

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)**

Additional Financing

Report No.: PIDISDSA24449

Date Prepared/Updated: 21-Jun-2018

I. BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|---|------------------------------------|------------------------------|
| Country: | Niger | Project ID: | P164090 |
| | | Parent Project ID (if any): | P153743 |
| Project Name: | Additional Financing Electricity Access Expansion Project (P164090) | | |
| Parent Project Name: | Electricity Access Expansion Project (P153743) | | |
| Region: | AFRICA | | |
| Estimated Appraisal Date: | 25-Jun-2018 | Estimated Board Date: | 05-Sep-2018 |
| Practice Area (Lead): | Energy & Extractives | Financing Instrument: | Investment Project Financing |
| Borrower(s) | Government of the Republic of Niger - Ministre du Plan | | |
| Implementing Agency | NIGELEC | | |
| Financing (in USD Million) | | | |
| Financing Source | | | Amount |
| International Development Association (IDA) | | | 56.00 |
| IDA Grant | | | 14.00 |
| EC European Commission | | | 22.00 |
| EC European Investment Bank | | | 70.00 |
| Financing Gap | | | 0.00 |
| Total Project Cost | | | 162.00 |
| Environmental Category: | | | |
| Appraisal Review Decision (from Decision Note): | The review did authorize the team to appraise and negotiate | | |
| Other Decision: | | | |
| Is this a Repeater project? | No | | |

B. Introduction and Context

Country Context

1. Located in the Sahel, Niger is a landlocked and sparsely populated country in West Africa. The population was 20.7 million in 2016 on a land area of 1,267,000 km². Most Nigeriens (three quarter of the population) live in the west and south of the country on about 12 percent of the land area where most arable land is located. About 80 percent of the population live in rural areas. The growth of the population is currently at a rate of 3.9 percent per year and presents a major challenge with increasing pressure on the government capacity to deliver citizen-centered public services.

2. Niger's overall development indicators are very poor. Niger has been ranked at the bottom or near the bottom of the UN Human Development Index (HDI) since 2000. Per capita GDP was US\$ 895 in 2015 (constant 2011 US\$), making Niger one of the poorest nations in the world. Life expectancy at birth is estimated at about 61 years. About seven Nigeriens out of ten are illiterate and only about four female students in primary school out of ten reach 6th grade. Although poverty rates have fallen, this has been outweighed by rapid population growth rates, resulting in a large increase in the absolute number of poor people in Niger. Between 2005 and 2014, the incidence of income poverty fell from about 54 percent to about 45 percent. The absolute number of people living in poverty, however, rose from 6.75 million in 2005 to 8.2 million in 2014, an increase of one fifth or 1.4 million people.

3. The agricultural sector remains dominant in the economy, and there are few indications of diversification. Agriculture is the dominant sector in the economy (40 percent of GDP), whereas sectors such as manufacturing (6 percent of GDP), construction and public works (3 percent of GDP) are nascent, but still underperforming. The production of electricity gas and water (1 percent of GDP) are relatively small and underdeveloped. With a contribution of around 40 percent of GDP, the tertiary sector is dominated by the import and export trade and its health is dependent on the cost of transportation. More than 60 percent of GDP is generated in the informal sector.

4. Niger endures the impact of multiple shocks. Niger finds itself at the heart of a turbulent region marked by political and religious violence in northern Nigeria, separatist and armed movements in northern Mali, and intercommunal violence and state collapse in southern Libya. It has affected Niger in important ways, including a state of emergency in the southeastern region of Diffa and the influx of an estimated 198,000 refugees and 137,000 internally displaced persons. In addition to security and humanitarian challenges, Niger has also had to cope with economic downturn in Nigeria, unfavorable weather conditions and the depressed level of commodity prices.

5. Refusing the status quo, Niger is prepared to break the poverty trap through a new development strategy and plan. In May 2017, the Government of Niger (GoN) adopted the Sustainable Development and Inclusive Growth Strategy (SDDCI) - Niger 2035. The first plan for the implementation of the SDDCI, the Plan for Economic and Social Development (PDES) 2017-2021, was adopted in September 2017. The overall strategy seeks to address main constraints to development including national security, public administration, human capital (education and health), adequacy of population growth and economic growth, rural development and private sector participation. The PDES is articulated around five axes including: (i) cultural renaissance; (ii) social development and demographic transition, (iii) acceleration of economic growth, (iv) governance and security and (v) sustainable management of environment. To accelerate the economic growth and social development, the PDES builds on the revitalization and modernization of the rural world focusing on increased agricultural productivity, private sector participation and empowerment of women and youth employment.

