

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB2144

Project Name	Electricity Access (Rural) Expansion
Region	AFRICA
Sector	Power (100%)
Project ID	P097271
Borrower(s)	FEDERAL DEMORACTIC REPBLIC OF ETHIOPIA
Implementing Agency	Ethiopian Electricity Corporation (EEPCo)
Environment Category	[] A [X] B [] C [] FI [] TBD (to be determined)
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1. Country and Sector Background

Country Background

Ethiopia is one of the most populous countries in Sub-Saharan Africa and also one of the poorest. At US\$115, Ethiopia's per capita, GDP is only about a fifth of the Sub-Saharan African (SSA) average. Although the country has abundant resources and good potential for development, poverty is pandemic and often linked to environmental and natural resource degradation. Approximately 44 percent of people fall below the basic needs poverty line.

Over the last decade, the GoE has been implementing a reform program aimed at poverty reduction through rapid economic growth and macroeconomic stability. The program was making good headway in poverty reduction, but was interrupted by the conflict with Eritrea in the last decade. GoE resumed its efforts following the conclusion of the conflict by developing, in 2002, the Sustainable Development and Poverty Reduction Program (SDPRP), through a process of extensive consultations with the private sector and civil society. Despite numerous shocks, such as the drought in 2002-2003, the program has helped GoE significantly increase poverty-targeted expenditures, including transferring increasing levels of funds to local governments, which have responsibility for basic service delivery. Access to education has increased; the gross primary enrollment rate rose from 64.4 percent in 2002/03 to 79.2 percent in 2004/05, though there are concerns that quality improvements have not kept up with the enrollment rise. Access to clean water has risen from 34.1 percent in 2002/03 to 42.2 percent in 2004/05.

More recently, growth has been increasingly driven by private consumption, in contrast to the pattern of the 1990s, when growth was led by public sector consumption. Other indicators of private sector activity, such as the ratio of private investment to GDP, and the volume of credit extended to the private sector, have also shown strong gains. Despite these positive developments, the emerging private sector in Ethiopia still faces a lack of skills, a lack of capital, a weak (though improving) investment climate, and structural constraints such as market size and geography.

In April 2003, the World Bank's Board discussed a Country Assistance Strategy (CAS) for Ethiopia, covering FY2003-05. This CAS was designed to assist the implementation of the SDPRP's efforts to reduce poverty and achieve the MDGs. The strategy focused on three core thematic objectives—enhancing pro-poor growth, enhancing human development outcomes by improving governance, and reducing vulnerability.

GoE has embarked upon the preparation of an ambitious new strategy, SDPRP II. Building on an analysis of the inputs required to reach the MDGs, SDPRP II will aim to accelerate the progress achieved in the first strategy, and is expected to have an increased emphasis on infrastructure—especially roads, energy, and irrigation.

The Bank is preparing a new results-based CAS in parallel with SDPRP II. The new CAS's pillars are expected to include accelerating economic growth (PSD, financial sector, rural growth, energy, roads, and irrigation); improving governance and service delivery (public sector reform, decentralization, health and education, community empowerment); and reducing vulnerability (food security, productive safety nets, HIV/AIDS).

This approach is being revisited in light of recent political events in the country following the elections. A revised strategy is currently under development and review. In any event, Bank support will emphasize to larger extent poverty directed initiatives, such as electrification of poorer areas, such as rural towns.

Energy Sector Specific Issues

Like many other Sub-Saharan countries, a marked feature of Ethiopia's energy sector is the high proportion of biomass (more than 90%) relative to modern forms of energy consumption

The limited supply of modern forms of energy and their high costs relative to the low average income per capita (US\$115), has reinforced the dependence on biomass energy. Ethiopia has no oil and all consumption of oil derivatives is imported. The country has promising, albeit unexploited reserves of natural gas. Propane and butane (LPG) are not used for cooking or other residential uses and it is unlikely to happen due to consumption habits and barriers to entry.

This pattern of consumption has led to increasing deforestation, shortages of wood fuel and degradation of rural ecosystems - a problem worsened by inadequate supply-side measures for improving forest stocks. Hence, the Government strategy for development of the sector is aimed at improving the supply of electricity and biomass energy in an efficient and cost effective manner, and promoting rational inter-fuel substitution. There is a trend to shift towards hydro-generated electricity to alleviate part of the environmental degradation problem, but the Government is cognizant that the cost of electricity is a barrier to replace wood fuel, particularly in cooking and water heating among domestic customers.

