



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 28-Apr-2024 | Report No: PIDDC00717



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Operation ID P181494	Operation Name Accelerating Sustainable and Clean Energy Access Transformation in Burundi (ASCENT Burundi)	
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 27-May-2024	Estimated Approval Date 06-Jun-2024	Practice Area (Lead) Energy & Extractives
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Ministry of Finances	Implementing Agency REGIE DE PRODUCTION ET DE DISTRIBUTION D'EAU ET D'ELECTRICITÉ, WEZA Power	

Proposed Development Objective(s)

To increase access to electricity for households, enterprises, and public institutions in Burundi.

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	189.90
Total Financing	189.90
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
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IDA Grant	100.00
Non-World Bank Group Financing	
Counterpart Funding	10.00
Borrower/Recipient	10.00
Other Sources	79.90
FRANCE: Govt. of [MOFA and AFD (C2D)]	11.00
EC: European Investment Bank	47.40
EC: European Commission	21.50
Environmental and Social Risk Classification	Concept Review Decision
Substantial	The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. The Multiphase Programmatic Approach (MPA) - “Accelerating Sustainable and Clean Energy Access Transformation” Program (ASCENT MPA Program - P180547) was approved by the World Bank (WB) Board of Directors on November 28, 2023, with an indicative financing envelope of US\$5 billion equivalent.** The Program Development Objective (PrDO) is “to increase access to sustainable and clean energy in Eastern and Southern Africa”. The proposed Project ““Accelerating Sustainable and Clean Energy Access Transformation in Burundi” (P181494 - ASCENT Burundi) is aligned with the PrDO and the framework of the ASCENT MPA Program. The financing envelope for the proposed Project of US\$100 million, is expected to include US\$50 million of IDA PBA and US\$50 million of regional IDA. Other development partners have confirmed their interest in mobilizing additional resources as complement to the IDA allocation, in support of the Government of Burundi’s (GoB) access program.
- 2. Burundi still has one of the lowest electricity access rates globally, with about only 12% of the population having access to electricity, most of which is through the grid.** While 72.5 percent of the population living in Bujumbura and 42.6 percent of the population living in other urban centers have access to grid electricity, the proportion falls to 1.8 percent of the population in rural areas, which is a significant constraint to economic, social and human capital development.

Sectoral and Institutional Context

- 3. Yet, even those in Burundi who are connected to the grid, experience poor quality of power service that is undermining economic growth opportunities.** Unreliable power supply, high technical and commercial losses (estimated at 32 percent), ongoing load shedding, dilapidated and/or inexistant distribution network and connection



facilities have strongly hindered the country's economic development. The national vertically integrated state-owned utility *Régie de Production et de Distribution d'Eau et d'Électricité* (Water and Electricity Production and Distribution Board, "REGIDESO") has neglected investing in the maintenance and rehabilitation of the distribution network, resulting in poor quality of service and significant suppressed demand.

4. **Access expansion and provision of quality services to customers are equally constrained by REGIDESO's poor technical performance and low financial viability.** REGIDESO serves about 130,000 households, mainly in Bujumbura where most economic activities are located (64 percent of overall client base). REGIDESO's poor governance includes poor revenue protection management, limited capacity and skills gap and political nomination of top management. In addition, REGIDESO's poor creditworthiness, constrains its ability to meet growing demand and limits the flow of both public and private investments to the sector.
5. **The Government of Burundi's (GoB) Universal Access Program sets an ambitious target to reach universal access to electricity by 2030 in accordance with the UN Sustainable Development Goal 7 (SDG7).** The national least cost electrification strategy states that 60% of the population will be grid connected while the remaining 28% and 12% would be connected to standalone solar solutions and mini grids respectively. Investment needs to achieve SDG7 are estimated at US\$3 billion. The mobilization of such financing can only be feasible if the sector offers an adequate enabling environment to both public and private investors.
6. **The WB has been actively supporting GoB's access agenda.** The on-going national SOLEIL-Nyakiriza project (P164435 - US\$63 million) supports the Government's off-grid program which will provide new or improved electricity access to 300,000 people and focuses on setting up the building blocks for a private sector led approach for decentralized solar solutions in rural areas. Furthermore, this project will support the ongoing dialogue with REGIDESO including: (i) the improvement of REGIDESO's technical and commercial performance through; a new organizational structure, the implementation of a Management and a Geographic Information Systems and the Revenue Protection Program ; and (ii) a least cost expansion planning through capacity building and improvement of the financial sustainability of the sector in application of a performance based contract with the Government.

