Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 05/28/2019 | Report No: ESRSC00166
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>AFRICA</td>
<td>P166805</td>
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| Project Name                                                                 |
| Angola - Electricity Sector Improvement Project                              |

<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
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<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
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<tr>
<td>Ministerio das Financas</td>
<td>Ministerio da Energia e Aguas</td>
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#### Proposed Development Objective(s)

The Project Development Objective is to improve the operational and commercial performance of the electricity sector utilities and increase electricity access in selected cities in Angola.

**Financing (in USD Million)**

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>Amount</th>
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<tbody>
<tr>
<td></td>
<td>250.00</td>
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</table>

#### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

#### C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The ESIP project aims at strengthening the operational capacity of the public national companies responsible for the generation (PRODEL), transmission (RNT) and distribution (ENDE) of electricity, and to increase electricity access in the Project Area. Thus, the project will: strengthen PRODEL’s capacity to optimally operate and manage the country’s hydropower fleet, enhance RNT’s capacity to dispatch renewable energy optimally and to improve the reliability of electricity service in Luanda province, and improve ENDE’s operational and commercial performance through a Management Improvement Plan and its capacity to connect additional customers to the national electricity grid. The ESIP project will be underpinned by a parallel ESMAP-financed programmatic Technical Assistance focused on supporting key reforms to improve the sector’s financial sustainability and the conditions for private participation.
D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The Project Development Objective is to improve the operational and commercial performance of the electricity sector and increase electricity access in selected cities in Angola. The ultimate goal of this Project is to ensure expanded and reliable electricity service to Angola’s people and firms. Electricity access expansion in selected areas will be a key outcome of the Project. Equally important will be results in terms of operational and commercial improvements at the utility level, which will contribute to lift the financial and operational viability of the power sector as a whole and enable progress towards the sector development targets set by the GoA. The project consists of three complementary components including: • Component 1 – Electricity service improvement (US$112 million). This focuses on the transmission sub-segment and is intended to help improve the operational performance of the transmission network, which is critical to make electricity service more reliable. • Component 2: Electricity access expansion and improvement of revenue collection (US$100 million). This will target the distribution sub-segment and ENDE’s performance in particular. On one hand it will finance grid expansions in selected areas. On the other hand, it will finance measures to bring ENDE on a more solid financial footing and prepare the utility to handle a larger customer basis. As result, ENDE will be better equipped to implement the massive investments needed to reach electricity access targets. Also, a stronger revenue capacity on ENDE’s side will complement efforts towards improving the financial standing of the sector as a whole and reduce the need for tariff increases. • Component 3 – Capacity Building for planning, operation and maintenance and for project management (US$38 million), which will provide technical assistance to build technical capacity at the utility level and project implementation capacity.

D. 2. Borrower’s Institutional Capacity

The Borrower has a legal and regulatory framework in place for environmental and social issues. However, a single investment project may be subject to requirements from more than one program area in the Ministry, as well as other government agencies. For the new ESF several aspects have not been addressed in standard ESAs in Angola. This is the first Bank-funded energy project in a changing sector context and therefore the implementation capacity is considered to be of high risk. Common structural project management weaknesses within the Government and publicly-owned sector agencies observed in other World Bank financed projects include limited human and technical capacity. The project will establish a PIU within the Ministry of Energy and Water; furthermore, the effort needed to coordinate with the recipient energy sector agencies, mainly ENDE, PRODEL and RNT, may exceed the institutional capacity of MINEA. To reduce implementation risks, funding is allocated under the Project to strengthen the PIU’s skills by hiring local and international experts on a competitive basis. In addition, MINEA will formalize the coordination between the PIU and PRODEL, RNT and ENDE, which will be asked to appoint focal points, with clear responsibility in terms of project oversight and reporting within their respective agencies. Finally, the Bank will make an extra supervision effort and maintain a close working relationship with the PIU and beneficiaries.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating Substantial

