

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 05/06/2011

Report No.: AC6265

1. 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.):	84.70
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
<u>BORROWER/RECIPIENT</u>	0.00
	0.00
Environmental Category: B - Partial Assessment	
Repeater <input type="checkbox"/>	
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

2. Project Objectives

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

3. Project Description

The proposed project will be comprised of four components: (1) Electricity Network Strengthening and Expansion; (2) Generation & Transmission Feasibility Studies, including preliminary Environmental and Social Impact Assessments (ESIA) and an estimate of the number of affected people; a full ESIA and Resettlement Action Plan (RAP) will be prepared only for one site (Lower Fufu); (3) Demand Side Management and Energy Efficiency Measures, and (4) Capacity building and Technical Assistance. A brief description of each component is provided below:

(1) Component 1: Electricity Network Strengthening and Expansion. 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, and consist of three sub-components:

Component 1a: Distribution and Transmission Upgrading and Expansion. Activities in this sub-component include: (i) construction of new medium-voltage substations and associated 33/11 kV distribution lines at Dwangwa, Katoto, Kauma, and Bangwe; (ii) upgrading of existing medium-voltage substations at Golomoti, Chinyama, Fundis Cross, Nkula, Balaka, and Chingeni; (iii) construction and rehabilitation of 33/11 kV distribution lines; (iv) underground cables rehabilitations; (v) extension of low-voltage peri-urban networks; and (vi) purchase of spare parts for generation, transmission and distribution systems.

Component 1b: Low Voltage Reticulation Reinforcement. 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 supplying consumer substations/distribution 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; (v) a limited intensification of the peri-urban network; (vi) enhancement of ESCOM's Training School in Blantyre; and (vii) purchase and installation of check meters at a large sample of step-down transformers in the project areas.

Component 1c: Consulting Engineer. Activities in this sub-component include: (i) preliminary survey and design work for transmission and distribution lines investments in Component 1a and 1b; (ii) support to ESCOM to supervise contractors during implementation of Components 1a and 1b; (iii) advise ESCOM on establishing a dedicated materials management system; and (iv) design work for installing check meters in the project areas.

(2) Component 2: Generation & Transmission Feasibility Studies. This component will support financing of 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, as well as a transmission line study. Activities in this component include: (i) full feasibility study at Lower Fufu on the South Rukuru River with a full ESIA and RAP to be prepared by an independent consultant; (ii) feasibility study at Mpatamanga on the Shire River including a preliminary ESIA and an estimate of the number of affected people; (iii) feasibility study at Chimgonda on the Dwambazi River including a preliminary ESIA and an estimate of the number of affected people; and (iv) pre-feasibility study for a new inland transmission backbone line from Lilongwe via Kasungu to Mzuzu, including a preliminary ESIA and an estimate of the number of affected people.

(3) Component 3: Demand Side Management (DSM) and Energy Efficiency Measures. This component will support several demand side management (DSM) and energy efficiency activities in industrial and urban residential areas. Activities supported in this component include: (i) derating of Hot Water Geyser (HWG) element ratings; (ii) installation of HWG insulation blankets; and (iii) wireless load control to switch off water heaters to reduce demand at peak times.

(4) Component 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 the country's energy sector. Activities under this component include: (i) a wind power resource study; (ii) a preliminary assessment of geothermal prospects; (iii) a technical assessment of the opportunities to expand bagasse-fuelled cogeneration capacity from the sugar production operations in Malawi; (iv) sectoral studies to underpin the evolving agenda; (v) support for specialist transaction advisers to provide financial, legal, and technical advice to GoM and MERA on private sector investment in the power sector; and (vi) institutional strengthening of the Project Implementation Units at MNREE and ESCOM, including training in World Bank procurement and financial management procedures, World Bank environmental and social safeguard policies & procedures and Environmental, Health & Safety Guidelines, project management, energy planning, monitoring and evaluation systems, etc.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

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

5. Environmental and Social Safeguards Specialists

Mr Mohamed Arbi Ben-Achour (AFTCS)

Mr Robert A. Robelus (AFTWR)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
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	
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)	X	
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

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: Overall, environmental & social impacts and land acquisition/displacement requirements of the proposed projects are assessed as being limited and manageable, provided potential impacts and requirements for compensation are minimized by careful consideration during the design phase. The main project activities are at the distribution level (with the exception of activities at two transmission/distribution #interface# substations), and no lines with a voltage level higher than 33kV will be built or rehabilitated. However, because the final location of project activities has not yet been determined, the project has prepared an Environmental and Social Management Framework (ESMF).

As the overall environmental and social impacts are assessed as being minimal, and any adverse impacts manageable and non-irreversible, the project has been classified as Category B.

The nature of the distribution-level electricity project is such that the final location of all project activities (such as distribution line routes) is not determined until detailed engineering designs are completed as part of project activities.

Two of the substations for rehabilitation in Component 1 are known from previous assessments to contain PCBs. Detailed procedures on how to identify, handle, store and eliminate PCBs have been elaborated in the ESMF. During project implementation a detailed ESIA for Component 1 will be prepared, including the associated costs, to be implemented by the contractors.

The cumulative impacts of the project activities will be assessed in the ESIA for Component 1 and the individual ESIA's prepared as part of the feasibility studies in Component 2. For the latter studies, the consultants will be encouraged to cross-reference the Strategic Environmental & Social Assessments (SESAs) that are being prepared as part of other WB-financed projects in Malawi.