Electricity Sub-Sector Issues

The percentage of the population with direct access to electricity is extremely low, currently less than 6%. The majority of the people with access are supplied by the Government-owned Ethiopian Electric Power Corporation (EEPCo), the vertically integrated power utility. Electricity sales represent 1.8 TWh. For a country with about 70 million people, this results in a per capital consumption of only about 25 kWh/year. EEPCo has about 800,000 customers, most of them in Addis Ababa (360,000), where the connection rate is only 33%. In other urban areas, the rate is 20-30%. However, 85% of the population lives in rural areas, mostly in towns and villages, where access rates are more modest. Of the 5,000 rural towns, only 160 are connected to the grid, with an estimated 100,000 direct customer connections.

The low level of access to infrastructure services, including to electricity, is a major barrier to economic development and to the provision of social services in towns and rural areas. EEPCo's limited capacity to speedily connect large new consumers, upon request, is thus constraining commercial and industrial growth. Further, the poor quality and variability of existing service, characterized by low voltage levels

and voltage fluctuations beyond acceptable ranges, frequent breakdowns and delays in restoring supply after a breakdown has occurred, is an ongoing problem.

Total generation installed capacity is about 790 MW, mostly hydro based. Due to the growing demand for electricity, unfavorable hydrologic conditions, and slippage of scheduled commissioning dates of new hydro generation plants, the ICS system in the past few years has frequently faced with supply deficits which have led to power rationing. In order to alleviate this problem, EEPCo has now introduced 80 MW diesel fired power plants.

Ethiopia has put together an ambitious plan to expand the electric system to both support the high demand growth and to extend access to the rural population at a very accelerated pace. EEPCo is currently building two additional large plants. The first is Tekeze with installed capacity of 300 MW and 962 GWh of energy. The second is Gilgel Gibe II, with installed capacity of 420 MW and 1500 GWh of energy. Gojeb, with 150 MW and 476 GWh of energy is at a preliminary stage of the construction phase. These three projects are scheduled for year 2007, 2008 and 2010 respectively. Despite the significant generation potential and the attractiveness of some of those projects, hydro plants are capital intensive, and incremental capacity costs range from US\$1,000 to US\$1,500 per installed kW.

The expansion of the power sector will require significant investments. The electric sector expects to invest about ETB 40 billion in the next 4-5 years. About one third of this amount will be assigned to scaling up of energy access among the poor population in rural areas. If EEPCo's 10 year total capacity expansion program is considered, investments of more than ETB 65 billion will be required. From this amount, generation represents about ETB 51 billion, transmission & distribution represent ETB 9 billion, while ETB 5 billion are assigned for rural electrification and institutional strengthening.

The expansion plan put forward by EEPCo represents the largest investment program ever undertaken by the utility and would stretch the project management capability of any large corporation. The forecast growth of demand in many years exceeds 20%, a rate unprecedented in recent history. Therefore, there are concerns regarding EEPCo's financial sustainability in operating an ever-expanding power system. It is assumed that the GoE will have to make significant equity contributions to support EEPCo's investment in generation, transmission & distribution, as well as in rural electrification, to materialize the capacity expansion program. Furthermore, GoE is currently in the process of restructuring EEPCo's debts, which should strengthen its balance sheet.

Low tariffs have been an important constraint to carry on the power sector expansion program and to increase access. Current average tariffs in Ethiopia are in the range of US\$50-55/MWh and have been frozen for about 10 years. A study commissioned by GoE and recently released to the Bank indicates that current tariffs represent only 30-40% of the system long run marginal costs. Recommendations have been clearly spelled out in the same study to increase average tariffs by 10% p.a. in real terms, over a 5 year period, to support EEPCo financial sustainability. Tariff structure also has to be reviewed to better target subsidies to the poor.¹

GoE has made commitments to increase tariff level and review current tariff structure. However, the average tariff increase and proposed changes in tariff structure still have to be discussed and agreed upon. EEPCo's financial and economic assessment documents assume a 10% real tariff rate increase every 5 years, starting at the outset of the project implementation. More detailed economic and financial analyses will be undertaken as part of project preparation.

¹ According to a study developed by AFREPEN, subsidies to residential customers are highly regressive. Based on current EEPCo's tariff structure the mean electricity subsidy for the poorest households is about Birr 10.5 per capita, while the electricity subsidy to the richest is about Birr 66.4 per capita.