6. To support economic growth and promote social development, the GoN has prepared an ambitious National Electrification Strategy to accelerate on-and off-grid electrification. Electricity access

increases annually at a rate of 1.3 percent in Niger and will reach only 11.5 percent by 2030 at the current pace and current population growth, far behind the Sustainable Development Goal of universal access by 2030. To change this trajectory, the GoN has prepared a new ambitious National Electrification Strategy (NES) which is formulated around two main pillars: (i) on the demand side, to ensure, on the basis of a principle of social justice, universal access to electricity for all Nigeriens by 2035 in line with the SDDCI – Niger 2035, and make electricity the driver and enabler of the modernization and the development of rural world in support of the decentralization process; and (ii) on the supply side, promote public-private partnerships (PPP), with a view to tapping into domestic energy resources to generate 80 percent of the supply by 2035. The National Electrification Strategy (NES), was validated in September 2017 and is slated for the GoN’s adoption by end of June 2018. The NES is well supported by the Alliance pour le Sahel target of doubling access by 2022. Sustainable expansion of basic services to the general population, including access to energy services, plays a key role in the national development strategy. As such, electricity is needed for human capital development (education, healthcare, access to water, information), rural economy (irrigation, agri-businesses, income generating activities, youth employment, women empowerment).

Sectoral and Institutional Context

7. Niger is confronted with multi-faceted challenges in the electricity sector, which hampers economic growth and productivity, and is an impediment to lifting the country from the poverty trap. The challenges consist of: (i) lack of access to modern energy services for the rural areas, where access is less than 1 percent, and for urban areas, which may have connectivity but have poor and unreliable access; (ii) the need to promote energy security taking into account fast growing demand and need to expand generation capacity to counterbalance the heavy dependence on imports from Nigeria and high cost domestic fuel-based generation (iii) the need to promote financial sustainability of the utility; (iv) the need to pursue sequential reforms in the sector to ensure its financial sustainability and equilibrium while the customer base and service areas of NIGELEC grow.

- Niger has one of the lowest electricity access rate in Sub-Saharan Africa, at 10 percent, with large disparities between urban and rural areas. Electricity access rate varies between 20 percent and 40 percent in smaller cities and stands at around 50 percent in Niamey. Less than 1 percent of the rural population, which accounts for 83% of the total population, has access to electricity in Niger.

- Electricity demand is growing at a faster pace than the Gross domestic product (GDP). Over the period 2001–2015, electricity demand grew at 16 percent per year, much faster than GDP growth of about 4 percent, and it is expected to grow more than 10 percent per annum during the period 2015–2020, albeit from a very low consumption base. This is among the highest growth rate for electricity demand in the world, and is partly attributed to the high rate of population growth, and low baseline. Power supply, which is heavily dependent on imports of cheap electricity from Nigeria, reached 86.5 percent of total supply in 2010, but declined to 72.3 percent in 2016 because demand exceeded the capacity of the transmission line from Nigeria. Domestic generation is based mainly on costly oil fuels. Nationwide aggregated installed capacity is only about 170 MW (excluding mining operations) of which 130 MW in the Western Grid (Niamey, Tillabery, Dosso).

- While the financial and technical performance of NIGELEC has been adequate over the past few years given the small size of the grid, the electricity sector is striving to manage its challenges of increased cost of generation, sustained growth in energy demand, and need to significantly increase energy access. The state-owned utility, NIGELEC, served about 355,528 customers in 2017 and the number will be multiplied by 1.6 by 2023 with ongoing and planned investments including the parent project, the proposed AF, and financings by other donors. NIGELEC has shown a positive net operating profit over the past decade. However, the utility will need to sustain this financial performance in the short to medium term as generation and import costs are likely to increase and

servicing the debt for new investments will be absorbed. To this end, the GoN has embraced strong reforms (regulator, Electricity Act, new tariffs, debt restructuring,) to sustain the sector financially and improve its overall performance. IDA is supporting this effort through the multisector Development Policy Financing (DPF) for Second Public Investment Reform Support Credit (P159969) and the parent project.