Comments on the World Bank Safeguards Policies:

Environmental Assessment (OP/BP 4.01)

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 medium-voltage substations. In order to provide an environmental and social impact screening mechanism, 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 in-country and in the Infoshop by project appraisal. Given (i) the very limited environment and social impacts expected, and (ii) that the final locations of 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 proceeding using framework documents. ESCOM will prepare an ESIA for Component 1, which will provide environmental management plans for any identified potential impacts.

Physical Cultural Resources (OP/BP 4.11)

It is not anticipated that the proposed project will adversely affect sites having archeological, paleontological, historical, religious, or unique natural values as defined under OP 4.11. #Greenfield# investments are limited to four new medium-voltage substations and no physical cultural resources issues are apparent from physical inspections. However, it is possible that physical/cultural resources might be revealed during installation works. Accordingly, this safeguard policy is triggered on a

precautionary basis only. Detailed site screening will be undertaken via the ESIA. All contracts for activities in Component 1 (i.e. those involving physical investments) will include a Chance Finds Procedures, as set out in the ESMF.

Involuntary Resettlement (OP/BP 4.12)

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 medium-voltage substations. However, this policy is triggered to provide a framework to manage both land acquisition and any possible displacement required; an RFP has been prepared for the project, which has been disclosed in-country and in the Infoshop 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.

Safety of Dams (OP/BP 4.37)

Although the feasibility studies for new hydropower sites financed under Component 2 of the project will, in at least one case (Lower Fufu), encompass detailed engineering design for a dam, OP/BP 4.37 is not triggered at this stage since the project is not financing construction of any dams. However, the World Bank takes dam safety concerns seriously and always promotes best practice in the design of new dams, as well as during any later stages of project development. To this end, the project will finance a separate and independent expert (or group of experts) to review the quality of the dam studies and designs being undertaken by the main consultant, in order to guarantee that they reflect international best practice and standards with respect to dam safety. In addition, an Environmental and Social Advisory Panel (ESAP), consisting of one environmental expert and one resettlement expert, will be established to review and advise on the ToR, full ESIA, RAP and other safeguards aspects for the hydropower sites being studied. Furthermore, financing will be provided under Component 4 of the project for technical assistance on measures necessary to strengthen the institutional, legislative, regulatory and safeguards frameworks for dam safety programs, as part of Government's forward planning for the development and operation of new hydropower plants in Malawi.

Projects on International Waterways (OP/BP 7.50)

The project supports feasibility studies of new hydroelectric power generation sites which, if developed, will involve the use of the Shire river, which forms part of the larger Zambezi watershed and is defined as an international waterway, as well as tributary rivers that drain into Lake Malawi. Accordingly, this policy is triggered. The riparian notification process has been undertaken and the notification period concludes on May 1 2011.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

There are no envisaged potential indirect and/or long-term impacts due to anticipated future activities in the project area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

This project has been designed to focus on a limited number of small-scale medium-voltage substations, 33/11kV distribution lines and reinforcement and extension of household connections. These activities involve relatively limited land acquisition and few displacement issues, which are relatively small-scale and locally-adaptable in nature. Usually, several alternative location options are available to reduce scope and extent of any impact. To the extent possible, all efforts will be made to avoid the need for involuntary displacement and land acquisition.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

An Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) have been prepared and disclosed by appraisal. As noted above, during project implementation a detailed ESIA will be prepared. These safeguard instruments will be used for screening of environmental & social impacts and potential resettlement and land acquisition. Based on the screening work undertaken, it will be decided if a full/abbreviated Resettlement Action Plan (RAP) needs to be prepared. Although ESCOM's capacity to manage and record environmental and social processes at project level is relatively limited, the situation is expected to improve as ESCOM management puts in place an Environmental and Social Management Unit (ESMU). The project will finance specific activities to build the capacity and expertise of the ESMU. Moreover, a Consulting Engineer to be hired by the project will supervise installation works during project implementation and report on the contractor's adherence to the environmental and social clauses as presented in the ESMF, which will be included in the bidding documents and contractor's contracts.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Initial but limited public consultations with project-affected persons (PAPs) have been undertaken by ESCOM in 2010 with headmen around some of the proposed substation sites and the proposed new transmission lines associated with the list of projects in the feasibility studies. There will be further consultations during the preliminary design phase, when the project Consulting Engineer, acting on behalf of ESCOM, will work with their internal safeguards staff and representatives of the implementing agency to ensure that the need for resettlement is minimized to the extent feasible. The Draft Environmental & Social Management Framework (ESMF) and the Draft Resettlement Policy Framework (RPF) were disclosed at the World Bank's InfoShop on February 18, 2011 and were disclosed in-country on April 14, 2011.

B. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	02/18/2011
Date of "in-country" disclosure	04/14/2011
Date of submission to InfoShop	02/18/2011
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	02/18/2011
Date of "in-country" disclosure	04/14/2011
Date of submission to InfoShop	02/18/2011

Indigenous Peoples Plan/Planning Framework:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

Pest Management Plan:

Was the document disclosed prior to appraisal?	
Date of receipt by the Bank	
Date of "in-country" disclosure	
Date of submission to InfoShop	

*** If the project triggers the Pest Management and/or Physical Cultural Resources, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?	Yes
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes

OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?	Yes
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	N/A
Has the RVP approved such an exception?	N/A

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	Yes
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Mr Robert Mills	05/06/2011
Environmental Specialist:	Mr Robert A. Robelus	05/06/2011
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Mr Mohamed Arbi Ben-Achour	05/06/2011
<i>Approved by:</i>		
Regional Safeguards Coordinator: Comments:	Ms Alexandra C. Bezeredi	05/06/2011
Sector Manager: Comments:	Mr Subramaniam V. Iyer	05/06/2011