It has to be noted that concerns on EEPCOs financial feasibility are mostly independent of the UEAP effort, as they reflect incremental investments in generation and transmission needed to meet growth in demand that stems more from the existing grid rather than from access expansion in rural areas.

Related Sub-Sector Strategy

The Government has embraced increasing electricity access (from about 13% today to about 50% by 2012) as an integral part of its strategy for promoting income-generating activities and social services outside major urban centers to improve living standards and reduce poverty. Promoting access to electricity is also part of its strategy to decentralize the delivery of services throughout the country. A multifaceted strategy for increasing access, and for improving the quality of services to EEPCo's existing consumers, comprises the following:

- (a) Development of the country's substantial hydropower resources through both private and public sector investment for domestic and export markets (Sudan and Djibouti);
- (b) Liberalization of power generation, transmission, distribution, and supply in the isolated areas in order to complement EEPCo's efforts in the interconnected system;
- (c) Commercialization and decentralization of EEPCo's operations in order to improve operating efficiency, and the quality of services to consumers and to unlock resources for investment in systems expansion; and
- (d) Strengthening the system of regulation to improve the sector's commercial and operational efficiency.
- (e) Development of the so called *Universal Electricity Access Program (UEAP)*, a major effort to increase electrification among rural towns and villages.

Given the relative importance of UEAP for the overall Government and sector strategy, this program will be described separately in the following section.

Universal Electricity Access Program (UEAP)

The objective of the UEAP is to electrify rural towns, as well as villages, through extension of the grid. These rural towns range in size from 200 to 1500 households. Beneficiaries include residential, commercial and industrial customers (such as flour mills, irrigation centers, water pumping, and telecommunications). According to initial estimates, residential customers should represent about 50% of incremental load in those rural towns. The initial objective of the UEAP is to increase the electrification rate from the current 15% level to 50% over five years, with a long term view to connecting virtually all towns and villages to the grid in a 10-year horizon. Based on EEPCo's experience to date, approximately 40% of households in a town connect to the grid within 12 months of electrification of the town, increasing thereafter at a yearly rate of about 10%. Additional households connect to the grid indirectly through other customers.

The estimated average cost of connection under this part of the program is about US\$500 per customer. This relatively low figure reflects the fact that the customers to be served are not typical scattered rural users, but households living in small communities located in isolated, distant rural areas. While the exact blueprint of cities and villages is yet being decided, there is agreement that the criteria for selection should include maximize the number of connections at least cost, and at the same time providing a fair distribution of benefits on a regional basis

The budgetary cost estimate of UEAP is ETB8.8 billion. This represents about one third of the overall EEPCo's investment program for the equivalent period (amounting to ETB26 billion). The cost to carry

on UEAP mainly includes the expansion of distribution network up to 33 kV, associated substations and transmission lines, as well as power sector capacity building.

Institutional Aspects

To help finance the expansion of the power sector, the government is encouraging private investors to develop and operate hydropower projects and to sell their production to EEPCo, as a Single Buyer. The Government is also exploring measures for creating an attractive investment environment for the private sector, including setting up a one-stop shop through which investors can obtain all licenses, clearances and permits. However, the interest of the private sector in making substantial investments in power generation has not yet materialized.

The liberalization of the isolated system is intended to spur expansion of access to rural and peri-urban areas. It has arisen from the Government's realization that, because of capital, management and human resource constraints, EEPCo alone could not feasibly expand access rapidly enough within a reasonable period of time. The Government has therefore adopted a two-track strategy comprising grid-extension by EEPCo and isolated electrification by the private sector, including communities. For the grid-extension track, the key to progress will be success in implementing the commercialization decentralization of EEPCo's operations.

2. Objectives

The project's development objective is to establish a sustainable program for expanding the population's access to electricity, notably in small and medium-sized communities located in rural areas, thus supporting broad-base economic development and helping alleviate poverty.

Key indicators for the project will be: Number of cities with access to electricity, Connection Rate (metered and unmetered), number of commercial/ industrial customers, electricity consumption by commercial/industrial customers, # of CFLs distributed to households, CFL adoption rates, electricity consumption by kWh by households, and proportion of households using energy for more applications than just lighting.

Some of those indicators will be measured directly by the utility, while others will be evaluated on a sample basis. Institutional arrangements for the monitoring and evaluation of the key indicators will be detailed as part of the appraisal process.