8. The fragmentation of the grid does not allow to manage efficiently the available capacity. The electricity system was composed of six unconnected systems. The West Zone includes the capital Niamey and some of the most populated centers, such as Dosso and Tillabéri. This network is currently supplied through a 132-kilovolt (kV) interconnection with northern Nigeria (Birni-Kebbi substation). The Center Zone includes the urban centers of Zinder, Maradi, and Tahoua and some of Niger's largest industries, such as the Malbaza cement plant. Electricity demand is increasing rapidly in this area, which is partly supplied by a second interconnection with Nigeria (Katsina substation). The West and Center electrical zones account for more than 90 percent of Niger's electricity consumption. The Northern Zone was developed to provide electricity for the operations of the mining sector and related urban centers, such as Arlit and Agadez. Power supply is mostly provided by SONICHAR (Société Nigérienne du Charbon), which operates a generating plant using local coal. The Eastern Zone provides electricity to smaller urban centers in the eastern part of the country, such as Diffa, with power provided by small diesel units. The Southern Zone provides electricity to localities bordering Benin. Finally, 144 centers are supplied (either continuously or for only a few hours) by small diesel units, at prohibitive costs. Through the Niger Solar Electricity Access Project (P160170), IDA is supporting the solar hybridization of the isolated diesel units to reduce generation cost and increase access and quality of service.

9. The GoN has acted to put in place the institutional and legal framework necessary to address sector challenges, but further measures will be required. The GoN liberalized the power sector with the approval of the Electricity Act of May 2016 which, on paper, broke the monopoly of NIGELEC in generation, transmission and distribution by opening up the sector to private sector participation, particularly in generation and in rural electrification. The Electricity Act also enacted the creation of a new energy sector regulator, the Autorité de Régulation du Secteur de l'Energie au Niger (ARSE - Energy Sector Regulatory Authority of Niger), created in December 2015; and (b) a rural electrification agency, the Agence Nigérienne pour la Promotion de l'Électrification Rurale (Nigerien Agency for the Promotion of Rural Electrification, ANPER), set up in January 2015. In a very short time, ARSE has achieved commendable results with the adoption by the GoN of all decrees mandated by the Electricity Act. In October 2017, the GoN approved the first tariff adjustment since 1994. Based on a cost-coverage approach, the new tariff methodology allowed an overall increase of 20 percent with a pro-poor social tranche and a multi annual electricity tariff adjustment covering 2018-2020 and 2021-2022. The new tariff became effective in January 2018. This will help ensure that the utility has the ability to invest in generation, transmission and distribution assets to increase access. The GoN has also implemented NIGELEC's debt restructuring plan which brought the ratio of equity to permanent capital below 50 percent. This resulted from the retrocession of the amount of 60 billion CFA francs, which is the share of GoN in the Gorou Banda thermal power plant, into a participation in the capital of NIGELEC. In application of the Electricity Act, contractual relationships between the State and NIGELEC and between NIGELEC and its customers will be clarified through: (i) a concession contract between the State and NIGELEC; (ii) new service standard between NIGELEC and its customers with establishment of service quality requirements; and (iii) a performance contract between the State and NIGELEC. The effectiveness and effects of these reforms need to be monitored going forward and adjustment measures should be triggered to maximize their impact on the financial viability of the sector. Still, efforts need to be sustained to improve the operational performance of NIGELEC including low bill collection rate (currently at 80 percent), high transmission and

distribution losses (21 percent), grid fragmentation, as well as challenges associated with NIGELEC's capacity to cope with electricity access acceleration and increase in customers base.

10. While Niger will have to rely on fossil fuel for power generation, which will increase the cost of supply, plans are in place to increase electricity imports and to develop renewable energy resources such as domestic hydropower and solar, combined with coal, which will lower the cost of service. The GoN and NIGELEC have developed an ambitious generation plan for 2016–2027 with major power generation and transmission investments to enable expansion of electricity services. The plan contemplates short term supply domestic options at high generation cost (diesel/heavy fuel oil) (in the absence of additional transmission capacity for imports), while cheaper options (hydro, coal, solar or additional imports from Nigeria) become available in the medium and long run. A Least Cost Power Development Plan is under preparation with Bank support to further strengthen the planning in the sector. Four major projects constitute the main pillar of the plan: (a) Gorou Banda diesel power plant (100 MW in 2017); (b) Kandadji hydroelectric plant (130 MW by 2023) supported by the World Bank; (c) Salkadamna coal power plant (200 MW up to 600 MW by 2023) likely financed by the private sector through an Independent Power Producer (IPP); and (d) a new 330 kV double circuit interconnection line with the West Africa Power Pool (WAPP) to increase imports from Nigeria (400 MW by 2021), as part of the North Core Project (P162933) supported by the World Bank and a number of donors. The Gorou Banda plant will provide enough power to meet the demand increase for the next five years, although at a high generation cost. The first phase of the Gorou Banda plant of 80 MW supported by the Islamic Development Bank (IsDB) and the West Africa Development Bank (BOAD) has been commissioned in April 2017 and the remaining 20 MW will be financed by African Development Bank (AfDB).

