

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC5849

Date ISDS Prepared/Updated: 04/25/2011

I. BASIC INFORMATION

A. Basic Project Data

Country: Malawi	Project ID: P099626
Project Name: Energy Sector	
Task Team Leader: Robert Mills	
Estimated Appraisal Date: April 14, 2011	Estimated Board Date: July 5, 2011
Managing Unit: AFTEG	Lending Instrument: Specific Investment Loan
Sector: General energy sector (100%)	
Theme: Other urban development (40%);Rural services and infrastructure (40%);Small and medium enterprise support (20%)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	79.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
BORROWER/RECIPIENT	5.00
<u>Financing Gap</u>	<u>0.00</u>
	5.00

B. Project Objectives [from section 2 of PCN]

The Project Development Objective is to increase the reliability and quality of electricity supply in the major load centres in Malawi.

C. Project Description [from section 3 of PCN]

The proposed project activities will comprise:

(1) Electricity Network Strengthening & Expansion, including rehabilitation, upgrading and expansion of priority parts of the existing distribution and transmission system, and the extension of the network in selected peri-urban areas. This component includes the rehabilitation, upgrade and expansion of priority parts of the existing distribution and transmission system, including extension of the network in selected peri-urban areas. This component will draw upon the feasibility studies prepared for the MCC Compact which identify the most urgent activities in all three regions of Malawi. The component will be divided into two sub-components:

Component 1a: Distribution & Transmission Uprating and Expansion. Activities in this sub-component include: (i) uprating of existing substations and associated lines, (ii) construction of

new substations and lines, (iii) underground cables rehabilitation, and (iv) construction and rehabilitation of 33 and 11kV lines.

Component 1b: Low Voltage Reticulation Reinforcement and Technical Implementation Support. Activities in this sub-component include: (i) #technical loss audits# to determine key sources of losses in the low-voltage system, (ii) reconfiguration and extension of medium voltage overhead lines (11kV and below) supplying #consumer substations#/distribution transformers (such as pole-mounted MV/LV step-down transformers), (iii) installation of approximately 200 new such #consumer substations#, (iv) construction of new three phase low voltage overhead lines and conversion of single phase to three phase low voltage overhead lines, and (v) a limited intensification of the peri-urban network via approximately 6,500 new household connections, benefitting approximately 30,000 Malawians.

(2) Hydroelectric Power Generation Feasibility Studies. This component includes financing for full feasibility studies needed for eventual development of an additional 260 # 400 MW of new hydropower generation capacity, required to meet Malawi's growing energy demand. The feasibility studies will include investigation of up to two sites with potential capacity of over 100MW on the major rivers in Malawi, as well as three or more sites with less than 50 MW potential capacities on the tributaries. The spread of the feasibility studies by size and geography will allow for a diversification of the sources of water for hydropower generation to mitigate some of the hydrologic risks of the already-crowded Shire river system. The full feasibility studies will include independent environmental and social impact analyses and associated mitigation/management plans. There will be no physical investments.

(3) Demand Side Management and Energy Efficiency Measures. Given the severe capacity constraints in Malawi's power system # evidenced by the extensive and year-round load-shedding program discussed above # it is proposed to finance several demand-side management (DSM) and energy efficiency activities in industrial and urban residential areas. These will provide, at relatively low cost, critical #quick wins# in Malawi's efforts to close the demand-supply gap, pending the installation of new generation capacity in the medium term. They will also help Malawi manage its system more reliably and at a lower cost. Investments will focus on reducing peak energy use in hot water geysers via insulation blankets, de-rating heater elements and wireless load control devices.

(4) Capacity building and Technical Assistance. This component will provide institutional strengthening and technical assistance to both MNREE and ESCOM to support their efforts to further develop Malawi's energy sector. Activities will include specialized technical assistance, support for sectoral studies, support for specialist transaction advisers and general institutional strengthening.

