Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Togo</td>
<td>P160377</td>
<td>Energy Sector Support and Investment Project</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
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<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Republic of Togo</td>
<td>Ministère de l’Energie et des Mines, CEET</td>
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#### Proposed Development Objective(s)

The objective of the project is to improve the technical and operational performance of the power sector and increase access to electricity in the capital city, Lomé.

#### Components

- Urban Distribution Improvement and Access Expansion
- Power Sector Reform
- Project Management and Capacity Building

#### Financing (in USD Million)

<table>
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<th>Financing Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Borrower</td>
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<tr>
<td>International Development Association (IDA)</td>
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<tr>
<td><strong>Total Project Cost</strong></td>
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</tr>
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</table>

Environmental Assessment Category

**B - Partial Assessment**

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

**Decision**

The review did authorize the preparation to continue
B. Introduction and Context

Country Context

1. **The Republic of Togo is a small and ethnically-diverse country in West Africa with an economy dominated by the tertiary sector, which accounted for 50 percent of the GDP in 2016.** Although Togo’s population is just over seven million people, and the country covers a relatively small area of 57,000 square kilometers with a width of about 100 kilometers, Togo is comprised of over 30 ethnic groups and numerous local languages. The country’s geography is diverse, its natural assets include land resources and rainfall patterns that are generally favorable to agriculture, and it has significant phosphate and other mineral resources as well as a natural deep-water port of nearly 17 meters that is unique in the sub-region.

2. **Despite the economic achievements of the first decades after independence, Togo remains a low income, fragile state.** After independence, Togo was able to achieve economic progress by building an effective public administration and pursuing open, market-oriented economic policies. It established sound governance of the banking sector, successfully exploited its phosphate reserves, and became a sub-regional hub for logistics, trade, and banking. At its peak in 1980, Togo’s per-capita gross domestic product (GDP) had risen from US$349 in 1960 to US$683 in 1980, above many developing economies at that time. However, despite an average annual GDP growth over the past decade of four percent, growth has been sporadic. Togo’s real per-capita GDP today remains lower than its 1980 peak and stands at US$560 in 2015, compared with US$630 in 2014, in large part due to recurrent political crises since 1991 which exacerbated the government’s difficulties in delivering public investments and services.

3. **Togo’s poverty rate of 55% has not improved much over the last decade.** For the large part of the past decade, while neighboring countries have seen modest improvements, Togo’s poverty rate has stagnated at 55%. Togo’s ranking in the United Nations Development Program’s Human Development Index fell from 95th out of 124 countries in 1980 (bottom 23 percent) to 166th out of 188 countries (bottom 10 percent) in 2014. With regards to gender, the country ranked 134th out of 159 countries in the Gender Development Index (GDI) with a score of 0.841 in 2015, which is lower than neighboring countries (0.858 for Benin and 0.899 for Ghana) revealing that important gender inequalities still persist in the country in health, education and command over economic resources.

4. **Political reforms initiated in 2006 have stabilized the country, but unresolved political issues still present a risk for Togo’s economic development.** In 1991 Togo entered a prolonged period of political tension and key development partners curtailed or suspended their programs over concerns about governance, human

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1 World Bank 1996, 2013a
2 The Gender Development Index (GDI), created in 2014 by UNPD, is based on the sex-disaggregated Human Development Index (HDI), defined as the ratio of the female to male HDI, and measures gender gaps in three areas: health, education (female and male expected years of schooling for children and mean years for adults aged 25 years and older); and command over economic resources (female and male estimated GNI per capita).
rights, and democracy. From 1992 to 2002, official development assistance fell, thus exacerbating the Government of Togo’s (GoT) difficulties in delivering public investments and services. In 2002, Togo fell into debt service arrears with the World Bank, which joined other donors in suspending financing. The further decline in donor support aggravated unsustainable public debt levels, which grew to almost 115 percent of GDP in 2005. With the sudden passing of President Eyadéma in February 2005, presidential elections were organized in April 2005 and, Faure Gnassingbé was elected. A national dialogue involving various political parties was organized and resulted in the Global Political Accord (GPA) between government and the opposition in August 2006. With the 2006 GPA and legislative elections in 2007, development partners reengaged in Togo and the country embarked on a new period of recovery. However, the delayed implementation of some 2006 GPA reforms remains a point of contention. Combined with the GoT’s difficulties in advancing reforms to broaden and accelerate economic opportunities, Togo remains vulnerable to future episodes of conflict. In 2016, proposed bills for constitutional reforms (including limiting presidential terms to two) were rejected. The next legislative elections are due in 2018 and presidential elections in 2020.