11. In that context, Solar PV generation is a potential solution in the short/medium term to complement or displace diesel/heavy fuel oil (HFO) generation, reduce generation costs and curtail tariff adjustments. The GoN identified up to 100 MWp grid-connected solar photovoltaic (PV) generation potential, for which the government already secured the financing for 20 MWp at Gorou Banda (French Development Agency - AFD) and 7 MWp plant at Malbaza (EximBank India), which are currently being developed as public projects to be owned and operated by NIGELEC. The plan also includes a site of 30 MWp in Guessel Bodi, close to Niamey, and four other sites of around 10 MWp each to supply regional capitals including Maradi, Zinder, Lossa, Tahoua and Dosso. Finally, AFD and European Union (EU) are financing a hybrid/diesel powerplant of around 19 MW (13 MWp solar and 6 MW thermal) in Agadez. The GoN has the opportunity to develop this potential in the short/medium term, which is equivalent to the size of the Diesel power plant at Gorou Banda, which would contribute to lowering generation costs to meet additional demand in the mid-term. The government has requested the World Bank support to further develop solar energy in Niger, including pre-feasibility studies, capacity building, and transaction advisory services for private sector investments in solar projects. As a first step, the World Bank is supporting, through ESMAP Trust Fund, the technical analysis of the second phase of the Gorou Banda (first phase developed by AFD) as well as for the solar plant in Dosso - Lossa and the integration of solar capacity in the Center Eastern grid supplying Tahoua, Maradi and Zinder regions. Launched in March 2018, the study is expected to be completed in September 2018. It will analyze technical options including hybridization and solar storage as well as implementation modalities with particular attention to private sector participation in the financing structuring. Through the proposed AF, the Bank will further support the institutional capacity to develop solar energy in the Republic of Niger. The Government requires further assistance in the planning, procurement, and negotiation of Independent Power Producer (IPP) and Public Private Partnership (PPP) projects in the power sector. The proposed AF would finance a comprehensive package of transaction advisory assistance (covering technical, legal, and financial aspects) and associated capacity building for key energy sector entities, including the Ministry of

Energy, NIGELEC, and ANPER. The aim is to facilitate private sector investments offering value for money in the generation segment by streamlining the selection and the closing of IPPs/PPPs in a timely, transparent, and cost-effective manner. IFC is interested to be part of the assessment and to support solar power development in Niger. The Bank's team is working together with IFC to provide the best support to the government.

12. Grid densification and extension is central to the National Electrification Strategy and the least cost solution to provide access to electricity services to most Nigeriens. The National Electrification Strategy articulates a multi-pronged investment approach to expand access by upgrading, reinforcing, expanding and densifying existing transmission and distribution systems, constructing new transmission and distribution systems as well as developing isolated mini-grids and promoting standalone solar products. The NES was developed based on a least cost access expansion using a planned, systematic approach to effective geo-spatial implementation of electrification. The access expansion plan set out in the NES acknowledge the geographical, demographic and socio-economic development potential of localities throughout the territory of Niger. Grid extension is the least cost solution in densely populated areas in the Southern part of the country and will contribute to provide access to electricity to 85 percent of the population by 2035. Decentralized mini-grids are suitable solutions to electrify 5 percent of the population living in localities far from the grid with reasonable population density. The remaining part of the population (10 percent) dispersed throughout the country, would have basic services for light and cellphone charging through stand-alone solar systems (including solar home and pico-PV systems). In this context, the large majority of rural population could be connected through the grid, while off-grid systems could be developed in parallel through strong planning. Bank intervention in Niger is aligned with the NES. The Niger Solar Electricity Access Project (P160170 - NESAP) is supporting the creation of solar market with the promotion of standalone solar systems as well as private sector led electrification through solar-based mini-grids. The ongoing Multi-Tier Framework (MTF) survey financed by ESMAP would provide useful information to establish access baseline for the proposed AF activities. Off-grid electrification is increasingly supported by other donors including: India Exim Bank (50 villages solar electrification project, ECOWAS Bank for Investment and Development (EBID, US\$10 million for solar electrification), West African Development Bank (BOAD, 47 villages by 2019), IsDB (27 big rural towns), International Renewable Energy Agency (IRENA, 100 villages) with Abu Dhabi Fund for Development (ADFD).

