

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC3644

**Date ISDS Prepared/Updated: 06/25/2008**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Cameroon	Project ID: P110177
Project Name: Cameroon - Partial Risk Guarantees for Kribi Gas Power Generator	
Task Team Leader: Astrid Manroth	
Estimated Appraisal Date: September 15, 2008	Estimated Board Date: October 30, 2008
Managing Unit: AFTEG	Lending Instrument:
Sector: Power (80%);General energy sector (20%)	
Theme: Infrastructure services for private sector development (P);Regulation and competition policy (S)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	0.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
Borrower	0.00
IDA Guarantee	60.00
Bilateral Agencies (unidentified)	65.00
Foreign Multilateral Institutions (unidentified)	100.00
Foreign Private Commercial Sources (identified)	0.00
<u>Financing Gap</u>	<u>0.00</u>
	225.00

**B. Project Objectives [from section 2 of PCN]**

The primary project development objective for the project is to increase the capacity and reliability of electricity supply in Cameroon through the implementation of the Kribi gas to power generation project, thereby contributing to growth and poverty reduction in Cameroon. A secondary project development objective is to improve access to private finance for the development of Cameroon's electricity sector, including local currency financing

**C. Project Description [from section 3 of PCN]**

of a gas-fired power plant with a capacity of at least 150 MW located in the Mbolongwe village, 9 km north of the coastal city of Kribi in the southern province of Cameroon. A 100 km 225 kv dual transmission line will run between Kribi and the existing Mangombe 225/90kV substation at EdÃ©a in the Littoral Province. The choice of technology for the power plant (gas engines or

turbines) is being finalized. Additional investment components include (i) the Sanaga South gas field which is being developed by a joint venture between the national oil company (Société Nationale des Hydrocarbures - SNH) and the private company Perenco Cameroun under a production sharing agreement and financed by Perenco, and (ii) the CPF site at Bipaga and a gas pipeline linking the CPF and the power plant at Mpolongwe, financed by SNH. Gas supply arrangements between SNH and Perenco (GSA 1) and SNH and KPDC (GSA 2) are being finalized. AES Sonel will be the sole off-taker of electricity produced by KPDC under an arms' length Power Purchase Agreement (PPA) under negotiation. KPDC will sign an operations and maintenance contract with AES Sonel. The aluminum smelter, Alucam, Cameroon's single largest industrial electricity consumer, will ensure a stable base load for the project by taking up to 50 MW.

Depending on the choice of technology, total project cost is estimated in the area of US\$300 mm, of which up to US\$225 mm debt financing (75%) and US\$75 mm equity (25%). The World Bank will provide a Partial Risk Guarantee (PRG) for the Kribi gas power generation project for a total amount up to \$60 million. The PRG is expected to cover government obligations under the GSA 2, IPP licenses and other project documents as relevant. The PRG will allow local Cameroonian banks to participate in the project financing. Local currency finance will reduce foreign exchange risk, allow local banks to lend to KPDC with a long-term maturity and reduce interest rates with positive impacts on consumer tariffs. Other Development Finance Institutions including IFC will provide foreign currency syndicated loan financing for the project.

#### **D. Project location (if known)**

The project involves the development of the offshore Sanaga South gas field, a pipeline to bring the gas onshore for treatment at the CPF at Bipaga 1, a pipeline to transport the treated gas to the gas power plant located in the Mbolongwe village, 9 km north of the coastal city of Kribi in the southern province of Cameroon, and a 100 km 225 kv dual transmission line between Kribi and the existing Mangombe 225/90kV substation at Edea in the Littoral Province.

#### **E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]**

The main institution with responsibility for the environment is the Ministry of Environment and Protection of Nature of the Republic of Cameroon. The environmental law of 1996 and its implementation decrees require that environmental assessments be conducted for all large energy and other infrastructure projects which have to be approved by the Ministry of Environment and Protection of Nature through a Certificate of Conformity. The capacity of all governmental agencies of implementing environmental regulation in a sustainable way and supervising the enforcement of environmental management plans can be strengthened. For this purpose, the World Bank has recently approved a \$20 mm Environmental and Social Capacity Building in the Energy Sector Project.