5. **Demographic and economic pressures may create social instability.** The annual population growth is high at 2.7 percent, 60 percent of the population is less than 25 years old, and the urbanization rate is around 4 percent per year. The country faces challenges in employing its expanding working-age population, especially women and youth, which face endemic unemployment and underemployment. Keeping girls out in secondary school remains a challenge, women therefore have less education and are unable to fully participate in income-generating activities. In the public sector, the proportion of women employed full-time is lower than that of men, which is the case as well for the private sector. Recently, government has also faced difficulties meeting payroll obligations, and public employees such as education and health workers have recently staged strikes over pay issues.

6. **On May 5, 2017, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Togo.** On that date, the IMF Board also approved a new three-year Extended Credit Facility Arrangement for Togo. According to the IMF, Togo’s economy has shown solid performance in recent years, with sustained growth and low inflation. The country’s growth performance has been underpinned by high levels of public investment to address significant infrastructure gaps. However, this capital spending has also increased public debt and debt service pressures, crowding out needed social expenditures. At the same time, lingering deficiencies in the financial sector have remained unresolved.

7. **As part of the reform program, the GoT initiated hikes in energy prices in March 2017, which provoked population protests.** The recent increase in energy prices has the objective of reducing the fiscal impact of the sector, which are in part due to inefficiencies along the value chain, and an energy mix with high reliance on thermal generation. To date, Togo has among the highest electricity tariffs in Sub Saharan Africa (USc$28/kWh), although such tariffs remain below the cost of service. Further reforms are therefore needed to improve the financial viability of the sector.

**Sectoral and Institutional Context**

8. **Togo’s energy sector activities are governed by the Ministry of Mines and Energy (MME).** While the utilities remain public sector institutions, Togo has some private sector participation in generation. The Ministry of Mines and Energy is responsible for the electricity sector’s strategy and planning, whereas the *Compagnie Energie Electrique du Togo* (CEET) is the government utility responsible for transmission and
distribution of electricity within the country. Although CEET maintains some marginal generation assets, it is mainly a distribution company purchasing 50 percent of its electricity from both the Communauté Electrique du Benin (CEB), which is a binational entity co-owned by Togo and Benin, and 50 percent from Contour Global, a private generator. CEB was set up in 1960 to develop power generation and transmission infrastructure for the benefit of Togo and Benin. The electricity sub-sector regulatory agency, Autorité Nationale de Reglementation du Secteur d’Electricité (ARSE), was set up in 2000 within the MME structure. Togo is also a member of the Economic Community of West African States and the West African Economic and Monetary Union, a participant in the West African Power Pool (WAPP) and the West African Gas Pipeline, and as such made regulatory commitments regarding opening access to transmission networks, fair pricing, and transparency.

9. **The overall performance of Togo’s electricity sector has been slightly below the average of regional peers, including on energy access.** Although Togo’s performance on improving energy access is improving the overall access rate in 2015 reached 29.2 percent, which is lower than the SSA average of 37 %. The performance of neighboring countries on access is mixed, with, Ghana at 76 percent, Côte d’Ivoire at 59 percent and Benin at 29 percent. Additionally, access in Togo shows important disparities between urban and rural areas, with a low-moderate access rate of 56.4 percent in urban areas but a very low access rate in rural areas at 5.5 percent, which is significantly below the average rural electrification rate of 15 percent in sub-Saharan Africa. Table 1 shows the current key parameters of Togo’s power sector.