Key environmental concerns are related to potential risks and impacts from the reinforcement and expansion of the transmission and distribution network. The proposed civil works may generate some adverse impacts related to: (i)
disposal and management of waste during the construction phase, (ii) occupational health and safety of workers, (iii) nuisances related to air and noise emissions, and (iv) community health and safety. As such, likely impacts are expected to be minor, of limited duration and site specific. The Borrower has a legal and regulatory framework in place for environmental and social issues. However, a single investment project may be subject to requirements from more than one program area in the Ministry, as well as other government agencies. For the new ESF several aspects have not been addressed in standard ESIAs in Angola. This is the first Bank-funded energy project in a changing sector context and therefore the implementation capacity is considered to be of high risk. Common structural project management weaknesses within the Government and publicly-owned sector agencies observed in other World Bank financed projects include limited human and technical capacity. Thus, the environmental risk is considered substantial. In order to mitigate the risks, the project will establish a PIU within the Ministry of Energy and Water; furthermore, the effort needed to coordinate with the recipient energy sector agencies, mainly ENDE, PRODEL and RNT, may exceed the institutional capacity of MINEA. To reduce implementation risks, funding is allocated under the Project to strengthen the PIU’s skills by hiring local and international experts on a competitive basis. In addition, MINEA will formalize the coordination between the PIU and PRODEL, RNT and ENDE, which will be asked to appoint focal points, with clear responsibility in terms of project oversight and reporting within their respective agencies. Finally, the Bank will make an extra supervision effort and maintain a close working relationship with the PIU and beneficiaries.

**Social Risk Rating**

Substantial

While details are not known yet, the project could involve temporary and/or permanent economic and physical displacement for people living in or near the Rights of Way. An RPF will be prepared, consulted upon and disclosed for the project and it is expected that a RAP will be prepared during project implementation. There are capacity constraints in Angola in terms of preparing and implementing RAPs, and the numbers of affected people may be substantial. For this reason, the Social Risk Rating is Substantial.

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

**Overview of the relevance of the Standard for the Project:**

The project will finance physical works, which are related to the transmission and distribution of electricity. The proposed activities are not expected to involve significant adverse social and environment risks and impacts. The project may involve temporary and/or permanent economic and physical displacement of people living in or near the Rights of Way or Project Facilities. Impacts are expected to be adequately managed during project implementation in accordance with the Environmental and Social Management Framework (ESMF) that will be prepared.

**Areas where reliance on the Borrower’s E&S Framework may be considered:**

The Borrower has a relevant legal framework for addressing environmental and social risks and impacts. However, its capacity through policies and institutional arrangements is limited. As such, reliance on the borrower’s E&S framework is not considered to be appropriate.

**ESS10 Stakeholder Engagement and Information Disclosure**
A Stakeholder Engagement and Information Disclosure Plan (SEIDP) will be developed and publicly disclosed. This plan will address specific risks identified by stakeholders, including risks to vulnerable people, security and/or safety risks affecting delivery of services, etc., and it will be updated as and when necessary. The objective is to establish a systematic approach for stakeholder engagement, maintain a constructive relationship with stakeholders, take into account stakeholders’ views, promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle, and ensure that appropriate project information is disclosed to stakeholders in a timely, understandable, accessible and culturally-appropriate manner. The project will also include a grievance redress mechanism to handle complaints by project-affected people regarding adverse temporary or permanent project impacts.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The Project workforce is expected to include direct workers, contractors and supervisors. The latter will be hired for the anticipated civil works (as required), and subject to the requirements of ESS2 including clear information on the terms and conditions of employment, principles regarding non-discrimination and equal opportunity and the establishment of workers’ organizations, rules regarding child labor and forced labor, and occupational health and safety measures. There will also be a grievance mechanism for labor issues, drawing on national law and procedures. Should the hiring of workers from outside the local area be required (especially for purposes of the installation of specialist technical equipment), worker accommodation and influx will need to be managed in line with ESS2 (and ESS4). To ensure health and safety of workers during the construction and operational phases of the project, a Health, Safety and Environmental (HSE) plan in line with Good International Industry Practice (GIIP) will need to be prepared.

ESS3 Resource Efficiency and Pollution Prevention and Management

In accordance with ESS3 the project should avoid or minimize project-related emissions and generation of non-hazardous waste and promote the sustainable use of energy. Civil works may generate some adverse impacts related to disposal and management of waste during the construction phase, occupational health and safety of workers and nuisances related to air and noise emissions. The borrower will need to adopt measures specified in the EHSGs to the extent technically and financially feasible, prepare an ESMF which should contain detailed guidance including roles, responsibilities and budget for sound implementation site specific ESIA/ESMP thereafter.