The Bank and other donors have aligned their support around Ethiopia's homegrown poverty reduction strategy. For the energy sector, the CAS, dated March 24, 2003, focuses on projects which will improve infrastructure necessary to meet Ethiopia's expanded growth and distributional objectives. An important component of such projects is creating an environment conducive to private sector development. The Accelerated Expansion of Electricity Access Project is consistent, not only with the CAS, but also with the Ethiopia's Sustainable Development and Poverty Reduction Program (SDPRP), which is aimed among key priorities, at addressing immediate human and infrastructure needs as well as restoring the economy to a growth path. The Project is also aligned with the goals of the upcoming CAS and supports the emerging SDPRP II.

3. Rationale for Bank Involvement

The GoE has asked the World Bank to support the UEAP. There are several reasons for Bank involvement. First of all, there is a clear demonstrated commitment from the Government of Ethiopia (GoE) to expand electricity coverage in rural areas. The Federal Democratic Republic of Ethiopia presents some of the lowest electrification rates in Africa. The percentage of the population with direct access to electricity is about 6%. At the same time, the country has abundant, cheap, and environmentally friendly hydro resources, whose potential has been estimated at more than 30,000 MW. Therefore, accelerated electrification is stated as one of its primary objectives over the next decade in the hope of promoting growth and improving the quality of life of its population, most of which is rural based.

Increasing access to energy is one of the CAS's overall objectives. Provision of modern fuels is viewed by the Government and by the Bank as a pre-requisite to foster economic development and social equity in both rural and urban areas. A recent report prepared by the Bank's Country Department for Ethiopia has suggested that the use of electricity is associated with at least a 6% increase in consumption.² Although indicative in nature, the study reveals a strong correlation between access to electricity and poverty reduction. The Ethiopia CAS is currently being revised and access expansion is anticipated to be an important objective under the new CAS.

GoE and EEPCo's have jointly developed a financing plan under which 80% of the capital cost of the UEAP will be borne by GoE (which notionally represents the cost of electrifying towns with 5,000 people or fewer), with recurrent costs to be met by EEPCo. To this end, GoE is proposing to allocate about US\$1.3 billion over the next five years, with further allocations in later years. GoE would be responsible for financing about 80% of the investment costs of the electrification program.

The World Bank understands that an accelerated electrification program makes sense both from a poverty reduction and economic growth. The World Bank also understands that the criteria for expanding the distribution system and providing access to a larger customer base are advisable. Therefore, the Bank is willing to finance the first stage of the program, which encompasses the electrification of about 150,000 customers over a two-year time period. Those customers are primarily small, poor consumers located in distant villages in rural areas.

EEPCo has been mandated by GoE to carry out this electrification program. The utility has satisfactorily responded to the challenge, both from a technical and project management standpoint. For example, over the last several years, EEPCo has increased annual connections from about 40,000 to over 150,000 last year, with a target of 250,000 connections this fiscal year. It has also been working to reduce the cost of connections. EEPCo has established a separate management unit with autonomy to carry on the electrification program on an arm's length basis. The World Bank understands that EEPCo has responded satisfactorily to the challenge of increasing electrification rates and is able to manage the complexity of issues involved in scaling up access to rural areas.

It is uncertain, however, that electrifying all rural towns and villages over a ten year horizon is economically justified, or represents an ideal allocation of scarce resources in macro economic terms. However, it does appear that extending the grid to a further 1,000 rural towns as proposed under UEAP over the next few years would support the GoE's growth and poverty reduction agenda. Preliminary estimates indicate that the economic rate of return may be as high as 17-20% for the next two years of the program, when the real benefits of electricity (notably, willingness to pay) are taken into account.

² Report No.29468-ET: "Well-Being and Poverty in Ethiopia: The Role of Agriculture and Agency", July 18, 2005. Poverty Reduction and Economic Management 2 (AFTP2). Country Department for Ethiopia Africa Region.

Although, as mentioned above, there are concerns that electrifying virtually all rural towns and villages over a ten year horizon is an overly ambitious program, extending electrification over the next several years to towns that provide relatively higher returns would support the growth and poverty reduction agenda of the GoE. Accordingly, the World Bank is proposing to support GoE in carrying out the next two years of its electrification program. Decisions to support the UEAP for subsequent years would be made in later years based on an analysis at that time of the proposed tranche of electrification activities to ensure that they are economically justified and will not undermine EEPCo's financial or operational ability to operate the power system in a sound and sustainable manner.

