

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: AB4742

<b>Project Name</b>	MZ-Energy Development and Access Project (APL-2)
<b>Region</b>	AFRICA
<b>Sector</b>	Power (70%);Renewable energy (15%);Central government administration (15%)
<b>Project ID</b>	P108444
<b>Borrower(s)</b>	GOVERNMENT OF MOZAMBIQUE
	Ministry of Planning and Development Av. Ahmed S. Toure, 21, 4th floor Maputo Mozambique Fax: (258) 21 49-26-25
<b>Implementing Agency</b>	
	Ministry of Energy Mozambique
	Electricidade de Mozambique Mozambique
	Fundo Nacional de Electrificacao - FUNAE Mozambique
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	October 1, 2009
<b>Date of Appraisal Authorization</b>	October 1, 2009
<b>Date of Board Approval</b>	November 24, 2009

1. Country and Sector Background

1. Mozambique has been a strong economic and social performer in Africa. Since the devastating civil war ended in 1992, the country has enjoyed a remarkable recovery, achieving an average annual rate of economic growth of 8 percent between 1996 and 2008. As a result, the poverty headcount index fell by 15 percentage points between 1997 and 2003, bringing almost 3 million people above the poverty line and out of extreme poverty (out of a total population of 20 million). From the human development perspective, this has meant a 35 percent decrease in infant and under-five mortality, and a 65 percent increase in net primary school enrollment. Inequality remained relatively low by regional standards, and progress has been made toward the key Millennium Development Goals of infant mortality and primary enrolment. Nevertheless, with an annual per capita income of US \$330 in 2007 and 54 percent of the population still below the poverty line, Mozambique remains a poor country with considerable social and

economic challenges; infrastructure assets and services (energy, transport, water and sanitation, and telecom) are still inadequate, and there are serious unmet education and health needs.

2. The urban and peri-urban areas are expected to grow at 4 percent annually until 2010, underscoring the need for the continuous expansion of urban and peri-urban infrastructure services. Only around 10.5% of households have access to electricity with over half of them living in Maputo and its surrounding areas and the most of the remainder in the provincial capitals and municipal heads. Most of these urban and peri-urban centers are connected to the main national electrical grid which is owned and operated by the Mozambican power utility, Electricidade de Moçambique (EdM). Access to grid-based electrification in the rural areas is extremely low (2%) and due to low demographic densities and geographically dispersed loads, will remain very low for the foreseeable future. Off-grid electrification schemes have and can continue to increase access to modern energy services. Looking forward, substantial and sustained investments are required to systematically increase access to electricity nationally. Such a national electricity access scale up program needs to be anchored by a long-term national electrification strategy and a medium term spatial least cost rollout and investment program – grid based and a complementary off-grid program.

3. At the household level, the main requirement for energy is for cooking and lighting. The principal energy source for the majority of Mozambicans is biomass, particularly wood fuel. Within rural communities, this accounts for nearly all the total energy consumed. Charcoal production and use is widespread in small urban settlements, district capitals and around larger towns and cities. The commercial production of charcoal for the growing urban and peri-urban markets is posing serious and tangible negative environmental impacts.

4. **The Ministry of Energy (ME)** is responsible for national energy planning and policy formulation and for overseeing the operation and development of the energy sector. ME is composed of three main thematic areas (Power Sector, Renewables and Liquid Fuels) and a central services management group. ME is represented in the provinces through Provincial Directorates of Mineral Resources and Energy. ME presently has a total of 156 staff, of which only 30% are university level professionals. While ME has experienced a remarkable development in the last few years, it remains seriously understaffed with respect to its level of responsibilities and volume of work, requiring significant institutional strengthening and capacity development.

5. **Electricidade de Moçambique (EdM)**, is a vertically-integrated, government-owned electric utility with an installed capacity of 140MW hydropower (86MW operational) and installed 109MW (82MW operational) in thermal power stations. EdM buys most of its power supply (400MW) from Hidroelectrica de Cahora Bassa (HCB), owner and operator of the Cahora Bassa plant on the Zambezi (2,075 MW). The GoM owns 82 percent of HCB which operates as an Independent Power Producer (IPP). The bulk of the electricity generated at HCB is exported to South Africa, with a small amount to Zimbabwe. EdM sells any excess electricity on the Southern Africa Short Term Energy Market. The Mozambique transmission grid is currently interconnected with South Africa, Zimbabwe and Swaziland.

6. **The Fundo Nacional de Energia (FUNAE)** was established in 1997 as a public institution to promote rural electrification and rural access to modern energy services, in a sustainable manner, and as a contributor to economic and social development in the country. Since its establishment FUNAE has been able to implement numerous successful projects using solar, wind and biomass energy resources and technologies to electrify and/or bring access to modern energy services (water pumping, crop grinding, communications, etc.) to schools, clinics and communities. FUNAE has two decentralized offices in Tete and Nampula.

7. **The Conselho Nacional de Electricidade (CNELEC)** was established as an independent advisory regulatory body for the electricity sector in early 2008 with support from IDA's "Energy Reform and Access Project" (ERAP APL-1; P069183). In a July 2006 directive issued by the Minister of Energy, CNELEC was instructed to give its highest priority to an evaluation of EdM's performance under its Performance Contract with the Government of Mozambique. This Performance Contract covers the years 2007 to 2009 and sets out the goals and indicators to be met annually by EdM and by government. The 2006 directive also instructed CNELEC to conduct a review of the current methodology used by EdM in setting tariffs. In performing the review of EdM's performance, the directive instructed CNELEC to conduct its review in an open and transparent manner with public hearings in several locations throughout the country. The directive also required that CNELEC make use of surveys of public opinion on EdM's performance. It is expected that the Government of Mozambique (GoM) will soon approve the use of a specified percentage of power sector concession fees to fund CNELEC's future operating budget. At present, the Bank funds a major portion of CNELEC's operating budget through ERAP (APL-1).

8. The World Bank already supports the Energy Sector through various projects. The ERAP (APL-1) project was approved by the Board on August 19, 2003 and was declared effective on March 30, 2004. It is described in more detail in section II.B (Program Objective and Phases) below.

9. The Bank is also already supporting national and regional transmission project initiatives that will facilitate large scale investment in least cost power generation and regional trade. In FY08 the Board approved the Mozambique-Malawi Interconnection Project (P084404), and is currently supporting the preparation of the Mozambique Regional Transmission Interconnection Project (P108934), which will provide the transmission capacity to evacuate power generated in the set of "mega-projects" currently under development in the Tete region of Mozambique (i.e., Mphanda Nkuwa; Cahora Bassa North, Lurio, Moatize, Benga and Ressano Garcia), totaling more than US \$15 billion in mostly private sector investments.

10. The combination of the different generation and transmission "Mega Projects" under preparation will ensure long-term sustainable least-cost power generation in the country, enable foreign investments in Mozambique, support regional integration through electricity trade, help finance the expansion of rural electrification and, *inter alia*, strengthen the balance of payments.

11. In November 2007, the Government of Mozambique completed the historic buy-back of the Cahora Bassa Hydroelectric Power Generation Facility. The transaction involved raising US \$800 million debt under non-recourse, commercial financing structure with no sovereign guarantee. The success of this transaction raised Mozambique's profile as an attractive

destination for foreign investment. It also demonstrated the benefits that can be derived from the further development of Mozambique's electricity generation potential for domestic and regional markets.

12. In addition to the overarching need for the **Development of Mozambique's extensive energy resources** (hydro, coal, gas and biomass) for both regional and domestic consumption the main challenges in the power sector in Mozambique are:

- (a) **Ensuring that affordable electricity supply is available to meet the rapidly growing domestic demand.** In the near term, this will involve the continued extension of the grid with a focus on loss reduction and intensification of the grid in;
- (b) **Reaching the vast areas of the country beyond the EdM grid.** GoM is committed to supporting decentralized electrification of rural schools and clinics and to increase access to modern energy services to villages and rural enterprises through Solar Photo-voltaic systems, mini-hydro schemes, modern biomass energy, and other Renewable Energy technologies (RETs);
- (c) **Ensuring that power shortages do not become a constraint on economic growth**  
The proposed generation and transmission "mega-projects" will address sufficiency and security of supply for the medium to long-term;
- (d) **Government capacity to negotiate and manage the new generation developments.** With up to 5 mega-power generation projects and a Transmission Backbone project at various stages of preparation, there is urgent need for increased specialized institutional capacity for this type of complex transactions at Ministry of Energy, Ministry of Finance and EdM; and,
- (e) **Institutional strengthening and capacity development at the main sector institutions** (ME, EdM, FUNAE and CNELEC) in order to improve their respective performance, governance and effectiveness.

## 2. Objectives

13. The overall **Project Development Objective (PDO)** of the proposed EDAP (APL-2) project is to increase access to electricity and modern energy services in peri-urban and rural areas in a sustainable and affordable manner. Within that overall PDO the project will seek to support the Borrower to:

- (a) Increase grid-based access to and improve reliability of the supply of affordable electricity services in peri-urban areas;
- (b) Increase off-grid access to electricity and modern energy services in unserved rural areas through conventional and renewable energy resources and technologies (RETs);

- (c) Leverage the mobilization of multi-lateral and bilateral donor financing for improving grid-based access to modern energy services through the reinforcement of the existing primary electricity network and the extension of the grid to un-served areas;
- (d) Improve the overall performance of the main sector institutions and their capacity to expand electrification and to mobilize new private sector and donor investment financing through the provision of institutional strengthening and capacity development support; and,
- (e) Elaborate a **“National Rural Electrification Strategy and Investment Program” (RESIP)**.

### 3. Rationale for Bank Involvement

14. The Government of Mozambique (GoM) has affirmed within the Poverty Reduction Strategy Program (PARPA II) the critical role of the energy sector in reducing poverty. The energy-related goals set in the PARPA II are being operationalized by GoM through a number of strategies<sup>1</sup>, investments and studies that have been prepared or are under way. The PARPA II (§507ff) outlines a program for the energy sector, which entails: Electrification, Liquid Fuels, Renewable Energy, and Intersectoral Collaboration. The importance of the energy sector is also reflected in the Bank’s 2008-11 Country Partnership Strategy (CPS). Pillar III -- Sustainable and Broad-based Growth -- of the CPS identifies adequate access to energy resources and services as a key driver of growth and poverty alleviation. Pillar II of the CPS -- Equitable Access to Key Services -- identifies further areas of focus for the World Bank’s support such as the provision of energy services to rural schools, administrative posts, and hospitals (CPS §84).

15. Within the context of the PARPA II, and of the strategic investment priorities for the power sector, GoM prepared a comprehensive **5-year/US \$230 million “National Energy Sector Development and Access Program” (NEDAP Program)**.

16. **NEDAP’s** objectives are:

- (a) Ensuring that affordable electricity supply is available to meet the rapidly growing domestic demand and that power shortages do not become a constraint on economic growth;
- (b) Reaching the vast areas of the country beyond the EdM grid;
- (c) Government capacity to negotiate and manage the new generation developments; and,
- (d) Institutional strengthening and capacity development at the main sector institutions (ME, EdM, FUNAE and CNELEC).

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<sup>1</sup> Such as, Off-grid and Renewable Energy Strategy; Generation and Transmission Master Plan; North-south (backbone) Transmission Least-Cost Study and National Bio-fuels Strategy).

17. The World Bank is one of the main donors in the energy sector in Mozambique, enjoys close working relations with GoM, and has consistently played a key policy and institutional development and technical advisory role in the energy sector for more than a decade. From August 2007 to July 2009, the World Bank served as co-Chair with GoM of the “Energy Sector Working Group” that was established within the framework of the Paris Declaration on aid effectiveness.

18. The proposed US \$80 million IDA **Energy Development and Access Project (EDAP APL-2)** constitutes both the second phase of IDA’s “Energy Reform and Access Program APL Program” and the lead investment project within GoM’s **NEDAP Program**.