<table>
<thead>
<tr>
<th>Table 1. Key parameters of Togo’s electricity sector</th>
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<tbody>
<tr>
<td>Electricity Access rate</td>
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<tr>
<td>Number of electricity customers</td>
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<tr>
<td>Installed Capacity</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Energy Mix</td>
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<tr>
<td>Share of private sector in generation</td>
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<tr>
<td>Average cost of service</td>
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<tr>
<td>Average tariff</td>
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<tr>
<td>Average T&amp;D Losses</td>
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<tr>
<td>Electricity Bill Collection Rate</td>
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<td></td>
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<tr>
<td>Level of Debt of utility</td>
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10. **Unreliability of imports and lack of domestic sources of electricity have increased the frequency of power cuts, which have become prevalent in the country.** In 2015, approximately 25 percent of businesses reported power cuts for more than 20 percent of business hours, and 56.7 percent of businesses had cuts for less than 20 percent of operating hours. As a result, 49 percent of firms own or share a generator. Getting electricity is considered a high burden for doing business in Togo (in this topic the country scores at 147th place out of 190 in the 2017 Doing Business report). Cost and reliability are also a major business constraint according to Doing Business report. Finally, due to weak sector governance and lack of
investment in and maintenance of the distribution system, the system suffers from severe voltage drops and total system losses (i.e., technical and commercial) are high at a reported 24 percent.

11. **Security of supply, reliability, and efficiency are major issues for Togo’s power system.** The need to increase energy security is also driven by the increase of the Togo’s domestic demand mainly in peri-urban areas as a direct result of the increase of the urban population. Togo has also been impacted by frequent disruptions created by issues in Nigeria’s and Ghana’s power systems at the generation and transmission levels. Although the supply mix is evolving with plans to further develop gas, hydro, and other sources, which will enhance security of supply via the WAPP, both CEET and CEB maintain a very high debt with utilities in the exporting countries which is negatively affecting the reliability of imports from those countries. At the request of the government of Cote d’Ivoire, the Bank is conducting analytical work to identify potential solutions to address arrears, and to bring commercial discipline to energy exports within the WAPP. In the case of CEB, some analytical work will also be required to determine the steps required to ensure the financial viability of the utility. The investments proposed in this operation are designed to begin to address the operational inefficiencies in the energy sector in Togo.

12. **Togo’s electricity supply relies heavily on imports from neighboring countries, which is a concern for Togo’s energy security.** Togo has historically relied on regional power trade to serve its electricity consumers, benefitting from its WAPP membership. Prior to the commissioning of the Contour Global plant at the end of 2010, 95 percent of Togo’s electricity was imported from Nigeria and Ghana through the CEB’s interconnections. Overall, the impact of the regional power trade has proven to be positive for the power sector and the economy of the two countries because of the lower cost of imported electricity compared to the cost of supply from national thermal generation units. However, power exports in particular to Togo and Benin have not always been reliable, due to inconsistent hydrological conditions, unavailability of gas, or operational constraints. Increasingly, this is being addressed through long term power purchase agreements with specific indemnity clauses, which should bring more certainty. In the interim, Togo has had to resort to the use of rental power, and CEB’s restriction on power purchase and imports has been recently waived by the GoT and the GoB through a temporary decree to allow the GoB to import additional power from Nigeria. Unfortunately, these interim measures have contributed to degrade the cash situation of CEB, which has become critical. CEB owes US$ 180 million to its suppliers which are TCN (Nigeria), VRA (Ghana) and CIE (Cote d’Ivoire). In addition, the combined debt CEET and SBEE with respect to the CEB amounts to US$ 100 million.

13. **In response to such challenge, the GoT is seeking to improve the energy security of the country by developing a larger share of domestic power generation at lower cost.** In this context, an extension of Contour Global for 50 MW is currently under preparation to prevent power shortage in a near future. However, the sector lacks a least cost generation plan (envisaged in Component 2 below) that can assess the optimal type and size of new assets and recommends an adequate percentage of imports to address energy security concerns.

14. **The lack of investment in transmission and distribution over the past 20 years has led to a significantly deterioration of losses and service quality in the capital and most populated urban area, Lomé.** The increasing population migrating to urban and peri-urban areas, particularly in Lomé, has affected the electricity services, decreasing reliability while increasing access needs. According to the distribution
system prefeasibility study prepared with European Union funding in September 2016\(^3\), the total investment needed to rehabilitate, reinforce, and expand the distribution system in Lomé, including the connection of 40,000 customers in and around the city, amounts to US$75 million (excluding taxes). The EU study estimates 56 months for carrying out the plan.

15. The power sector struggles with financial unsustainability, including high arrears from public entities. In addition to an average tariff (USc$28/kWh) below the average generation cost (USc$33/kWh), the system is stressed by a high level of arrears, mainly associated with public entities. Solving this issue has to be a priority to tackle CEET’s sustainability, and is being discussed in the proposed development policy loan. Collection rates for domestic and industrial customers are at a reasonable level of 97 percent, but collection rate for Government bills is just 45 percent which needs to be significantly improved, which will be addressed in the proposed Management Improvement Plan.