Higher level objectives to which the Project Contributes

13. The proposed AF is well aligned with twin goals of reducing extreme poverty and promoting shared prosperity, with the World Bank's Systematic Country Diagnostic (SCD) and the World Bank Group's FY18-21 Niger Country Partnership Framework (CPF). The World Bank Group's support to the electricity sector is a critical part of the CPF, which is clustered around three focus areas and one cross-cutting theme: (i) rural productivity and incomes which aim to increase Niger's low levels of productivity and household incomes in rural areas; (ii) human capital and social protection; and (iii) governance for jobs and growth. The proposed AF will support increased and improved access to energy services through distribution network upgrading, densification, extension and new connections in Niamey and seven secondary cities including Dosso, Tillabery, Tahoua, Zinder, Maradi, Agadez and Diffa. This will contribute to increase availability of power and improve supply reliability, which are critical to economic activities and growth. The AF will also extend and densify the grid in selected rural areas, which in turn will support the first focus area of rural productivity and incomes. To achieve the outcomes of the first focus area, the CPF recognizes that several ongoing projects in the electricity sector will contribute, including the Electricity Access Expansion Project (P153743), proposed AF for NELACEP, the Niger Solar Electricity Access Project (P160170 with Additional

Financing expected in FY20), The Regional Off-Grid Electrification Project (P160708 - ROGEP), the North Core/Dorsale Nord Regional Interconnector Project (P162933) and a multisector Development Policy Financing (DPF) for Second Public Investment Reform Support Credit (P159969).

14. The proposed AF supports Bank engagement in the Sahel Alliance, which seeks to improve development impacts by addressing five key development challenges, including energy poverty. At the international level, there is a growing recognition that energy poverty results in reduced economic opportunities and lower productivity, and may be a contributor to fragility. The Sahel Alliance sets a target of doubling access within five years in Sahel countries. The increase in electricity access resulting from the Project contributes to that goal. The Bank is championing the energy access agenda in Niger, and is mobilizing other donors to fund the implementation of the NES. Bank engagement through the proposed AF will send the right signal to leverage financing from other donors in increasing funding for access to electricity in Niger. AFD, AfDB, IsDB, EU are engaged in the electricity access space in Niger and close coordination is put in place and driven by the Bank to create the synergies. The proposed AF has leveraged EIB and EU parallel financings to finance additional activities that will further increase the overall impact of IDA financing.

15. The European Investment Bank (EIB) has confirmed its interest to provide parallel financing for an amount of credit US\$70 million equivalent by EIB and is discussing with the European Union (EU) to mobilize a grant amount of US\$22 million equivalent to finance upgrading and extension of the transmission and distribution network and new connections in support of the project objective of increasing access. This will multiply by 2.3 the IDA investment in the proposed AF. The activities to be financed by EIB/EU will be implemented independently and in parallel with IDA financed activities. However, they will contribute to the energy sector goal of increasing access to electricity in the country. While close coordination will be ensured among co-financiers, each institution will retain the fiduciary responsibilities of its investments including its own procurement, financial management procedures and supervision of the implementation of activities and safeguards instruments. With regards to the latter, the safeguards instruments have been prepared following the World Bank policies, and approved by each of the two financiers, namely the Bank and EIB (which manages the grant from the European Union on its behalf). Joint supervision missions will be organized and the owner's engineer will be financed by IDA to enhance coordination and efficacy and oversee the implementation of safeguards instruments. NIGELEC and the GoN have appreciated the collaboration of IDA and EIB, and have indicated their strong preference for joint missions to minimize transaction costs.

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The Project Development Objective (PDO) is to increase access to electricity.

Proposed Project Development Objective(s) - Additional Financing

The Project Development Objective (PDO) is to increase access to electricity.

Key Results

Progress toward achieving the PDO will be measured by the following project outcome indicators:

- People provided with new or improved electricity service (Number) (Core)
 - o of which females (percentage)
- Non-household connections provided with access to electricity under the project (Number)
- Direct project beneficiaries (Number)

D. Project Description

Component Name:

Component 1. Upgrading and Reinforcement of Transmission Systems in the Western Grid

Comments (optional)

This component will upgrade and reinforce the transmission loop of Niamey which is the backbone of the entire Western grid (River Zone or Zone Fleuve), including the city of Niamey and the regions of Dosso and Tillabery. The investment will allow the evacuation of new solar and hydro capacity as well as the import of cleaner electricity from Nigeria. The component is divided in two separate sub-components. The first subcomponent will be financed with IDA resources and will upgrade the existing transmission loop in Niamey from 66 kV to 132 kV to increase the transit capacity. The second subcomponent will be funded by EIB.