Relationship to CPF

7. **The ASCENT Burundi Project is fully aligned with the Burundi Country Partnership Framework¹ (CPF) and the GoB's National Development Plan (2018).** The Project is fully aligned with the extended Burundi CPF for FY18-24, contributing to Objective 2 "Reinforce the Economic and Social Resilience bases" and especially, Objective 2.2 "Improve Energy Access for vulnerable families". It is aligned with two pillars of the Government's National Development Plan (2018) which focuses on (i) the promotion of a strong and competitive growth to structurally transform the economy; and (ii) a sustainable management of the environment. The Project will also contribute to the achievement of the High-Level Objective of improving the macroeconomic stability of the country.
8. **This project is consistent with the Nationally Determined Contributions (NDCs) of Burundi.** According to the updated NDC (2021), Burundi expanded the geographical and sectoral scope of its adaptation ambition, while making an unconditional pledge to reduce emissions by 3.04% by 2030, or 12.61% with international support. The NDC includes the development of a logical framework to monitor and assess the implementation of the priority mitigation and adaptation actions especially in the energy sector. This project is also aligned with adaptation and mitigation goals of the Paris Agreement.

C. Proposed Development Objective(s)

¹ World Bank Group extended Country Partnership Framework with the Republic of Burundi FT19-24, discussed by the board on 06/10/2019.



To increase access to electricity for households, enterprises, and public institutions in Burundi.

Key Results (From PCN)

The key outcome indicator proposed to measure achievement of the PDO is the percentage of people provided with new and improved access to electricity (percentage, disaggregated by gender) (corporate results indicator).

D. Concept Description

- 9. The proposed Project aligns with the GoB Universal Access Program by setting the foundations to grid electrification scale-up.** Activities under the Project will provide new or improved access to 1.6 million people, increasing the national electricity access rate from 12% to 16%. The Project will constitute a prelude to connect an additional 3.2 million people through public or private operators in peri-urban and rural areas for the next phase. The quality of service in targeted areas of the Project will significantly improve, allowing for sustained socio-economic development.
- 10. The proposed Project will leverage both private and public led approaches to expand the national distribution network.** While supporting REGIDESO's electrification efforts, the Project will support a private-sector led access provision. An interim agreement on a distribution pilot was signed in December 2023 between the GoB and Weza Power - a newly created privately owned utility. It aims at connecting up to 45,000 households, business and industries for US\$ 60M of development costs and capital expenditures.
- 11. The proposed Project will increase Burundi's electricity demand, deepening the need for regional integration and electricity trade.** Grid expansion supported by the Project will allow Burundi's power system to absorb more electricity imported from Rwanda and Tanzania and meet the increased need for electricity resulting from a higher electrification rate. Burundi is already part of the East African Power Pool and is working jointly with Rwanda and Tanzania on building interconnectors.
- 12. Policy Based Conditions (PBCs) will be introduced with disbursements to be made upon their achievement and against eligible expenditures to incentivize the approval and implementation of policy and regulatory actions including to promote sustainable access expansion and facilitate private investments in electricity distribution.** These expect to include: (i) Adoption by the GoB of grid electrification technical norms and standards; (ii) Adoption by the GoB of tariff methodology policy and of improved tariff structure, including social tariff applied exclusively to low-income/vulnerable consumers; and (iii) Adoption by the GoB of connection policy contemplating affordability of new consumers.
- 13. The proposed Project will support the following activities, fully aligned to the ASCENT design and its menu of activities:**
 - **Network reinforcement outside of Bujumbura.** This component will finance the 30 kV REGIDESO network outside of Bujumbura to prepare the next phase of the GoB Universal Access to Electricity Program which will focus on the expansion and densification of the distribution network in urban areas outside of Bujumbura as well as in rural areas. This 30 kV network reinforcement is also a prerequisite to attract private investments in the distribution sector, allow REGIDESO to meet its engagement as bulk supplier and allow the scale-up of Weza Power's operations.
 - **Rehabilitation, densification, modernization and extension of Bujumbura's distribution network.** This component will support (i) the rehabilitation of Bujumbura's REGIDESO distribution network (54,000 existing connections); (ii) its modernization through the installation of a SCADA/DMS; (iii) the densification of the



peripheral districts of Bujumbura already electrified; (iv) the electrification of non-electrified areas in Bujumbura with the installation of 26,000 new meters; and (v) the rehabilitation of the workshop for transformers’ repair and maintenance. The three PBCs identified will be linked to expenditures under this Component.