16. The accumulation of arrears in the sector is unprecedented. The Government (public administration, municipalities and SOEs) electricity unpaid bills amount to FCFA 44 billion while CEET owes CEB FCFA 29 billion and CEB owes it foreign suppliers (TCN, VRA, CIE) FCFA 83 billion. A DPO is currently under preparation and its prior actions are focused on the arrears clearing between the Government CEET and CEB and the establishment of a payment discipline of the public administration’s electricity bills. Moreover, a regional initiative involving the WAPP Secretariat is also under preparation to establish a power exchange bills securitization mechanism in West African utilities.

17. In addition, Togo’s electricity sector suffers from a weak sector governance and underperformance at the distribution level. A systemic lack of planning capability, absence of an operational regulator with a systematic pricing mechanism, an obsolete organizational and legal framework, poor utility performance, and the shortage of financial resources for new investments and private sector attraction are putting the power sector into an unsustainable situation.

18. The lack of sector planning tools prevents the government from developing a roadmap on how to reduce the cost of service, and limits GoT’s capacity to develop attract investments in the electricity sector. Togo will need to secure additional capacity as demand for electricity services continues to grow quickly at an expected rate of around 8 percent rate per year. Some of the prospective projects (domestic, regional projects and imports) will require a long development period, and it is critical that the Government develops a generation and transmission master plan, built up together with CEB and WAPP, which includes short term investments. The improvement of quality and quantity of service through rehabilitation and strengthening of the distribution networks in urban and peri-urban areas, mainly in Lomé, is a priority to ensure reliability of the service and secure utility revenues through the addition of customers. To significantly increase access to electricity in the country, a universal access program should therefore be developed and presented to donors for financing. Considering the geographical shape of the country, the grid connection would be feasible and relatively affordable in the majority of the country. An electrification prospectus is currently under development and will help the country to mobilize the financing for the program.

19. CEET’s reform is key to improve the utility’s performance. CEET has insufficient autonomy and commercial
orientation, which impair cost efficiency and financial discipline. It requires a Management Improvement Plan to reform internal processes, create a revenue protection program and lay the basis for a sector performance contract with the Government. The implementation of such a Plan will contribute significantly to improving the financial equilibrium of the sector. One of the elements of the plan would be the management of generation dispatching, so that it follows clear economic criteria by giving the priority in the dispatch to lower cost electricity supply coming from the regional interconnections when available. Togo can also access cheaper power by improving arrangements for the dispatch of gas and power in the integrated power pool. These actions, will be combined with a multisector DPO currently in preparation to clear the Government’s electricity bills arrears vis a vis CEET and to avoid future accumulation.

20. **The proposed project, which represents a re-engagement by the World Bank in Togo’s energy sector, aims to help the country begin to address its energy sector challenges.** The proposed project, the World Bank’s first in Togo since the 1990s, will focus on reducing technical and commercial losses; increasing access in the main urban area of the country, Lomé, which will eventually generate additional revenues for the utility; and promoting improvements in the management of the utility. The project will also support modernization of the sector’s legal and regulatory framework and strengthening of MME’s and CEET’s planning capacity. On the investment side, this operation is focused on Lomé because of the urgency to rehabilitate and reinforce the backbone of distribution network which urgently needs upgrades being the source of high technical losses (estimated at 11 percent). Failure to rehabilitate and modernize Lomé distribution network of Lomé would result in load shedding, local diesel generation to support the load and high losses. In addition, improving billing collection in Lomé will increase the utility’s cash flow and financial performance.

21. **In parallel the World Bank Group is supporting other activities in the energy sector in Togo.** There is an under-preparation electrification prospectus being supported by the World Bank, which will help the country access concessional financing for the rural electrification. A new access project will be prepared according to the findings of the Prospectus. Moreover, the WBG is supporting the extension of Contour Global, that will provide additional 50 MW of generation capacity to the system.

**C. Proposed Development Objective(s)**

Development Objective(s) (From PAD)

22. The objective of the project is to improve the technical and operational performance of the power sector and increase access to electricity in the capital city, Lomé.

