. In addition, proper dissemination of service disruption, traffic management, etc. should be required of all contractors.
Natural Habitats OP/BP 4.04	No	The works will take place in urban areas where there are no natural habitats.
Forests OP/BP 4.36	No	No project activities are involved with forest management of affecting forests.
Pest Management OP 4.09	No	The project does not involve the purchase or increase use of pesticides. EDL does not use toxic herbicides to prevent vegetation growth around poles.
Physical Cultural Resources OP/BP 4.11	Yes	The policy is triggered as precautionary measure to avoid impacts to stupas, pagodas or other cultural and historical resources. A rights-of-way survey undertaken before project appraisal may facilitate early identification and planning for physical cultural resources which may need special measures for their avoidance and protection. Work in proximity to physical cultural resources should be carefully planned and specifications for minimizing potential impacts on stupas, pagodas or other cultural and

		historical resources should be included in the ECoPs. Special work schedules when working in these areas might also be needed.
Indigenous Peoples OP/BP 4.10	No	The project will be implemented within the Xaythany district which is an urban district within Vientiane Capital. Indigenous Peoples communities (known as Ethnic Groups in Lao PDR) are not known to be present in the project areas. The absence of IP communities will be confirmed during the early phase of the project preparation. In the unlikely event that an ethnic group is known to be present in or have collective attachment to the project zone of influence, the policy will be triggered, free, prior and informed consultations will be conducted with them and an Ethnic Group Plan will be developed in line with the OP 4.10 requirements.
Involuntary Resettlement OP/ BP 4.12	TBD	The project will finance the physical installations of meters, power distribution equipment, communication links, computing hardware, testing equipment which are expected to be done on existing power poles, power lines, and buildings owned by EDL or by electricity customers. No land acquisition or physical relocation of households or commercial entities is expected as construction work will be done on the existing power distribution infrastructure. At this stage of project design more field work is required to determine if the policy is triggered or not, specifically: (1) field surveys should be undertaken to check the power lines identified for rehabilitation, (including access routes to associated facilities such as sub-stations, as relevant,) for encroachments or other types of land use or informal land occupation which may hinder access to a safe working space or pose a safety risk to people living or working in the right-of-way; and, (2) review corporate safety standards and related operations criteria with respect to land use in the 22kV power line rights-of-way to determine if any displacement, (physical or economic; temporary or permanent) would be needed to ensure that: (i) safety standards and access requirements are met for the rehabilitation of the power lines; and (ii) if there is a future need to displace people or modify land use in order to comply with safety standards. As an outcome of this process, a due diligence report will be prepared. If needed, a specific management protocol will be developed prior to appraisal in line with OP4.12

		requirements to manage and mitigate access-related displacement impacts on people living or using land in the MV line rights-of-way
Safety of Dams OP/BP 4.37	No	The project will not support construction or rehabilitation of dams nor will support other investments that rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	No project activities are involved in international waterways.
Projects in Disputed Areas OP/BP 7.60	No	No project activities are involved in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 31-Mar-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:

For environmental category B rating, the implementing agency will be preparing an environmental and social management plan including Environmental Codes of Practice before project appraisal. One public consultation with relevant stakeholders including people affected will take place to discuss and disseminate the EMP timely to meet project appraisal conditions.

IV. APPROVALS

Task Team Leader:	Name: Rome Chavapricha	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Josefo Tuyor (RSA)	Date: 09-Dec-2014
Practice Manager/ Manager:	Name: Julia M. Fraser (PMGR)	Date: 10-Dec-2014

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.