19. The support of the World Bank for the proposed EDAP (APL-2) has enabled GoM to mobilize more than US \$110 million in parallel financing from various other donors for the implementation of the its broader NEDAP Program. That additional support includes OPEC Fund for International Development (OFID) (US\$ 8 million, approved on June 17, 2009); *Agence Francaise de Developpement* (AFD) (pending Appraisal); European Investment Bank (EIB) (pending Appraisal), BADEA, Islamic Development Bank, Kuwait Fund for Arab Economic Development (pending pledge confirmation and Appraisal). Furthermore, it is anticipated that the African Development Bank (ADB) will provide additional support to the energy sector starting in 2011 within its next funding cycle (ADFXII), and that the European Commission (EC) will do the same within its next funding cycle (FED 12).

20. The proposed IDA **Energy Development and Access Project (EDAP APL-2)** is fully consistent with the PARPA II, CPS, GoM’s new sector strategy and GoM’s NEDAP Program, and builds on the ERAP (APL-1)’s ongoing investment project. It will also complement the Bank’s ongoing Generation and Transmission support program. EDAP (APL-2) will specifically support: (i) scaling-up of electricity connections in peri-urban and rural areas; (ii) promoting rural and renewable energy resources and technologies; (iii) elaboration of a national Rural Electrification Strategy and Investment Program (RESIP); (iv) capacity building and institutional strengthening of the main sector agencies -- Ministry of Energy (ME), Electricidade de Mozambique (EdM), Fundo Nacional de Energia (FUNAE) and Conselho Nacional de Electricidade (CNELEC); and, (v) mainstreaming of a flexible **Sector Wide Approach (SWAp)** and process to establish a comprehensive donor partnership framework for coordinated and sustained financing of investment and capacity strengthening aligned with national priorities and procedures.

#### 4. Description

21. EDAP (APL-2) constitutes the continuation and scaling-up of the support program launched in 2003 through the ERAP-APL-1. The proposed **EDAP (APL-2)** will be divided into three main components:

- (a) **Reinforcement of the Primary Networks and Grid Extension Component (US \$50.0 million)**: This component will finance: (i) engineering services for the design, procurement and supervision of EdM investment program for: (ii) a **medium voltage (MV)** network transmission efficiency pilot project (Bairro 25 de Junho); (iii) the rehabilitation and reinforcement of the existing primary networks that have been

overloaded as a result of the grid extension and new connections implemented over the last five years; (iv) the extension and intensification of the medium and low voltage grid in peri-urban areas in Nampula and Tete provinces to service 25,000 new customers; and, (v) implementation of an **Integrated Business Management System (IBMS)**, including the provision of software, hardware and technical assistance services required for the full implementation and regular operation of each and all the management information systems (MIS) that integrate the IBMS. This component will be implemented by EdM.

- (b) **Investments on Rural and Renewable Energy Component (US \$18.0 million):** This component will increase and accelerate decentralized access to modern energy services by supporting the implementation and/or scaling-up of: (i) decentralized micro and small investments on renewable energy production and distribution systems, solar PV and thermal, biomass energy and other Renewable Energy Technologies (RET) in rural and some peri-urban areas, including the installation of **500 solar PV systems** in rural school and health clinics, and the electrification of 30 rural villages by RET; (ii) promotion/dissemination of **50,000 improved woodfuel stoves** for use in the household and SME sectors, introduction of **1,250 improved charcoal kilns**, and support to interfuel substitution for traditional biomass in household and institutions (schools, clinics, etc.); (iii) demonstration projects to accelerate the sustainable market penetration of clean Renewable Energy Technologies (RETs) in agriculture, household, SME and for rural mobility, including deployment of **70 multifunctional platforms** in rural villages; and (iv) capacity development and institutional strengthening of FUNAE. As applicable, implementation of individual RET projects under this component will be done by FUNAE, other government agencies and/or the private sector. This component will be implemented by FUNAE, in close coordination with the Ministry of Energy (ME).
- (c) **Energy Sector Planning, Policy and Institutional Development Component (US \$10.2 million):** This component will finance: (i) the elaboration of a national “Rural Electrification Strategy and Investment Program (RESIP)”; (ii) technical assistance and consulting services to strengthen the GoM’s capacity to promote and participate in the development of new energy infrastructure projects – specially power IPPs and other energy “mega-projects” – of national and regional interest; (iii) institutional strengthening and capacity building of the Ministry of Energy to improve its performance and governance and to support the design and subsequent establishment of a flexible SWAp for the energy sector; and (iv) institutional strengthening support to the National Electricity Commission (CNELEC) for it to effectively discharge its critical advisory/regulatory function. This component will be implemented by ME.

## 5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	18
International Development Association (IDA)	80

## 6. Implementation

22. GoM presently receives cooperation in the energy sector from more than 10 multilateral and bilateral donors. A joint GoM-Donor Community “Energy Sector Working Group” has been in active operation within the framework of the Paris Declaration since 2007. The EDAP (APL-2) Project constitutes a first concrete step towards the elaboration of a flexible energy sector or sub-sector SWAp. EDAP (APL-2) will specifically finance technical assistance support to GoM for it to effectively lead the establishment of the proposed flexible SWAp.

23. While the proposed EDAP (APL-2) project is a stand-alone instrument, it will serve as the lead project of GoM’s NEDAP Program. The implementation of EDAP (APL-2) will be technically coordinated with the donors that support other elements of the NEDAP program (parallel financing). It is important to note, however, that the cancellation of financing or implementation delay of any remainder portion of the broader NEDAP Program under parallel financing arrangements will not affect the full implementation of the proposed EDAP (APL-2) IDA project, nor reduce its expected developmental outcomes or outputs.

24. As regards **environmental and social management** related to the activities financed by IDA under EDAP (APL-2): (i) FUNAE’s qualified staff will continue to screen the planned investments for potential adverse environmental and social impacts and take appropriate mitigation measures; (ii) EdM is in the process of strengthening its Environmental and Social Management Unit (with technical assistance from DANIDA) to ensure that potential adverse environmental and social impacts of future investments, particularly regarding large-scale investments, are properly identified, mitigated and monitored; and, (iii) the Ministry of Energy will support EdM and FUNAE, and oversee the implementation of the provisions of the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF). Specialized environmental management capacity designed to meet the particular needs of each institution will be provided within each project component as an integral part of the respective institutional development sub-components of the project. It should be noted that EDAP (APL-2) will not be jointly co-financed, as the financing provided by other donors under parallel financing arrangements forms part of GoM’s broader NEDAP Program, and not part of IDA’s EDAP (APL-2) project. Accordingly, World Bank responsibility for safeguards policies will apply only to the IDA-financed activities in the EDAP EDAP (APL-2) project.

25. The implementation of the proposed EDAP (APL-2) will be mostly based on the existing institutional arrangements of ERAP (APL-1) to facilitate the continuation of the ongoing work and investment program and to reduce transitional implementation costs and possible delays. The only significant change from ERAP (APL-1) to EDAP (APL-2) will be that under ERAP (APL-1) only the Ministry of Energy (ME) and Electricidade de Mozambique (EdM) were formal Implementation Agencies. Within the EDAP (APL-2) FUNAE will also be an Implementing Agency.

26. **Electricidade de Mozambique (EdM)** will be responsible for the implementation of the “Rehabilitation and Reinforcement of Primary Networks and Grid Extension Component”

(Component 1) under a **Subsidiary Agreement**, and will maintain the same structure (i.e., Project Implementation Unit at **Direcção de Electrificação e Projectos (DEP)**, management, administration and implementation arrangements that were set-up for the implementation of the ERAP APL-1. This will enable EdM to capitalize on the long-standing experience and capacity of the existing PIU and to give IDA a good level of comfort that EdM can successfully and smoothly implement the proposed EDAP (APL-2) project.

27. In addition, EDM's new Environmental and Social Safeguards Unit will be a critical component in ensuring full compliance with World Bank safeguards requirements in the course of the implementation of EDAP. The staff of this unit will be responsible for (i) carrying out social & environmental audits; (ii) supervising social & environmental consultants; (iii) guiding the Project Manager on major social & environmental issues; (iv) preparing terms of reference for environmental consultants; (v) monitoring the implementation of the Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) and any Environmental and Social Management Plans (ESMPs), Resettlement Action Plans (RAPs) or abbreviated RAPs, as applicable; (vi) liaising with EdM's Distribution Areas in the targeted provinces to ensure fulfilment of social & environmental standards for utilities in the distribution areas; and (vii) liaising with the Ministry of Energy.

28. **Fundo Nacional de Energia (FUNAE)** will be responsible for the implementation of the "Investments on Rural and Renewable Energy Component" (Component 2) under a **Memorandum of Understanding** with the Ministry of Energy. For that purpose FUNAE will strengthen the project management implementation structure that was set-up for ERAP (APL-1). Maintaining and strengthening the existing project management structure will enable FUNAE to capitalize on the experience accumulated under ERAP and to smoothly transition into the implementation of EDAP (APL-2). While FUNAE was not an Implementing Agency in ERAP (APL-1), it was responsible for the full implementation of its work program and for all management and fiduciary activities (procurement, reporting, monitoring, etc.) with the Ministry of Energy playing only an overall supervisory role. Within that context, FUNAE has several years of experience and demonstrated capacity to implement an IDA financed project.

29. The **Ministry of Energy (ME)** will be responsible for the implementation of the "Energy Sector Planning, Policy and Institutional Development Component" (Component 3), and will do so following the same institutional and operational arrangements set-up for ERAP (APL-1). ME should be able to fully capitalize on its experience from the implementation of ERAP (APL-1) -- and other donor funded projects -- and should be able to implement the EDAP (APL-2) project without difficulties. In addition, the ME will be responsible for implementation of the activities related to CNELEC.

## 7. Sustainability

30. GoM has shown a strong leadership in and commitment to the reform, rationalization and expansion of the energy sector and, in particular, of the power sub-sector. This has been evidenced since the restructuring of ERAP (APL-1) in 2007 and the resulting project implementation ratings. In parallel to that, it is unquestionable that it is over the last 5 years that Mozambique has seen the largest historical expansion of electricity services and connections,

going from an average of **20,000** new connections in 2003 per year to **100,000** new connections in 2008. GoM is clear about the economic, social and political imperatives of continuing that pace of development of the power sector and is fully committed to doing so.

31. The investments to be financed by the proposed EDAP (APL-2) project constitute top priorities to GoM and to the targeted beneficiary population across the country. Thus, GoM is expected to maintain a conducive and evolving policy and institutional environment within which to implement EDAP (APL-2) and ensure the post-implementation sustainability of its outcome and outputs. Likewise, the target beneficiary population, who will benefit from increased access to peri-urban and rural electrification, modern energy services, and/or improved biomass energy technologies, are fully expected to value their benefits and thus to maintain EDAP (APL-2)'s investments and therefore to sustain its development outcomes overtime.

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

32. The Proposed EDAP (APL-2) is based on the successful components and lesson learned within ERAP (APL-1) in Mozambique. The implementation of EDAP (APL-2) will be based on the existing institutional arrangements of ERAP (APL-1), which will enable the immediate continuation of the ongoing work and reduce implementation costs.

33. In addition to the country-specific lessons derived from the ERAP (APL-1) project, the proposed EDAP (APL-2) has also benefitted from the experience and lessons learned from a wide range of similar World Bank operations in the Africa Region and other parts of the world. The main lessons include:

- (a) Developing a broad sectoral investment program closely following the Client priorities and needs in order to maximize project ownership and implementation commitment by the Borrower at all levels;
- (b) Focusing the utility-based electrification strategy on rapidly growing peri-urban areas with a potentially viable commercial demand-base to be able to expand access to electricity to new consumers on a sustainable basis;
- (c) Supporting off-grid rural electrification through alternative and renewable energy sources and technologies, and implementing such efforts through specialized entities with low transaction costs and which are able to provide the required level of technical assistance, implementation support and monitoring to ensure the sustainability of the investments;
- (d) Given the prevailing constraints on IDA resources to support infrastructure investments in Part II countries, it is essential for IDA to: (i) increase donor coordination and collaboration; and (ii) to increase its flexibility in project architecture – technical design and financing and implementation arrangements -- so as to maximize the mobilization/leveraging of additional donor financing. EDAP (APL-2)'s multi-donor financing leveraging, and being itself an operational instrument for the design and subsequent establishment of a flexible SWAp in the

energy sector, confirms the full adoption of best practice to support the Borrower to assume the leadership for the development of the energy sector; and,

- (e) Need to maintain a strong independent sector advisory/ regulatory body as a means to support a rational development of the power sector and ensure good governance. EDAP (APL-2) will continue to provide institutional strengthening and capacity development support to the national Regulatory/Advisory Commission (CNELEC) that was established under ERAP (APL-1).

#### 9. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
<a href="#">Environmental Assessment (OP/BP 4.01)</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats ( <a href="#">OP/BP 4.04</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management ( <a href="#">OP 4.09</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources ( <a href="#">OP/BP 4.11</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement ( <a href="#">OP/BP 4.12</a> )	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples ( <a href="#">OP/BP 4.10</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests ( <a href="#">OP/BP 4.36</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams ( <a href="#">OP/BP 4.37</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas ( <a href="#">OP/BP 7.60</a> )*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways ( <a href="#">OP/BP 7.50</a> )	<input type="checkbox"/>	<input checked="" type="checkbox"/>

34. EDAP (APL-2) has triggered OP 4.01 Environmental Assessment and OP 4.12 Involuntary Resettlement; and has been assigned the environmental category B. Consistent with these policies, the borrower is preparing an Environmental and Social Management (ESMF) and a Resettlement Policy Framework (RPF) because the exact locations of the planned investments and their potential localized adverse impacts could not be identified prior to the appraisal of EDAP (APL-2). The environmental and social screening process outlined in the ESMF will (i) enable FUNAE and EdM identify, mitigate and monitor the potential adverse impacts of future investments in renewable energy and distribution sub-projects, respectively; and (ii) clearly identify potential adverse social impacts due to land acquisition which would be mitigated through the provisions of the RPF as necessary.

35. The ESMF and the RPF have been approved and disclosed by the Government of Mozambique in publicly accessible places as well as at the Bank's Infoshop prior to the appraisal of EDAP (APL-2). ASPEN cleared draft ESMF and RPF were officially disclosed in-country and on the World Bank's InfoShop on **July 21, 2009**. A final version of the RPF and ESMF

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

incorporating the results from the project Appraisal process was disclosed in Mozambique and in the InfoShop on **October 15, 2009**.

#### 10. List of Factual Technical Documents

- National Energy Development Program (NEDAP): Description of NEDAP Program (April 10, 2009);
- EdM presentation to the Donors Meeting – March 20, 2009 (Revised April 15, 2009);
- FUNAE – Plano Estratégico 2010-2014 (April 2009);
- Ministry of Energy – Strategic Plan Matrix 2009-2013;
- Ministry of Energy – Energy Strategy;
- Estratégia de Energia – Apresentação Reunião Anual com parceiros e Cooperação (19 de Março, 2009);
- Electricidade de Moçambique – Plano Estratégico 2006-2009;
- Energy Access and Development Project – Project Appraisal Document;
- FUNAE –Apresentação Joint Annual Energy Sector Review (Março 2009);
- Electricidade de Moçambique – Decreto Criação e Estatutos; and,
- FUNAE – Decreto Criação e Estatutos.

#### Contact point

Contact: Boris E. Utria

Title: Sector Leader

Tel: 5333+2334 / +258-2148-2300

Email: Butria@worldbank.org

Location: Maputo, Mozambique (IBRD)

#### For more information contact:

The InfoShop

The World Bank

1818 H Street, NW

Washington, D.C. 20433

Telephone: (202) 458-4500

Fax: (202) 522-1500

Email: pic@worldbank.org

Web: <http://www.worldbank.org/infoshop>