#### **F. Environmental and Social Safeguards Specialists**

Mr Dan R. Aronson (AFTTR)

Mr Yves Andre Prevost (AFTEN)

Ms Yvette Laure Djachechi (AFTCS)

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
<p>The Kribi gas power project involves construction of a gas-fired power plant and a 100 km 225kV dual transmission line. Associated facilities include the development of the offshore Sanaga South gas field, an offshore gas pipeline from the gas field to the Central Processing Facility (CPF), the construction of the CPF at a separate site from the power plant and an onshore gas pipeline between the CPF and the power plant. Environmental and Social Impact Assessments (ESIAs) have been conducted for the power plant, transmission line, gas field and CPF site. These studies have been disclosed in the World Bank Infoshop and in country on February 25, 2008. A Regional Environmental Assessment (REA) has been conducted, public hearings were held in country on February 14, 2008 and the draft REA has been disclosed in the World Bank Infoshop and in country on February 25, 2008. The final REA will be available before appraisal and include an environmental impact assessment for the onshore gas pipeline between the CPF and power plant.</p>			
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
<p>The project area touches on the region's rich biodiversity, including forests, wetlands, marine life (including marine turtles), fisheries and tourism. The REA has been prepared to assess the magnitude of the cumulative development initiatives on the region. An in-depth biodiversity study will be conducted within the first 12 months of the project.</p>			
<b>Forests (OP/BP 4.36)</b>		<b>X</b>	
<b>Pest Management (OP 4.09)</b>		<b>X</b>	
<b>Physical Cultural Resources (OP/BP 4.11)</b>	<b>X</b>		
<p>Archeological sites including a diverse human settlement exist in the surface area of the Mpolongwe gas power plant site. An archeological study was conducted for the site and disclosed in the World Bank Infoshop and in country on February 25, 2008.</p>			
<b>Indigenous Peoples (OP/BP 4.10)</b>	<b>X</b>		
<p>The project area affects the livelihood of indigenous peoples, including pygmies, Bankola/Kola and Bantou communities. A Community and Indigenous Peoples Plan (CIPP) was developed to address and mitigate these impacts. The CIPP has been disclosed in the World Bank Infoshop and in country on February 25, 2008.</p>			
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
<p>The project will require the resettlement of 680 households. A Resettlement Action Plan (RAP) was prepared and has been disclosed in the World Bank Infoshop and in country on February 25, 2008.</p>			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	

**Environmental Category:** A - Full Assessment

## III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 03/05/2008

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A

C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS.

The project provides a partial risk guarantee for a gas power plant. The following documents have already been prepared prior for the gas power plant as well as associated facilities (offshore gas wells, pipelines, central gas processing plant, transmission line) and have been disclosed in the World Bank's InfoShop: Environmental and Social Impact Assessment (ESIA), Resettlement Action Plan (RAP), Community and Indigenous Peoples Plan (CIPP), and Archaeological Survey Report. A Regional Environmental Assessment (REA) has been conducted, public consultations on the draft final report were held on February 14, 2008 and the draft REA has been disclosed in the World Bank InfoShop and in country on February 25, 2008. The report will be finalized before appraisal and will include the EIA for the gas pipeline between the gas power plant and central gas processing plant. These safeguard studies will be disclosed in the country and at the World Bank InfoShop prior to appraisal. A more in depth biodiversity study will be completed within 12 months of project start-up. As part of their due diligence on a planned investment in the project, IFC has, amongst other studies, conducted a rapid biodiversity study.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Ms Astrid Manroth</b>	<b>02/25/2008</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Mr Warren Waters</b>	<b>02/25/2008</b>
<b>Comments:</b>		
<b>Sector Manager:</b>	<b>Mr Subramaniam V. Iyer</b>	<b>02/25/2008</b>
<b>Comments:</b>		

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<sup>1</sup> 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.

