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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 06-Jun-2025 | Report No: PIDIA01433

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BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Syrian Arab Republic	MIDDLE EAST AND NORTH AFRICA	P511407	Syria Electricity Emergency Project
Financing Instrument	**Estimated Appraisal Date**	**Estimated Approval Date**	**Practice Area (Lead)**
Investment Project Financing (IPF)	29-May-2025	24-Jun-2025	Energy & Extractives
Borrower(s)	**Implementing Agency**		
Syrian Arab Republic	The Public Establishment for Transmission and Distribution of Electricity (PETDE)		

Proposed Development Objective(s)

The project development objective (PDO) is to enable improved electricity supply and enhance the capacity of electricity sector institutions in Syria.

Components

Component 1: Rehabilitation of Damaged High Voltage Transmission Lines
Component 2: Rehabilitation of Damaged High Voltage Substations
Component 3: Technical Assistance for Sector Development and Institutional Capacity Building
Component 4: Project Implementation Support

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)?	No

SUMMARY

Total Operation Cost	**146.00**
Total Financing	**146.00**
of which IBRD/IDA	**146.00**

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Financing Gap	**0.00**

DETAILS

World Bank Group Financing

International Development Association (IDA)	146.00
IDA Grant	146.00

Environmental And Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

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B. Introduction and Context

Country Context

1. In December 2024, Syria experienced significant political upheaval that marked a shift in the country's long-standing conflict, which had persisted for nearly 14 years. The extra-constitutional change led to the emergence of a *de facto* government (also known as "transitional government of Syria" or "TGoS"). On January 29, 2025, Ahmed Al-Sharaa was officially appointed interim President of the Syrian Arab Republic, and he initiated a National Dialogue Conference, which yielded a national consensus on the primary orientations of TGoS. A Constitutional Declaration of the Syrian Arab Republic was adopted in March 2025, providing a transitional legal and institutional framework for a period of up to five years.

2. The compounded effects of conflict, instability, and external shocks on Syria's macroeconomics and growth prospects have been profound, driving sharp rises in poverty and inequality. The economy contracted dramatically with Gross Domestic Product (GDP) shrinking by 53 percent between 2010 and 2022, prompting the International Development Association (Association) to classify Syria as a low-income country in 2018. Since 2011, the Syrian pound (SYP) has depreciated by a factor of 300, coupled with a sharp rise in extreme poverty over the last decade of conflict, from nearly nonexistent in 2009 to 25 percent of households by 2022.

3. The conflict led to the displacement of more than 13 million people, both internally and outside Syria. Following the recent political changes, there is a significant increase in the number of returnees, both internally displaced and returning refugees, particularly from Lebanon, Türkiye, and Jordan. The combined pressure of displacement and returning populations has overwhelmed critical public services such as electricity, water, and health care, all of which remain severely compromised by years of conflict.

4. Despite recent developments, security challenges and political fragility continue to hamper governance and recovery. The December 8, 2024, change in regime decreased active conflict within Syria's territory and has launched a national dialogue about recovery and inclusive development. However, security challenges remain, including the continued presence of armed non-state actors. While recent announcements on easing/lifting/waiving bilateral sanctions is expected to positively impact the economic growth**,** economic instability, marked by high inflation, currency depreciation and the ongoing liquidity crisis, as well as weak institutional capacity, further pose significant risks to recovery.

5. Years of conflict have severely damaged critical electricity infrastructure as well as agricultural fields, water systems, and transport networks, which hampers economic recovery efforts. The Association has engaged with the new authorities to discuss their priority needs, and with development partners to coordinate support. Rehabilitating the electricity sector has emerged as a critical need, with significant scope for no-regret investments that can enable economic recovery, support the return of refugees and IDPs, and enable resumption of other services such as water services and healthcare for the population. This operation represents the first step in a planned increase in World Bank/International Development Association (the "Association" – IDA) support to Syria on its path to recovery and development.

6. The international community is increasingly engaging with the new Syrian authorities in this context, and the proposed Syria Electricity Emergency Project (SEEP) – financed through a grant from IDA – represents the first direct support from the World Bank Group to Syria since 2010. International meetings of governments and development partners have been held to discuss Syria in Aqaba, Riyadh, Paris, and Brussels between December 2024 and March 2025, as well as a Ministerial Roundtable on Syria at the IMF/World Bank Group Spring Meetings in April 2025. These discussions have called for increasing support to address Syria's humanitarian and development needs, along with calls for a transition process that enables inclusive development. The Association is taking steps to provide support, including with the proposed SEEP project financing, in line with operational policies of the Association.

Sectoral and Institutional Context

7. The electricity sector in Syria underwent considerable regulatory and institutional reforms, including partial unbundling that separated generation from transmission and distribution (T&D) activities. Under Law 32 of 2010, the Ministry of Electricity (MoE) is the sole authority responsible for policy formulation, market structure development, licensing, tariff setting, and preparing the investment framework for Council of Ministers' approval. The law also opened electricity generation and distribution to domestic and international investments from public, private, and public-private entities. According to Decree 9 of 2020, the wholly state-owned Public Establishment for Transmission and Distribution of Electricity (PETDE) serves as the transmission and distribution system owner, operator and single buyer, tasked with purchasing electricity from both state-owned and private generation, planning and operating the system, and managing cross-border trade and interconnections. The PETDE directly sells electricity to high-voltage consumers, and indirectly to end users through its subsidiary distribution companies across the governorates in Syria.