Key Results

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

- People provided with new or improved electricity service (number) (Corporate Results Indicator), of which women (%).
- Distribution system loss in areas of Lomé affected by Lomé A, Lomé B and Lomé Siege substations (percentage).
- Increased collections from targeted high-consuming customers (percentage).
Intermediate indicators

- Distribution lines constructed or rehabilitated under the project (km).
- Distribution transformer stations constructed or rehabilitated under the project (number).
- Outages per year in the project areas over one year (number).
- Least Cost Development Plan approved (Yes/No).
- Electricity Sector Master Plan approved (Yes/No).
- Sector financial plan and viability assessment completed (Yes/No).
- Management Improvement Plan (MIP) for CEET operationalized (Yes/No).

D. Project Description

24. The proposed project will address Togo’s power sector reform challenges by providing support to the GoT to (i) rehabilitate, reinforce, and expand the distribution network in the capital city of Lomé to reduce technical and commercial losses, improve the quality and reliability of supply, and increase access to electricity services; (ii) review and update the sector legal and regulatory framework; (iii) strengthen sector planning capacity to minimize system costs; (iv) develop a financial model for the sector and complete a viability assessment to analyze the sector financial situation and to propose measures to guarantee its sustainability with the lowest possible cost for customers; and (v) implement a Management Improvement Plan to improve the management of the utilities CEET and CEB and increase billing and collections in particular from targeted high-consuming customers.

E. Project Components

25. The project components are summarized below, with further details provided in Annex 1.

26. Component 1: Urban Distribution Improvement and Expansion (US$27 million, of which IDA US$26 million equivalent and GoT US$1 million equivalent). The project will finance the priority rehabilitation and reinforcement of the medium voltage (MV) and low voltage (LV) systems in Lomé, and the expansion of the network with new connections. The component is composed of three subcomponents, which are founded on the results of the EU-funded prefeasibility study mentioned above, as well as a Lomé MV network modeling exercise which identified the requirements for grid strengthening by 2020. The EU study undertakes a complete analysis of Lomé distribution network and determines a list of investments in rehabilitation and reinforcement to increase the access with 40,000 new connections and reduce the technical losses within the city. The total cost of this investment list is estimated at US$75 million.

27. This Energy Sector Support and Investment Project proposes a first portion of investments, estimated in US$27 million. The investments have been selected following the prioritization within the whole EU study and will also lay the grounds for further activities in the system. In parallel, the Agence Françoise de Développement (AFD) is preparing a similar project that will undertake rehabilitation and reinforcement works in other areas and intends to complete the recommendations of the study. Both projects, though, will be executed independently without interferences.

28. The component is divided in three subcomponents:
• **Subcomponent 1.1: Rehabilitation of MV and LV Systems in Lomé (US$15 million equivalent).** This subcomponent will include the rehabilitation of Lomé A, Lomé B, and Lomé Siege substations, the rehabilitation of around 60 km of underground MV network cables, and the rehabilitation of around 30 MV/LV transformer stations. The subcomponent will also finance the installation of smart meters for large consumers in order to reduce commercial losses and improve bill collection rate.

• **Subcomponent 1.2: Reinforcement of the Lomé MV Network (US$6 million equivalent).** This subcomponent will finance the reinforcement of the MV system in Lomé. It will consist of the construction of around 70 km of underground MV cables, around 75 km of overhead MV lines, 21 MVar capacitor banks to reduce technical losses, and three switching stations. The objective of the reinforcement is to enable the network to sustain the growing demand up to 2020 with minimal technical modifications and a reduction of technical losses.

• **Subcomponent 1.3: Network Extension and New Connections (US$5 million equivalent).** This subcomponent will finance the expansion of the network in the outskirts of Lomé with 20,000 new connections. The extension will consist in the construction of around 130 km of LV lines to connect the new customers. In order to remove the high connection fee barrier (US$ 120 per connection), it is expected that the new consumers will pay upfront only a 20 percent of the connection fee and the project will finance the balance, which will later will be spread on their electricity bills.