ESS4 Community Health and Safety

The Project is required to include assessments of risks and impacts of project activities to health and safety in project-affected communities in all phases of the project cycle. Risks and impacts could relate to the design and safety of infrastructure, traffic and road safety (particularly during construction), or community exposure to nuisance and public health issues. Civil works may result in the presence of outside workers and/ or influx of opportunistic migrants. This has the potential to result in impacts to community health or safety. In the absence of appropriate mitigation measures, gender-based violence (GBV), sexual exploitation and abuse (SEA), and the spread of sexually
transmitted and communicable diseases, may occur or be exacerbated by the presence of a migrant workforce. The project will therefore require a risk assessment and a plan for Gender Based Violence (GBV) / Sexual Exploitation and Abuse (SEA) prior to the commencement of the works.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The development of transmission and distribution infrastructure is expected to entail land access requirements for the project. As project locations are not presently known, the extent of rural and urban land which will be required is not yet defined, nor is it known whether the installation of infrastructure will entail physical displacement (i.e., loss of shelter and relocation of households) or only economic displacement. Therefore, a Resettlement Policy Framework (RPF) shall be developed until specific project or sub-project sites are defined – at which time site-specific Resettlement Action Plans (RAPs) can be prepared.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

With the densification of low-voltage network there is a risk that transmission lines will cross natural habitats, which would trigger ESS6. In this case, measures to mitigate impacts to natural habitats will need to be captured and reflected in the ESMF and ESIA/ESMP.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

There are no known Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in the project area.

**ESS8 Cultural Heritage**

Although the project will not finance activities that will affect cultural heritage resources, “chance find” procedures should be implemented in construction activities. This should be outlined in the ESMF and in any subsequent ESIA/ESMP.

**ESS9 Financial Intermediaries**

This project is not an FI operation.

**B.3 Other Relevant Project Risks**

This is the first Bank-funded energy project in Angola within a changing sector context. Borrower implementation Capacity to manage project’s anticipated environmental and social risks is low, hence this operation is considered to be of high risk. Common structural project management weaknesses within the Government and publicly-owned sector agencies observed in other World Bank financed projects include limited human and technical capacity. The Ministry of Environment with close support of the Bank have initiated a strategic partnership which aims in to deliver a series of strategic capacity building training seminars to PIU handling complex Bank-funded operations. A sector specific capacity building strategy for this project will be included in the ESMF. A PIU will be established within the
Ministry of Energy and Water and funds will be allocated for recruitment and training of specific expertise. A Stakeholder Engagement and Information Disclosure Plan (SEIDP) will be developed and disclosed. This plan will address specific risks identified by stakeholders, including risks to vulnerable people, safety and security risks affecting delivery of services, etc. and it will be updated as and when necessary. Key environmental concerns are related to potential risks and impacts from the reinforcement and expansion of the transmission and distribution network. The proposed civil works may generate some adverse impacts related to: (i) disposal and management of waste during the construction phase, (ii) occupational health and safety of workers, (iii) nuisances related to air and noise emissions, and (iv) community health and safety, soil disturbance and vegetation clearance along the ROW. As such, likely impacts are expected to be minor, of limited duration and site specific. The borrower will need to adopt measures specified in the EHSGs to the extent technically and financially feasible, prepare an ESMF which includes detailed guidance, budget, capacity building strategy including roles and responsibilities for sound implementation of subsequent site-specific ESIA/ESMP. The project may involve temporary and/or permanent economic and physical displacement of people living in or near the Rights of Way or areas of Project Facilities. As specific sites and works will not be known until project implementation, the project will first prepare an RPF.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP 7.60 Projects in Disputed Areas

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

N/A

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Preparation of the Environmental and Social Commitment Plan (ESCP) with measures for addressing the environmental, social and labor risks identified in the project.

Preparation and disclosure of a draft Stakeholder Engagement and Information Disclosure Plan (SEIDP).

Preparation and disclosure of draft Labour Management Procedures (including Occupational Health and Safety of Workers) Preparation and disclosure of the ESMF and RPF.
Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Preparation of Environmental and Social instruments (Site-specific ESIA and RAP). Elaborate a Stakeholder Engagement Plan and information disclosure as part of the Borrower's Environmental and Social Commitment Plan (with a focus on measures addressing governance risks on the distribution of food to community, especially for vulnerable peoples, security of persons involved in the implementation of the project activities in the project area, security during the catch-up exams, fair treatment of employees, etc.). Finalization of the Labour Management Procedures (including Occupational Health and Safety of workers). Preparation of Grievance Redress Mechanisms (GRMs) for labor grievances and for other grievances (e.g. resettlement, contracts, etc.). Preparation of a GBV/SEA risk assessment and Plan.

C. Timing
Tentative target date for preparing the Appraisal Stage ESRS 09-May-2019

IV. CONTACT POINTS

<table>
<thead>
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<th>Telephone No</th>
<th>Email</th>
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Borrower/Client/Recipient
Borrower: Ministerio das Financas

Implementing Agency(ies)
Implementing Agency: Ministerio da Energia e Aguas
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VI. APPROVAL
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