The Bank has already been partnering with GoE and EEPCo in the effort to increase energy access. The Bank is providing about US\$140 million for the Energy Access Project (with a related GEF project), which includes an off-grid rural electrification component currently under implementation that complements the grid extension proposed under the UEAP. The ongoing Energy Access and Energy II projects in Ethiopia are currently rated unsatisfactory because of financial concerns regarding EEPCo. However, they are expected soon to be upgraded to satisfactory, following anticipated improvement in EEPCo's financial position (through debt restructuring and an increase in tariffs) and EEPCo's adoption of a sound least-cost development plan.

4. Description

4.1 The project would have two components:

- (1) The first component, expansion of access to electricity, would extend the grid to connect customers in towns not currently connected, and would include the following two sub-components:
 - a. Connecting about 200 towns and about 200 surrounding villages to the grid (through substation expansions and installation of sub-transmission lines (typically 33kV)), and installation of distribution systems in the towns (through transformers and LV lines) – Component 1a
 - b. Connecting customers to the distribution system (including installation of wiring to homes and meters) – Component 1b
 - c. installation of efficient public street lighting (about 150 km of wiring) in various of the towns electrified under component (1) and distribution of CFLs (compact fluorescent lamps) to poor customers to foster energy efficiency and therefore affordability
- (i) (2) Capacity building for electricity access expansion, including (a) logistical support to the EEPCo unit responsible for implementing the UEAP, (b) an analysis of barriers to connections for the poor with a view to developing mechanisms to overcome these barriers, (c) an assessment of opportunities to provide more effective subsidies targeted to the poorest (smart subsidies); (d) economic and financial analysis of the UEAP's proposed annual programs for the next several years, including a review and refinement of existing analytic tools employed by the UEAP office and implementation of market studies; (e) an analysis of opportunities to improve the design and implementation of the rural towns electrification program with a view to reducing costs and improving operation efficiencies; (f) an analysis of mechanisms to improve service reliability of rural electricity supply during critical system conditions; (g) monitoring and evaluation; and (h) development of a "learning organization" culture in rural and peri-urban electrification, able to assess ongoing development features,

extract lessons learned, and integrate design improvements into the ongoing implementation of the UEAP.

Cost Estimates and Funding Sources (US\$Million)

Component	Estimated Total Costs (US\$M)	EEPCo	IDA to GoE (US\$M)	GoE (excl. IDA) (US\$M)	Customers
1a. Electrification of rural towns	162	32	96	34	
1b. Connecting 150,000 customers	11				11
2. Capacity Building and Increased Affordability for Electricity Access Expansion	4		4		
Total Project Costs					
Total Financing Required	177	32	100	34	11

A more detailed description of project components can be found in Annex 4 and a detailed cost breakdown can be found in Annex 5.

5. Financing

Source:	(\$.m.)
BORROWER/RECIPIENT	77
INTERNATIONAL DEVELOPMENT ASSOCIATION	100
Total	177

The project will consider retroactive financing.

6. Implementation

Currently, EEPCO is working with other donors on rural electrification, such as the AfDB, BADEA and the Kuwait Fund, as well as IDA through the existing Energy Access project. The UEAP represents a new intensified effort in this area. It is anticipated that donors will be interested in supporting this intensified electrification effort, even in the current political environment, given in part that many of the beneficiaries are the rural population that are relatively poorer. At the same time, as reflected in a donors meeting held in Addis in October 2005, various donors indicated that no funding should be expected from these sources over the coming year. Donor funding could be forthcoming in subsequent years, in particular assuming that it can build on Bank support to GoE's access expansion program.

The project will be implemented by the UEAP office created within EEPCo for the specific purpose of implementing the grid-based rural electrification program. The UEAP Office will serve as the Project Implementation Unit for the Project. It was established in 2005. It is an office reporting directly to the General Manager of EEPCo. UEAP has one chief coordinator, and seven other coordinators, who report to the UEAP coordinator, for the following areas: engineering coordinator; resource coordinator; construction coordinator; and coordinators responsible for managing activities supported by donors.

Currently there are about 47 professionals and 96 support staff working for UEAP. 94 are permanent employees and 49 are working on temporary basis.