29. **Component 2: Power Sector Reform (IDA US$6.6 million equivalent).** The activities envisaged under this component are focused in four main areas (i) the reform of the CEET and its relationship with the GoT with the preparation and implementation of a Management Improvement Plan as well as a review and reinforcement of the existing Revenue Protection Program targeting large customers and government electricity bill payment; (ii) planning, with the preparation of a master plan for the generation, transmission, and distribution, and the strengthening of the planning capacities of the Ministry of Energy and CEET; (iii) the preparation of a sector financial model and viability assessment; and (iv) a review of the sector legal and regulatory framework including a diagnostic study of CEB, with the implementation of reforms identified in the diagnostic. These activities are briefly described here below and more in detail in Annex 1:

(a) Support for the reform of CEET is envisaged under this component which will cover the review of its Performance Contract and the preparation and implementation of a Management Improvement Plan. The Management Improvement Plan will help CEET meeting the requirements set in the sector reform included in this component. Furthermore, the GoT has expressed its intention to conduct an analysis of the latest Performance Contract, signed in 2016, with a possibility to evolve to new reform arrangements for the utility to increase efficiency and revenues. The Management Improvement Plan will include tools to help CEET improve its operational and financial performance, including enhanced FMIS and monitoring capabilities, and human resources management activities in CEET. This Plan will include the review and extension of the existing Revenue Protection Program that will be supported by physical investments in smart meters for large consumers, as indicated in Subcomponent 1.1.

(b) The project will support the preparation of a least cost development plan for an Electricity Sector Master Plan, which was a recommendation of the Energy Policy and Strategy document prepared by the GoT in 2011. The objective is to build the capacity of Togo’s institutions on sector planning, which will provide the country with a long-term vision for the development of
the electricity supply system throughout the territory indicating the infrastructure needs in generation, transmission, and distribution. The development of the Master Plan will include activities of capacity building in order to strength the planning capacities of the Ministry of Energy and CEET.

(c) Sector viability assessment and sector financial model, which will propose measures to improve the financial viability of the sector. The measures will have to systematically consider how to increase sector revenues, for instance by improving billing collection and reducing systems losses, with measures to reduce costs, which may require a shift in the energy mix, and the optimization of utility fixed costs. The viability assessment will provide recommendations on how to address the outstanding debt, as well as projections on the evolution of cost of service, which will inform government about the trajectory of energy subsidies over time. The assessment will also take into account improvements in financial viability that is expected from measures supported by this project to improve revenues from electricity sales to high-consuming customers. This will be complemented by the regional analytical work on ability to pay, distributional impact of any tariff reform, and identification of compensation measures to protect the poor and vulnerable with regards to tariff increases.

(d) Support will be provided to the GoT to review the sector legal and regulatory framework. Review of Togo Electricity Law. The Law needs to be reviewed and updated to include the development of renewables, energy efficiency provisions, and the establishment of a Rural Electrification Agency. The Electricity Law will also help to clarify the critical regulation aspects of the activities of ARSE, which does not currently play a true regulator role. Moreover, the actual Benin-Togo electricity code was amended several times to remove the single buyer provision that gives CEB the sole right to buy electricity from IPPs in the two countries. Given this evolution of the environment, it appears necessary to review the code and reform CEB.

30. Component 3: Project Management and Capacity Building (IDA US$2.4 million equivalent). This component will finance project supervision and implementation management activities, including operational expenses, vehicles, offices equipment, and project supervision and project management capacity building.

- **Subcomponent 3.1 Engineering consulting (US$1 million equivalent).** This subcomponent will support the implementation agency in the activities included under Component 1 through the recruitment of an Owner’s Engineer to assist the Implementation Agency in technical issues and in the procurement process.

- **Subcomponent 3.2 Implementation Management Activities (US$1.2 million equivalent).** This subcomponent will support various operating costs of the project management team (e.g., office equipment, project software, a project vehicle) and the external project audits. The subcomponent will also support the oversight of implementation of the safeguards plans, while the GoT will pay any necessary resettlement compensation with counterpart funds under component 1.

- **Subcomponent 3.3 Capacity Building Activities (US$0.2 million equivalent).** This subcomponent will include staff training related to utility management and/or project implementation (e.g., procurement, financial management, monitoring and evaluation, software systems).

**F. Implementation**
Institutional and Implementation Arrangements

31. All the fiduciary activities will be carried out by a Project Implementation Unit (PIU) based in CEET, given its biggest share of projects' activities. This PIU will be fully staffed by CEET and technically assisted by CEB and the relevant Ministry departments in defining technical specifications and terms of reference for their respective activities within Component 2. A Project Implementation Manual (PIM) will define the role of each entity under the project. A PIU has been appointed within CEET, including the following functions: project coordinator, procurement specialist, technical specialists, financial management officer, environmental and social safeguards specialist, M&E specialist, and project accountant. The PIU will receive specific training in Bank guidelines and procurement rules. The PIU will be initially supported and trained by Bank staff and individual consultants with expertise in the different fiduciary responsibilities.