Component Name:

Component 2. Extension, Reinforcement and Densification of MV and LV Networks in Niamey, Seven Regional Capital Cities and Selected Rural Areas

Comments (optional)

This component is a scale up of activities of Component 1 of the original Project (Extension, Reinforcement and Densification of MV and LV Networks) and will consist of investments in the distribution systems in Niamey and seven secondary/regional cities including Dosso, Tillabery, Tahoua, Zinder, Maradi, Agadez and Diffa (new city added). The component will also finance the construction of the Network Control Center for the distribution systems in Niamey to support NIGELEC operational capacity.

Component Name:

Component 3. Strengthening institutional capacity in the electricity sector

Comments (optional)

This component includes three main technical assistance activities to support the capacity building of the Ministry of Energy and the strengthening of operational capacity of NIGELEC and project management.

E. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Project activities, will be implemented in urban and peri-urban areas in the 8 major cities: Niamey, Diffa, Dosso, Maradi, Zinder, Agadez, Tahaoua and Tillabery and selected rural localities.

F. Environmental and Social Safeguards Specialists

Bougadare Kone, Environmental Safeguards Specialist

Mahamadou Ahmadou Maiga, Social Safeguards Specialist

II. IMPLEMENTATION

The institutional and implementation arrangements under the Parent Project will be used in the proposed AF. The project will be managed and implemented by through the Cellule des Grands Projets (CGP), the existing Project Implementing Unit (PIU), within NIGELEC. The Procurement and Financial Management arrangements for the AF will be based on the existing arrangements in place under the Electricity Access Expansion Project (P153743). NIGELEC will be responsible for the project planning, financial and procurement management, M&E, and

internal auditing.

The existing NIGELEC environment and social unit, will be responsible for overseeing project compliance of the environmental and social guidelines. Since its role under this project represents a significant scale-up from its current responsibilities, suitable capacity enhancement will be provided. A Senior Social Development specialist will be recruited to strengthen the unit. Financial provision will be made in the project financing to face any potential resettlement claims arising out of involuntary resettlement.

III. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--|------------|---|
| Environmental Assessment OP/BP 4.01 | Yes | The proposed AF would will not lead to new or changes in safeguard related issues and/or trigger any new safeguards policies. The AF like the parent project, remain category B, and keep the same policies triggered. This policy is triggered by the project because its activities under components 1 and 2 have the potential for some localized environmental adverse impacts. Two Environmental and Social Impact Assessments (ESIA) have been prepared for activities in Niamey and surroundings and for the T-line Dosso-Balleyara and the Environmental and Social Management Framework (ESMF) of the parent project has been updated to reflect the revised project scope and lessons learnt from the parent project and consulted upon. The ESIA's and the updated ESMF were published in-country, on June 19, 2018 and on World Bank website on June 19, 2018. The ESIA's include the global ESMP of the known activities (measures to be implemented by NIGELEC and measures to be implemented by the contractor). |
| Performance Standards for Private Sector Activities OP/BP 4.03 | No | The activities of the project will not require OP/BP 4.03 to be triggered. There is no private sector activities involved in the project. |
| Natural Habitats OP/BP 4.04 | No | This policy is not triggered as it's not anticipated that any subproject with the potential to cause significant conversion or degradation of natural habitats or critical natural habitats will be financed. Implementation. |
| Forests OP/BP 4.36 | No | This policy is not triggered as the sub projects financed under the project are not anticipated |

| | | |
|--|-----|--|
| | | to have adverse impacts on the health and quality of forests or rights and welfare of people and their level of dependence with the forests. |
| Pest Management OP 4.09 | No | The Project does not involve the use of pesticides or have any impact on pest management practices. |
| Physical Cultural Resources OP/BP 4.11 | Yes | <p>The project will not involve significant physical work, excavations and demolitions. However, the Physical Cultural Resources policy OP/BP 4.11 is triggered because the nature of the proposed physical activities and the project areas, may involve the possibility of finding evidence of physical cultural resources during civil works.</p> <p>Due to potential impacts on Physical Cultural Resources associated with civil works, the ESMF formulated standard measures to be included in the companies' contracts, in case any chance finds occurs.</p> |
| Indigenous Peoples OP/BP 4.10 | No | There are no indigenous peoples in the project area. |
| Involuntary Resettlement OP/BP 4.12 | Yes | <p>OP 4. 12 is triggered in the parent project as well as in the additional financing because this project involves the building of physical infrastructure including the transmission and distribution lines, replacement of transmission towers, distribution posts/cabins to be rehabilitated and/or constructed. These activities may result in loss of assets, relocation or obstruction of small business.</p> <p>The Resettlement Action Plan (RAP) has been prepared for the activities in Niamey and surroundings as the rights-of-ways are known and affected persons were identified. The RAP for the T-line Dosso-Balleyara will be prepared once the detailed design is completed to allow the precise identification of land affected by the footprint of pylons and compensation of people losing their assets before the start of construction works. The Resettlement Policy Framework (RPF) of the parent project have been updated to reflect the revised project scope and lessons learnt from the parent project and consulted upon. The updated RPF and the RAP were consulted upon and published in-country, respectively</p> |