The Bank's policy (OP 10.02) requires borrowers and project implementing agencies to maintain financial management systems, including accounting, financial reporting and auditing systems, adequate to ensure that they can provide to the Bank accurate and timely information regarding project resources and expenditures. The assessment of the financial management systems of this project was done in line with the guidelines issued by the Financial Management Sector Board in June 2001.

Assessments of the financial management systems of the country and project implementing agencies by the Bank Country Profile of Financial Accountability (CPFA) and European Union (EU) (Diagnosis of control capacities) revealed that: (i) the financial management systems of the country generally need to be strengthened; and (ii) that while there is a lack of trained manpower at all levels, the overall control environment is good and there are no accountability issues.

EEPCo will be required to maintain accounting records and prepare project financial statements in line with International Accounting Standards. It is also their responsibility to have the projects accounts audited in accordance with International Standards on Auditing. The Bank and the Borrower agreed to the submission of audit reports six months after the end of the fiscal year.

7. Sustainability

The project is designed to provide access to rural towns on a sustainable basis. There are several dimensions that are critical to the sustainability of the development objectives:

a. Technical and Financial Sustainability of EEPCo. The utility is the ongoing implementing unit for the provision of electricity to these towns to be connected to Ethiopia's interconnected grid. EEPCo has demonstrated its technical and managerial capacity over the long term. However, its financial situation has been weakened, in part due to delays by GoE in adopting needed tariff increases. As a consequence, the potential deterioration in EEPCo's financial position may ultimately undermine its technical and managerial capacities, thereby threatening the sustainability of its operation of the grid. The Bank is working with EEPCo and the Government to strengthen its long term financial position.

b. Affordability Considerations for Poor Rural Customers. The benefits of the project depend not only on the continued access of the rural population to electricity, but also at affordable rates. Consequently, while tariff increases are needed to protect EEPCo's financial capacity, it is important to structure these increases to ensure that the electricity continues to be provided at affordable level and subsidies are properly targeted to those who need most. Today, power is provided to poorer customers at about \$0.03/kWh. Despite being higher than in other countries, it is still below the marginal cost to serve the customer.

c. Sound Expansion of the System and Implementation of Subsequent Phases of the UEAP. The GoE policy, as reflected in part in the UEAP and its mandates to EEPCo, is to aggressively expand both the generation side (in particular to take advantage of Ethiopia's substantial untapped hydrological potential, which has been estimated at about 30,000 MW) and increase access rates. It is important for the health of the sector that these aspects are carried out in a sound manner, notably from a technical, financial and economic perspective. The Bank is continuing to work with EEPCo and GoE on these aspects, but it also remains important for GoE and EEPCo to avoid the temptation to overbuild and over-expand beyond its own means, which would put excessive stress on the financial and technical resources of the sector.

8. Lessons Learned from Past Operations in the Country/Sector

There are several lessons to be drawn from the Bank's engagement to date in Ethiopia's electricity sector. First, as mentioned above, EEPCo has a strong implementation capacity. Second, the expansion of the grid has put financial pressure on EEPCo, which had been one of the stronger utilities on the continent; tariff increases and other financial interventions (such as debt restructuring) are needed to ensure that a strong EEPCo is able to manage an ever larger power system. Third, EEPCo requires subsidies from the government to carry out the rural electrification program, as there are practical limits on tariffs and corresponding constraints on cross-subsidization among customer classes. Fourth, mechanisms need to be explored to reduce the cost of connections (currently US\$50-US\$100 per connection) to more affordable levels, in particular for the poorest of the poor. Fifth, the power system in Ethiopia has presented low commercial losses, in great part due to a healthy culture of payment, a pre-condition for the financial health any power system. Lastly, there have been few private operators interested in running isolated systems (local communities have been relatively more proactive in this regard), and so significant private sector interest in access expansion is not anticipated. However, there are likely greater prospects for private sector interest in generation.

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[X]	[]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]
Cultural Property (OPN 11.03 , being revised as OP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[X]

10. List of Factual Technical Documents

1. UEAP Assessment on How to Use the USD100 Million to be Allocated by the World Bank for the UEAP Program. October 12, 2005.
2. Feasibility Study by EEPCo. January 2006.

11. Contact point: Philippe Charles Benoit
Title: Task Team Leader
Tel: (202) 458-1779
Fax: (202) 473-5123
Email: Pbenoit@worldbank.org

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

12. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-5454
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>