8. Syria's power generation fleet is mostly thermal, operating well below the installed nameplate capacity due to conflict-related damages, chronic maintenance backlogs, and shortages of spare parts. Available generation capacity significantly dropped by 45 percent between 2011 and 2023. Contribution of hydropower generation in the supply mix dropped mostly due to climate change (droughts and decreased river flow in the Euphrates River), while renewable energy (RE) plays a negligible role in the current supply mix. Yet, the most pressing challenges resulted from a shortage of heavy fuel oil (HFO) and natural gas which compromised Syria's ability to meet electricity demand, impeding both economic and social development.

9. The electricity sector has long struggled to meet demand, especially over the past five years, leaving large segments of the population and economy in a persistent state of energy insecurity. This has resulted in energy poverty, which has seen typical coping solutions including expensive privately-owned off-grid diesel generators, with significantly higher

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electricity costs. Some stand-alone solar photovoltaic systems also exist for those who can afford the upfront cost. Investing in the rehabilitation of the grid and improving service reliability and daily supply hours would facilitate a transition from expensive off-grid solutions to more affordable on-grid electricity, thereby reducing energy costs for households and businesses and stimulating economic activity.

10. Syria's T&D infrastructure suffers from high losses and needs urgent restoration and modernization. The country's 400 kilovolt (kV) interconnections with Jordan and Türkiye—once crucial for regional electricity trade and grid stability—are currently nonoperational due to conflict-related destruction and prolonged neglect. In many areas, key substations have been either destroyed or left in disrepair, contributing to high technical losses, estimated at more than 6 percent in the transmission system and almost half of the 22 percent distribution system losses. The lack of maintenance, spare parts, and investment has compounded the deterioration, rendering much of the backbone grid unreliable and vulnerable to frequent outages. Rehabilitation of network infrastructure, especially close to the demand centers, will play a major role in reducing technical losses in the system. Restoring and modernizing the transmission network is essential not only for improving domestic power delivery, but also for increasing the share of renewable energy in the supply mix, reestablishing regional interconnectivity and energy security.

Rationale for the Project

11. The proposed SEEP represents the Association's strategic initiative to address the urgent rehabilitation needs of Syria's critical electricity infrastructure, as the nation transitions from over 14 years of conflict. As an emergency operation, the proposed SEEP is dedicated to restoring essential electricity network infrastructure, with a particular focus on the rehabilitation of high voltage transmission lines and substations damaged during the conflict. The proposed Project design incorporates a forward-looking Technical Assistance (TA) component which will equip Syria to prepare and implement essential development programs and reforms in the electricity sector. While the infrastructure investments aim to address immediate infrastructure bottlenecks to enable improved electricity supply, the TA would help enhance the capacity of electricity sector institutions in Syria, by providing the fundamental analytics and capacity building. Despite the (high) risks of this proposed Project and operational context, the proposed SEEP also aims to catalyze efforts by the development community to support the long-term recovery of Syria's electricity sector.

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C. Proposed Development Objective(s)

Development Objective(s)

12. The Project development objective (PDO) is to enable improved electricity supply and enhance the capacity of electricity sector institutions in Syria.

Key Results

a. **Outcome 1: Improved Electricity Supply Enabled**

   i. PDO Indicator 1: Regional interconnection capacity enabled through transmission lines rehabilitated

   ii. PDO Indicator 2: Substation transformer capacity rehabilitated

b. **Outcome 2: Electricity sector institutional capacity enhanced**

   i. PDO Indicator 3: Electricity sector policies/strategies/investment plans informed by technical assistance and capacity building

D. Project Description

13. The proposed SEEP comprises two investment components (Components 1 and 2), one TA component (Component 3), and one project implementation support component (Component 4).

14. Component 1: Rehabilitation of Damaged High-Voltage Transmission Lines. The activities under Component 1 will focus on rehabilitating damaged high voltage transmission lines, including two critical 400 kV high-voltage interconnector transmission lines in Syria that were damaged during the conflict, restoring Syria's regional connectivity to Jordan and Türkiye. The restored transmission lines are essential for enabling electricity imports into Syria and improving the stability of PETDE's electricity network. Rehabilitating both lines is considered a no-regret investment that will benefit electricity consumers across Syria for several reasons, including facilitating electricity imports into Syria, connecting Syria's electricity system back to the regional interconnection network, and contributing to improving the grid stability and reducing the frequency of the blackouts through connecting the Syrian network to stronger networks with adequate frequency control.