| | | |
|--|----|---|
| | | on June 19, 2018 and on World Bank website on June 19, 2018. |
| Safety of Dams OP/BP 4.37 | No | The project will not support construction or rehabilitation of dams. |
| Projects on International Waterways OP/BP 7.50 | No | This project will not take place on any international waterways, and will not support activities that will impact international waterways. |
| Projects in Disputed Areas OP/BP 7.60 | No | This project will not take place in any disputed areas as defined under OP 7.60, and will not support any activities that will impact disputed areas. |

IV. 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:

The project is classified as Category B as the parent project and sub project activities are not expected to lead to any large scale, significant, or irreversible environmental or social impacts. It is expected to positively impact the beneficiary communities by improving the quality and reliability of electricity services that are provided to them. The net social and environmental effect of the project is expected to be highly positive as greater access to reliable energy will improve the living conditions for the beneficiaries. This includes household and consumers as well as small businesses and industries in Niamey and 7 regional capitals as well as in about 90 villages.

The potential negative environmental and social impacts of the proposed project activities are expected to be small-scale and site-specific. These activities will be carefully reviewed following the procedures set out in the RAP and RPF to ensure compliance with the Bank's safeguards policies and Government regulations. However, any potential environmental safeguard concerns related to the project are minimal to moderate, given that the project is largely confined to rehabilitation / maintenance of the existing distribution network. Care will be taken to minimize, if any, the impact of the T-line Dosso-Balleyara long of 85 km through the design. Most impacts will essentially be related to safety management. Codes of conduct on child protection and Gender-based Violence (GBV) will be integrated in the bidding documents and in the contracts of all employees, contractors, and consultants contributing to the implementation of the project's infrastructure.

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

Given that the additional financing does not involve major civil works, no indirect or long term adverse environmental or social impacts are expected. The transmission lines will be upgraded using current corridor and the rights-of-way for the T-line Dosso-Balleyara is selected to minimize any negative impact. For safety reasons and applications of national regulations, illegal settlements will be cleared with due compensation of persons affected.

Through consultation and the RAP, the project will identify and improve other basic socio-economic issues and livelihoods of Project Affected People (PAPs). As in the parent project, Component 2 may cause temporarily losses of assets and revenues for small businesses due to construction works. PAPs will be compensated before the construction works start.

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

The chosen activities utilize the existing transmission and distribution paths and thus minimizes adverse impacts, particularly in urban and populated areas. The route for the Dosso-Balleyara line was designed to minimize any negative impact. A PAR will be prepared once all technical features and locations of the pylons are known and PAPs will be compensated before the start of construction works.

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.

The Niger legislative framework includes a decree on Environmental Assessments that ensures the integration of environmental considerations at the project level. Institutional responsibility lies with the Bureau Environmental Assessments and Impact Studies (BEEEI), attached to the Ministry of the Environment and Desertification Control. The major environmental assessment regulatory in Niger is referred to the institutionalization of Environmental Impact Studies (January 1997), Law n ° 98-56 of 29 December 1998 on the Framework Law on the management of the environment, the authorization of the Professionals Association for Environmental Impact Studies in Niger for carrying out its activities (April 1999), the Administrative procedure for impact assessment including the list of activities subject to impact assessment and the content of the environmental impact assessment.

The legal framework, and more precisely the Law on the Environment, allocates an entire chapter to Public Participation and the related articles provide the means of such participation. In line with this Law, public and private institutions are obliged, as part of their actions, to raise public awareness on the environment challenges. To this end, they ensure better information for citizens with a view to their participation in the environmental management.

NIGELEC has in place an environment and social unit who will be responsible for overseeing project compliance of the environmental and social guidelines. The unit is currently composed of two experienced environmental professionals with experienced of donors funded projects and implementation of safeguards instruments of the parent project. The unit will be strengthened with ongoing recruitment of a senior social development special. A position of second social specialist with capacity in gender development is also planned.

The RPF prepared under the parent project has been updated and contains guidance for preparing specific Resettlement Action Plans (RAPs) for issues related to land acquisition and loss of economic activities and assets to minimize negative impacts on Project Affected Persons. Any RAPs will need to be cleared by relevant authorities in Niger and by the World Bank and subsequently disclosed in-country and at the World Bank's website before any civil works can begin.

NIGELEC will be responsible for the implementation and monitoring of the RAPs to ensure

compliance with national and Bank policies and procedures. Training in safeguards will be provided to PIU staff by Bank safeguards staff to facilitate these activities. Regular monitoring reports (two per year) on the implementation of environmental and social safeguards provisions will be provided to the Bank for approval. These reports will be verified during project implementation support and supervision missions, which will include environmental and social safeguard experts.

Moreover, a gender inclusion plan will be prepared under the parent project and will further be used during the implementation of activities under the AF.

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

Key stakeholders include the Ministry of Energy and Hydraulics, the national power utility NIGELEC, Bureau d'Evaluation Environnementale et des Etudes d'Impact (BEEEI) within the Ministry of Environment, and the potentially affected population. During the preparation of the ESMF, RPF, ESIA and RAP, consultations were held with these key actors in order to discuss the project contents as well as to understand any concerns the affected people may have and to ensure any concerns are taken into account in the project design. Similar consultations, including consultations with the project affected people (PAPs), will be undertaken during the preparation of RAPs and the report will be validated in a national level workshop.

The safeguards instruments will be disclosed at the national, and local levels as well as in the Bank website. Places of disclosure include print media, various institutions including Ministry of in charge of energy, BEEEI of and the affected local communities.

B. Disclosure Requirements

| Environmental Assessment/Audit/Management Plan/Other | |
|--|-------------|
| Date of receipt by the Bank | 10-May-2018 |
| Date of submission to InfoShop | 19-Jun-2018 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | |
| "In country" Disclosure | |
| Niger | 19-Jun-2018 |
| <i>Comments:</i> | |
| Resettlement Action Plan/Framework/Policy Process | |
| Date of receipt by the Bank | 07-May-2018 |
| Date of submission to InfoShop | 19-Jun-2018 |
| "In country" Disclosure | |
| Niger | 19-Jun-2018 |
| <i>Comments:</i> | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, 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

| OP/BP/GP 4.01 - Environment Assessment | | | | | | |
|--|-----|-------------------------------------|----|--------------------------|-----|--------------------------|
| Does the project require a stand-alone EA (including EMP) report? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| OP/BP 4.11 - Physical Cultural Resources | | | | | | |
| Does the EA include adequate measures related to cultural property? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| OP/BP 4.12 - Involuntary Resettlement | | | | | | |
| Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Is physical displacement/relocation expected? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | TBD | <input type="checkbox"/> |
| 207 Provide estimated number of people affected to date, or to be affected. | | | | | | |
| Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods) | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | TBD | <input type="checkbox"/> |
| 207 Provide estimated number of people affected to date, or to be affected. | | | | | | |
| The World Bank Policy on Disclosure of Information | | | | | | |
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |

| | | | | | | |
|--|-----|-------------------------------------|----|--------------------------|----|--------------------------|
| 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 | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| All Safeguard Policies | | | | | | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Have costs related to safeguard policy measures been included in the project cost? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | NA | <input type="checkbox"/> |

V. Contact point

World Bank

Contact: Manuel Luengo
Title: Senior Energy Specialist

Contact: Affouda Leon Biao
Title: Senior Energy Specialist

Borrower/Client/Recipient

Name: Government of the Republic of Niger - Ministre du Plan
Contact:
Title:
Email:

Implementing Agencies

Name: NIGELEC
Contact: Mahamadou Arzika
Title: Secrétaire Générale
Email: arzikam@yahoo.fr

VI. For more information contact:

The World Bank
1818 H Street, NW

Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VII. Approval

| | | |
|---------------------------|---------------------------------------|-------|
| Task Team Leader(s): | Name:Manuel Luengo,Affouda Leon Biaou | |
| <i>Approved By:</i> | | |
| Safeguards Advisor: | Name: | Date: |
| Practice Manager/Manager: | Name: | Date: |
| Country Director: | Name: | Date: |