D. Project location (if known)

The project will primarily be implemented in the major load centres of Blantyre, Lilongwe, Zomba and Mzuzu.

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

The Project will be implemented by two implementing agencies: the Ministry of Natural Resources, Energy and Environment (MNREE) and the Electricity Supply Corporation of Malawi (ESCOM):

ESCOM will be the implementing agency for Components 1 (Electricity Network Strengthening and Expansion), 3 (DSM and Energy Efficiency Measures) and 4A (Technical Assistance and Capacity-Building for ESCOM). Components 1 and 3 contain the physical investments in the proposed project. ESCOM has an Environmental and Social Management Unit (ESMU), which has some if limited experience of implementing safeguards policies under World Bank projects. Training and capacity-building will be provided as part of the project preparation process.

MNREE will be the implementing agency for Component 2 (Feasibility Studies) and 4B (Technical Assistance and Capacity-Building for MNREE). These components do not include any physical investments and is limited to technical assistance for the feasibility studies in Component 2 and technical assistance and capacity-building in Component 4B. As with ESCOM, MNREE has an Environmental and Social Management Unit (ESMU), which has some if limited experience of implementing safeguards policies under World Bank projects. Training and capacity-building will be provided as part of the project preparation process.

F. Environmental and Social Safeguards Specialists

Mr Mohamed Arbi Ben-Achour (AFTCS)

Mr Robert A. Robelus (AFTWR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
<p>The project is expected to have site-specific and very limited environment and social impacts. Project investments are limited to urban and peri-urban areas. #Greenfield# investments are limited to four new substations. An Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) have been prepared as part of the project preparation process and have been disclosed by project appraisal. Given (i) the very limited environment and social impacts expected, and (ii) that the final locations of some investments (for example, positions of wooden poles for distribution lines) will not be known until the detailed design stage during project implementation, the project is using framework documents only at this stage. As project preparation continues, ESCOM will prepare an ESIA for Component 1, which will provide environmental management plans for any identified potential impacts.</p>			
Natural Habitats (OP/BP 4.04)		X	
Forests (OP/BP 4.36)		X	
Pest Management (OP 4.09)		X	
Physical Cultural Resources (OP/BP 4.11)			X
<p>Almost all substation investments are at existing sites in urban and peri-urban areas, with #greenfield# investments limited to four new substations. While no physical cultural resources are visible from physical inspections, it is possible that physical/cultural resources might be revealed during installation works. This issue will be investigated further in the ESIA. All activities in Component 1 (i.e. those involving physical investments) will include chance finds procedures, as set out in the ESMF.</p>			

Safeguard Policies Triggered	Yes	No	TBD
Indigenous Peoples (OP/BP 4.10)		X	
Involuntary Resettlement (OP/BP 4.12)	X		
<p>Limited compensation for involuntary resettlement is expected, primarily for crop damage from installation of new sub-transmission voltage lines (33kV and below) and construction of 4 new substations. The implementing agency has prepared a RFP for the project, which has disclosed by appraisal. If land acquisition and/or displacements are necessary during project implementation, then full or abbreviated RAPs will be prepared as necessary. Mitigation instruments and procedures for possible crop damage will be assessed during the implementation process.</p>			
Safety of Dams (OP/BP 4.37)		X	
Projects on International Waterways (OP/BP 7.50)		X	
Projects in Disputed Areas (OP/BP 7.60)		X	

Environmental Category: B - Partial Assessment

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 03/31/2011
- B. For 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 timing¹ should be specified in the PAD-stage ISDS. The specific studies and their timing should be specified in the PAD-stage ISDS. The RPF and ESMF were disclosed by appraisal, on 18 February 2011 in the Bank Infoshop and in-country on April 14 2011.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Mr Robert Mills	04/19/2011
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Ms Alexandra C. Bezeredi	04/19/2011
Comments:		
Sector Manager:	Mr Subramaniam V. Iyer	04/19/2011
Comments:		

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.