32. The owner's engineer financed under Subcomponent 3.1 will provide support to the implementation of the project and to the PIU through expert staff in procurement activities to meet Bank requirements and conducting supervision of investments under Components 1 and 2. The owner's engineer will also validate the technical specifications for activities under these components before procurement packages are put out for bid. However, the ultimate responsibility for project management will lie with the PIU. The project will be implemented in accordance with the Project Implementation Manual (PIM), which will be completed by CEET before effectiveness.

33. A Steering Committee (SC) chaired by the Minister of Energy will be established to provide advice on strategic questions related to the project implementation. The composition of the SC will be defined during appraisal but will include representatives from all the stakeholders, in particular at least from CEET, CEB, ARSE and MME. The role of the SC will be of particular importance in the supervision of the recommendations made by the consultancy work to be performed under Component 2.

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

The intervention area of the project is the city of Lomé, the capital of the Togolese Republic. Administratively, this city belongs to the Maritime region of the country. It is divided into 5 boroughs comprising approximately 69 administrative quarters. Geographically, Lomé is located in the extreme southwest of Togo, and extends along the coast of the Gulf of Guinea. Proposed investments will be implemented in urban areas and will follow public areas alongside roads with respect to transmissions lines. Such areas are not associated with particular environmental or social safeguard matters. The same goes for substations. Investments will take place in the national electricity company (CEET in French) own land.

G. Environmental and Social Safeguards Specialists on the Team

Abdoul Wahabi Seini, Social Safeguards Specialist
Abdoul Ganyi Bachabi Alidou, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>The project will finance the rehabilitation of Lomé A, Lomé B, and Lomé Siege substations, the rehabilitation of around 60 km of underground MV network cables, and the rehabilitation of around 30 MV and low voltage (LV) transformer stations. Such investments are expected to induce potential adverse impacts on environment. Based on that, an environmental audit was developed for Lomé A, Lomé B, and Lomé Siege substations while an Environmental and Social Management Framework (ESMF) was developed by the borrower to cover all others investments for which detailed studies are not available and locations unknown to date. After their preparation the two safeguard instruments were reviewed and consulted upon. The Environmental Audit was disclosed in-country on October 26, 2017 and at the World Bank's website on October 06, 2017 while the ESMF was disclosed in-country and at the World bank's web site respectively on October 17, 2017 and on October 06,2017.</td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>The project does not involve or affect natural habitats</td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The project does not involve or affect forests.</td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project does not involve pest management.</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
<td>This policy is triggered because the project will support construction of substations and power distribution networks that may need earth excavations. However, it is not anticipated that investments under the project affect cultural resources. But in order to anticipate and to be sure that all the precautions have been taken to protect and safeguard physical cultural resources, the ESMF prepared in accordance with OP/PB4.01 includes a chapter addressing these concerns.</td>
</tr>
</tbody>
</table>
Indigenous Peoples OP/BP 4.10 | No | There are no indigenous people as defined by the policy in the project hosted country.

Involuntary Resettlement OP/BP 4.12 | Yes | The project will undertake rehabilitation and constructions of power lines and transformer stations. These activities would involve land acquisitions and may lead to involuntary resettlement due to loss of assets and sources of income or livelihood. As the specific sites of implementation of these activities are yet not known, a Resettlement Policy Framework was prepared by the borrower, reviewed, consulted upon and disclosed within Togo on October 19, 2017. It was submitted at the Bank for disclosing on October 6, 2017.

Safety of Dams OP/BP 4.37 | No | The project will not finance any dam construction nor rely on dams.

Projects on International Waterways OP/BP 7.50 | No | The project will not finance any activities with impacts on international waterways.

Projects in Disputed Areas OP/BP 7.60 | No | The project will not finance any activities in disputed areas.