15. Component 2: Rehabilitation of Damaged High-Voltage Substations. This component focuses on rehabilitating damaged high-voltage transformer substations and providing necessary spare parts and maintenance equipment. Rehabilitating the damaged substations will benefit electricity consumers across Syria for several reasons. First, restoring the damaged substations near demand centers in the most impacted areas will enable the PETDE to optimize the power flow across its network, reduce high loading levels on existing substations that currently serve the impacted areas, reduce the technical losses and improve operational flexibility of the entire power system. As such, the quality of service for the consumers across PETDE network is expected to improve.

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16. Component 3: Technical Assistance for Electricity Sector Development and Institutional Capacity Building. This component will provide TA to (a) inform the country's key electricity sector strategies, policy and regulatory reforms, and investment plans for medium to long term sustainability and (b) support the electricity sector institutional capacity to implement these strategies and reforms.

17. Component 4: Project Implementation Support. This component will support the PETDE in implementing the proposed Project using international best practices. It will finance the necessary operational expenses to implement the proposed Project. Additionally, it will finance the hiring of a qualified consulting firm, through an international competitive tender process, to act as PETDE's Owner Engineer (OE). The OE will assist PETDE's Project Management Team (PMT) by providing essential project management, engineering, site supervision, environmental, social, health and safety, and financial management services during both the construction phase and the subsequent project closure periods.

Legal Operational Policies	Triggered?
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

18. Environmental and Social risk is rated Substantial. While the proposed Project brings benefits to the citizens and economy, the civil works under Components 1 and 2 are expected to have E&S risks and potential negative impacts that are geographically limited to the specific corridors of the lines and substations to be rehabilitated. These impacts are confined within the existing boundaries of the damaged substations and are primarily expected during the construction phase. However, these could also occur on a small-scale during implementation of the proposed Project. In addition, these

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risks can be mitigated with the appropriate mitigation measures. Under the proposed SEEP, the PETDE will be in charge of developing and implementing the required Resettlement Plans (RPs) and/or Livelihood Restoration Plans (LRPs) as well as paying compensation (at replacement cost) to Project Affected Persons (PAPs), in compliance with ESS5 provisions for compensation at replacement cost.

19. The Project E&S risks will be further investigated and addressed in relevant E&S risk management instruments and plans during implementation. In Addition, the proposed Project procurement packages will emphasize the required E&S experience of the contractors to attract reputable construction firms with good E&S record and capacity. E&S risk management plans will be an integral part of the bidding documents and constitute a contractual obligation between the PETDE, and its contractors financed under the proposed Project. The PETDE will have overall responsibility for E&S risk management and monitoring under the proposed Project, supported by its OE. In addition, it is most likely that minefields and ERW would exist in areas where armed conflict took place over the past decade. Before work starts at any Project site. Using the grant proceeds, PETDE will contract the United Nations Mines Action Service (UNMAS) to ensure that (a) all worksites under SEEP and their access roads have been cleared of landmines and Explosive Remnants of War (ERW) in a manner satisfactory to the Association, and (b) their safe disposal as hazardous wastes, in accordance with acknowledged good international practices. It is also anticipated that the Recipient will deploy security services (military, national police) or engage security personnel for the provision of security to Project workers, sites and/or assets, consistent with the ESSs. Consequently, specific requirements have been incorporated into the project's ESCP. These include the preparation of a standalone Security Management Plan (SMP) to be prepared by PETDE, which will encompass the Code of Conduct (CoC), and other provisions.

E. Implementation

Institutional and Implementation Arrangements

20. The PETDE will serve as the implementation entity for the proposed Project, supported by its OE, and will report to a ministerial-level Project Steering Committee (PSC). A subsidiary agreement between the Recipient and PETDE, as the Project Implementing Entity, will be entered into prior to the effectiveness of the Financing Agreement of the proposed Project.

21. The ministerial level PSC will be chaired by the Minister of Energy (or the minister's delegate). The committee will oversee Project implementation, ensuring alignment with national energy policies and **inter-ministerial coordination.** It is expected to include the Managing Director of PETDE and senior representative from the MOF. The PSC will ensure alignment with national energy policies and strategic objectives. It will provide oversight, guidance, and coordination for key Project activities such as annual work plans, project reports, and safeguard issues.

22. Project Management Team (PMT). A dedicated PMT will be established within the PETDE and will comprise PETDE staff who will be appointed to be fully dedicated to overseeing the day-to-day implementation of the Project. The PMT will include the following core positions: (i) a project manager, who will coordinate all Project activities and will serve as the Association's primary technical counterpart during Project implementation; (ii) a staff responsible for procurement, (iii) a financial officer (staff responsible for FM), and (iv) staff responsible for E&S issues. Key PMT positions, including those on the fiduciary team, will be filled prior to the effectiveness of the financing agreement of the proposed Project. More staff/contractors could be recruited under the PMT during Project implementation on a need-driven basis. Prior to the effectiveness of the Financing Agreement of the Project, the Recipient will prepare and adopt a POM under terms satisfactory to the Association. The POM will articulate detailed guidelines, procedures, and responsibilities for the proposed Project implementation, management, and monitoring. The PMT will ensure that the proposed Project activities are conducted efficiently and in compliance with the Association's operational policies.

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APPROVAL

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