

**INTEGRATED SAFEGUARDS DATASHEET
APPRAISAL STAGE**

I. Basic Information

Date prepared/updated: 04/18/2006

Report No.: AC2311

1. Basic Project Data

Country: Haiti	Project ID: P098531	
Project Name: HT Electricity Project		
Task Team Leader: Clemencia Torres		
Estimated Appraisal Date: April 24, 2006	Estimated Board Date: June 13, 2006	
Managing Unit: LCSFE	Lending Instrument: Specific Investment Loan	
Sector: Power (100%)		
Theme: Infrastructure services for private sector development (P)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	6.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
	<u>BORROWER/RECIPIENT</u>	0.00
		0.00
Environmental Category: C - Not Required		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery)	Yes <input type="checkbox"/>	No <input type="checkbox"/>

2. Project Objectives

The project seeks to contribute to the sustainable improvement in the quality of electricity services to customers and to the strengthening of the financial and operational performance of the electricity public utility (EDH).

The proposed project will specifically: (i) Adopt and implement modern commercial and service management systems for EDH as the basis for a more customer-oriented approach to providing electricity services, (ii) Improve service to, and increase revenues billed and collected from, large customers, who constitute close to 70 percent of total amount billed by EDH, (iii) Improve service to clients and increase EDH's revenues in a selected zone in Port au Prince, (iv) Improve customers' perception of EDH through a timely dissemination of information on the project and continuous attention to the public's opinion, (v) Establish trustful relationships among EDH's management, staff and workers to ensure commitment towards implementation of the project's approach and sustainability of the results, (vi) Lay the foundation for replication of the approach and results of this project to the rest of the country.

3. Project Description

Proposed implementation arrangement. Based on the institutional analysis of the sector to date, it was agreed that the best way to achieve the various objectives above was to

entrust EDH with the responsibility and leadership for the technical content of the Project and establish an Administrative Project Implementation Unit (APIU) that will gather all the required fiduciary expertise without distracting too many resources of the beneficiary, EDH, from the actual implementation of the project.

This APIU will be composed of a project coordinator, a procurement specialist and a financial management specialist. The APIU will work throughout the implementation of the project with EDH, who will appoint a team of experts that will follow up the project on a continuous basis (the EDH-PREPSEL team). The APIU will have the fiduciary responsibility for the project, namely the responsibility for the management of the funds, and for the compliance of all PREPSEL's transactions with the procurement and financial management guidelines of the Bank. Given its fiduciary responsibilities, the APIU will report to the MEF, namely to the Vice President of EDH's Board, who is the representative of the MEF in the Board.

Finally, a high level strategic steering committee comprised of representatives from the main government entities that intervene in the sector: MTPTC, MEF, Bureau du Premier Ministre (BPM) as well as EDH and the CMEP will provide guidance to the PIU on strategic issues.

Components of the project

Component 1: Improvement in management practices towards a more customer oriented approach (US\$ 2,130,000):

The objective of this component is to improve operational (technical and commercial) performance of EDH in a sustainable manner, by giving the company the information tools for a modern and efficient management of the customers and of the services that it provides.

The first system financed by the project will be a new "state of art" corporate commercial management system (CMS) allowing to properly execute and monitor all the commercial activities in the firm. This will strengthen the commercial division of EDH which now suffers from inadequate operational procedures and poor information on commercial situation of customers.

The second system will be a new Technical Service Management System (TSMS), aimed at optimizing attention of customers' claims. Current situation of the matter is precarious, based on manual records and procedures poorly organized and difficult to monitor and supervise.

The project will also finance the technical assistance to guide EDH in how to build the corresponding reliable data bases. Finally, since these are highly specialized systems, the project will finance two experts in customer and technical service systems for utilities to assist EDH in the procurement of the systems and in the supervision of the work of the selected provider.

Component 2: Improvement in quality of services and increase in revenue collection of EDH for selected group of customers (US\$ 2,915,000)

The objective of this component is three fold: first it intends to have a demonstration effect of the benefits of adopting this new 'customer management approach' with two groups of customers: a selected zone in Port-au-Prince and the group of large customers in the whole country. Second, it intends to increase the revenues of EDH, thereby lessening the fiscal burden on the State, by targeting those who account for 70% of EDH's total revenues. i.e. the large customers. Third, it aims to provide an intensive training opportunity to EDH's employees as well as to recruit new personnel, for the use and applications of more modern commercial and technical practices in the area of distribution and commercialization of electricity.

2.1. Application of the new customer oriented management approach to a selected zone in Port-au-Prince. The first subcomponent aims to improve the quality of the service provided to EDH's users and increase the revenues for the firm in a specific zone of Port-au-Prince.

To this end, the new systems and procedures developed under Component 1 will be implemented and monitored in EDH's local commercial agency (see below). Equally important, the design of this component emphasizes the need for a cultural change both from EDH's employees and from the customers in the zone, as the only effective way to effect and sustain a change in commercial practices on both sides. This sub-component also includes investments in equipment and tools required in the commercial agency of the zone to optimize execution of the activities re-engineered following the new procedures. There will be some investments in the distribution network and connections to the clients needed to ensure reliability of the supply.

2.2: Regularization of all EDH large consumers through the application of the new customer oriented management approach. Large customers (monthly consumption superior to 1,000kwh) represent 1.3% of total clients but generate close to 70% of EDH revenues. It is therefore crucial for EDH's financial health, to regularize the commercial condition of 100 percent of its large consumers, regardless of their current situation. Since many of these customers have opted for self-generation, EDH would need to convince them of the quality and reliability of its service before they accept to become regular customers.

The importance of large consumers in EDH revenues justifies the creation of a new organizational unit within the commercial department for the specific purpose of managing all aspects (technical and commercial) of relations of the utility with its large consumers. Once appointed, the manager of LCU will immediately elaborate a proposal of organizational structure of the unit and related human and material resources needed, and a plan on how to undertake the other sub-components of this strategic management of large consumers, and submit them to the Commercial Director and the General Director.

Once the LCU will be in place, there will be a detailed field assessment on the situation of all large consumers, an activity that will provide a good opportunity to revitalize EDH staff and, at the same time, improve company public image.

Project financing will also include short term technical services of an expert in remote metering to assist LCU in the elaboration of the technical specifications for a call for bids for supply, installation and commissioning of remote metering devices.

Finally, the project will finance the installation of remote metering and disconnection and reconnection devices in all points of supply to regularized large customers.

Component 3: Participatory approach, project management, monitoring and impact evaluation, and replication strategy (US\$ 455,000). This component regroups all the activities necessary for the successful implementation of the first two components. This includes a communication strategy with a pro-active participatory approach towards clients and employees of EDH. There is also a focus on the importance of an efficient project management and a careful monitoring and an evaluation of the results, their impact and their sustainability beyond the duration of the project. Last, it includes a proposal to be endorsed by the Government and EDH on how to scale up and replicate the project in other zones of Port-au-Prince and of the rest of the country in an effort to expand the benefits of the model proposed here to EDH as a whole.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

The project will be implemented in the capital Port-au-Prince and in the provinces. Component 2.1 will be implemented in a specific intervention area, in the zone of the Toussaint Brave 69/12.5 kV substation. This area has been selected because investments required for restoration of MV assets are minimal. MV lines are in good condition, as most of them were renovated a few years ago. Therefore no infrastructure rehabilitation is required. Components 1, 2.2 and 3 will be implemented for EDH as a whole.

5. Environmental and Social Safeguards Specialists

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)		X
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Cultural Property (OPN 11.03)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)		X
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)		X
Projects in Disputed Areas (OP/BP 7.60)		X

II. 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:
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
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.
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Although the project does not trigger any of the Bank's safeguards policies, a survey was conducted during preparation to gather stakeholders' opinion about project design, to define quality service goals and to identify incentives to encourage willingness to pay. During implementation consultation will continue to assess customers' satisfaction.

B. Disclosure Requirements Date

*** If the project triggers the Pest Management and/or Cultural Property, 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 (to be filled in when the ISDS is finalized by the project decision meeting)

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	No
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?	No

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	N/A
Have costs related to safeguard policy measures been included in the project cost?	N/A
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	N/A
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	N/A

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Ms Clemencia Torres	04/18/2006
Environmental Specialist:	Ms Maria E. Castro-Munoz	04/18/2006
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Ms Maria E. Castro-Munoz	04/18/2006
<i>Approved by:</i>		
Regional Safeguards Coordinator: Comments:	Mr Reidar Kvam	04/13/2006
Sector Manager: Comments:	Ms Susan G. Goldmark	04/13/2006