- **Private Sector Distribution Pilot.** The component will support the expansion of the distribution network through public owned assets installed and operated by a private led distribution utility - Weza Power - in peri-urban and rural areas. It will contribute to improving the project financial viability and consequently, the setting of an adequate level of PPA tariff, affordable for the off-taker – REGIDESO.
- **Power sector sustainability.** This component will support REGIDESO’s performance through the implementation of its Performance Improvement Plan and its Financial Recovery Plan. Support to the regulator, the Ministry of Finances and the Ministry of Energy would also be provided to strengthen the sector governance, long-term viability and private sector participation (i.e. tariffs, Power Sector Fiscal Sustainability Plan, capacity building in financial modeling, planning and public-private partnerships). The component will support a transaction advisor to support REGIDESO and the GoB in negotiating the PPA and concession agreement with Weza Power. Lastly, the component will support the GoB in planning the implementation of a next phase which would allow to connect about 3 million people.

Legal Operational Policies

	Triggered?	
	Last approved	Current
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

The environmental and social risk is rated Substantial at this stage. The project could lead adverse environmental and social risks and impacts during construction and operations of project activities under components 1 and 2, and could include vegetation degradation in the peripheral districts; traffic disruption on main roads and streets during rehabilitation and expansion works of the network segments; temporal or permanent loss of land, economic assets or vegetation, land use restrictions in the wayleave, non-inclusive consultation process, potential increase or incidents of GBV/SEA/SH, and poor labor working conditions; occupational health and safety risk (e.g. working at heights, live power lines etc.); community health and safety risk associated with construction sites, proximity to female workers, schools, and vulnerable groups, as well as exposure of communities through activities in densely populated areas; the operation of power lines and associated infrastructure such as transformers posing risks to communities; risk of soil and water pollution due to leaks and run-off from construction equipment and machinery; nuisances such as dust and noise during construction and rehabilitation activities; waste generation, including hazardous waste from electrical equipment to be replaced; exclusion of vulnerable groups, the Batwa and other marginalized groups (including gender, sexual and ethnic minorities) of the population from benefitting from the project benefits (access to energy) or economic opportunities



(employment). Appropriate analysis and precautions should be taken when dismantling old electrical equipment such as transformers and capacitors, as they may contain hazardous substances such as PCBs. Under component 3, the project will support the Government in preparing the second phase of its access strategy which would allow to connect about 3 million. This includes the preparation of technical studies that could lead to future investments. However, the magnitude of environmental problems associated with these investments is not expected to exceed the risks associated with this project and appropriate ESF requirements will be incorporated in these studies. Most of these environmental and social risks and impacts are considered to be predictable and can be mitigated through design and implementation of established mitigation measures. The TORs for technical studies to be financed under Component 3 shall comply with ESF requirements. Considering that the Borrower is in the process of preparing feasibility studies and environmental and social (E&S) impact studies for certain Project activities, due diligence will be conducted by the Bank prior to Appraisal to review and ensure that these studies and reports, as well as any TOR for technical studies, comply with ESF requirements. The new PIU will be established or the existing unit staffed, and equipped with the necessary skills and competencies. This will include recruiting an Environmental Specialist and a Social Development Specialist (a Gender and GBV Specialist may be recruited depending on the results of the risk assessment) to oversee the implementation of measures to mitigate the E&S impacts of the project. The Bank will carry out a capacity assessment of REGIDESO as part of due diligence to ascertain the potential for strengthening the E&S unit of the PHJIMU PIU to support the proposed project, identify whether there are existing units within that have competencies for aspects E&S management that could be relied on, training needs and the potential for skills transfer.

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APPROVAL

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