**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 not expected to have large scale, significant, or irreversible environmental or social impacts. That is why it is rated as environmental category 'B' project. Project activities are focused on replacing some substations, upgrading those substations, building transmission lines, as well as rehabilitating, reinforcing, and extending of distribution systems. These civil works are anticipated to be moderate, site specific and limited to an acceptable level. Taking into account the nature and the scope of activities, two environmental safeguard policies: OP/BP4.01 (Environmental Assessment) and OP/BP4.11 (Physical Cultural Resources) and one social policy (OP/PB4.12 on Involuntary Resettlement) were triggered. Consequently, an Environmental Audit and an Environmental and Social Management Framework (ESMF) were developed on environment side whereas a Resettlement Policy Framework (RPF) has been prepared in accordance with OP/PB4.12.

   To mitigate potential issues related to Physical Cultural Resources a specific section was included in the ESMF.

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

   The planned project activities are not anticipated to have long-term or indirect negative social or environmental impacts. The project is expected to increase electricity access to both urban and rural areas.
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

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.

As stated above, the recipient has prepared appropriate safeguards instruments to address potential environmental and social safeguards issues. There are an ESMF, an Environmental Audit and a RPF. All these safeguard instruments were reviewed by the World Bank's (WB) safeguard specialists, cleared by the Regional Safeguards Advisor (RSA) and disclosed in country and at the World bank's website. These safeguard instruments have identified adverse potential impacts and proposed mitigation measures to avoid, reduce or offset adverse impacts through the implementation of ESMP (Environmental and Social Management Plan) or recommendations made in the Environmental audit.

In addition, the ESMP includes capacity strengthening and monitoring plans with indicators to make sure mitigations measures will be applied properly and they will produce anticipated impacts. It also includes awareness-raising campaigns targeted at relevant stakeholder groups for better implementation and monitoring of project safeguard measures.

As for Environmental audit, it was undertaken to ensure that the technical requirements are met before upgrading these substations. Of course, strong points were found but discrepancies also were identified and recommendations made to overcome these issues.

Besides, the project will hire one environmental specialist and one social development specialist with an acceptable experience in World Bank's policies and its related safeguard requirements. These experts will benefit from safeguards training on Bank safeguard policies and will be fully responsible for safeguards implementation. In other words, they will oversee the implementation of the project safeguards instruments and coordinate efforts at the national level. Both staff will regularly monitor and follow-up with any safeguard issues. The World Bank's implementing support missions will also include environmental and social safeguard specialists who will provide with technical support and guidance.

In addition, the National Agency for Environment Management (Agence Nationale de Gestion de l’Environnement-ANGE) will be involved in the project environmental and social aspects implementation by undertaking monitoring field missions.

Lastly, the PIU will make sure on the one hand, that any contracted enterprise has a qualified Environmental Specialist who will be fully in charge of measures contained in ESMPs implementation and on the other hand, that its Owner’s Engineer also comprises an Environmental Expert, to oversee the implementation of the entire environmental and social program and provide advices if any.

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

The preparation of the project has relied on consultations with government officials at relevant levels, departmental and regional officials, implementation partners, community and civil society groups, and direct beneficiaries of the project. The implementation of the project will likewise rest on various consultations. The preparation of the current safeguards instruments (Environmental Audit, ESMF and RPF) was subjected to consultations at local and national levels. Once reviewed and approved by the RSA and the Government, these documents will again be made available.
to project-affected groups and other stakeholders in publicly accessible places for consultations, and through the World Bank’s web site.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>08-Jun-2017</td>
<td>06-Oct-2017</td>
<td></td>
</tr>
</tbody>
</table>

"In country" Disclosure

Togo
17-Oct-2017

Comments

The ESMF was disclosed in Togo Presse No 10145 and on the CEET’s web site. The audit was disclosed on the CEET’s web site on October 26, 2017.

<table>
<thead>
<tr>
<th>Resettlement Action Plan/Framework/Policy Process</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>08-Jun-2017</td>
<td>06-Oct-2017</td>
</tr>
</tbody>
</table>

"In country" Disclosure

Togo
19-Oct-2017

Comments

The RPF was disclosed in Togo Presse No 10147 and on CEET’s web site

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

**OP/BP 4.11 - Physical Cultural Resources**
Does the EA include adequate measures related to cultural property?  
Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?  
Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?  
Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?  
Yes

Is physical displacement/relocation expected?  
TBD

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)  
TBD

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?  
Yes

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
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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APPROVAL

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Approved By

Safeguards Advisor:

Practice Manager/Manager:

Country Director: