

ENVIRONMENTAL AND SOCIAL SYSTEM ASSESSMENT – ADDENDUM

Additional Financing for the Power Sector Recovery Performance Based Operation (PSRO) Program for Result (PforR) (P174622)

A - Introduction

Access to electricity has remained a major challenge limiting Nigeria’s development. The country has the world’s largest absolute electricity access deficit.¹ Lack of access to the electricity grid affects 45 percent of the population (90 million people), making Nigeria the largest absolute electricity access deficit globally – and accounting for 12 percent of this global deficit. Large disparities exist in access to electricity between urban areas (84 percent) and rural ones (26 percent). The net access deficit has increased by over 7 million citizens over the last decade, as the pace of growth of the population has outpaced the increase in the access rate.

To address sectoral challenges and achieve universal access, the Federal Government of Nigeria (FGN) developed and initiated the implementation of a comprehensive 2017 Power Sector Recovery Program (PSRP); its commitment to continue with PSRP-outlined reforms remains strong. The PSRP is a comprehensive package of financial, operational, governance, and policy interventions for restoring the sector’s financial viability, improving service delivery, reducing its fiscal burden on the government budget, strengthening sector governance and transparency, and ensuring that reforms are communicated. The FGN identified four critical PSRP action areas: (a) policy and regulatory environment; (b) fiscal and financial sustainability; (c) operational efficiency; and (d) network infrastructure.

To achieve reforms in the sector, the World Bank is supporting the FGN through a comprehensive programmatic engagement that is aligned with PSRP. This includes infrastructure investments aimed to support immediate measures under the PSRP’s infrastructure area, and a comprehensive portfolio of projects that address ongoing critical challenges within the broader power sector of which, the parent program, the Power Sector Recovery PforR (PSRO), is one of them.

In line with this, the World Bank is proposing to support the FGN, based on their request, with Additional Financing (AF) to the Power Sector Recovery Performance Based Operation (PSRO) Program for Results (PforR) in the amount of US\$750 million to build upon PSRO successes and move the reform process to the next level. The proposed AF is informed by the results of the Mid-Term Review (MTR) for the parent Program and the identification missions for the proposed AF carried out in June, September, and November 2022 as well as by follow-up discussions with the implementing entities and assessments by the Bank team following the two missions. While significant results have been achieved under the parent Program, additional support will be needed to achieve the Project Development Objective (PDO) of the Program. The proposed AF will be implemented from 2023 to June 2027, with results for the latest year having to be met by December 31, 2026.

¹ Tracking SDG 7 Report, 2021

B The Parent Program: Power Sector Recovery Performance-Based Operation (PSRO: P164001)

The PDO of the parent Program is to improve the reliability of electricity supply, achieve financial and fiscal sustainability, and enhance accountability. The parent Program finances activities under two components: (i) a Program-for-Results Financing (PforR) in the amount of US\$730 million; and (ii) a technical assistance (TA) component, using the Investment Project Financing (IPF) instrument in the amount of US\$20 million. The PforR component supports the implementation of the selected policy and regulatory actions included in the FGN's PSRP, approved in March 2017 to turnaround sector financials, that the FGN has prioritized for implementation in 2020-2022; and the IPF component finances the TA to key sector agencies to support their implementation of the PforR component. The Program was approved by the Board on June 23, 2020 and became effective on December 17, 2020.

The PforR component (US\$730 million) supports the implementation of a sub-set of PSRP interventions in the following three broad areas: (i) improve reliability of electricity supply; (ii) achieve financial and fiscal sustainability; and (iii) enhance accountability. The disbursements under the component are governed by eight DLIs, consisting of two Global DLIs and six standard DLIs. The DLIs articulate the actions necessary to recover the sector and set it on the path to financial and operational sustainability. The two Global DLIs that are most critical to the success of the Program – MYTO minor and extraordinary reviews; and PSRP Financing Plan² – have been designated as Global DLIs. Disbursements of the six standard DLIs can only be completed upon verification that both Global DLIs have been achieved.³ The achievement of the DLIs is verified by the independent verification agency (IVA). The detailed information on the parent Program DLIs and result areas they address is presented in Table 1.1 below.

The TA component (US\$20 million) supports capacity building and institutional strengthening at key sector agencies play an important role in the implementation of the critical PSRP actions and the PSRO PforR component linked to these actions and have been earmarked for implementation support and capacity building through the IPF component. The PSRO Secretariat⁴ is responsible for the implementation of this component, including procurement and financial management (FM) activities.

² The PSRP Financing Plan quantifies the FGN funding required by the sector for 2020-2027 (use of funds) to cover historical and new tariff shortfalls, including the repayment of the Central Bank of Nigeria (CBN) Payment Assurance Facility (PAF), and identifies the sources of funds. The Financing Plan is drafted by the Power Sector Working Group chaired by the HE Vice President and approved by the HM of Finance.

³ As per the Program design, this does not apply to the Prior Results: Disbursement-Linked Results (DLRs) achieved on or after May 1, 2019, but before the signing of the Financing Agreement (FA) which is September 30, 2020. Disbursement for all standard DLIs can take place after their own verified achievement regardless of the verified achievement of the two Global DLIs in that year.

⁴ PSRO Secretariat has been established in the Budget Office of the Federation (BOF) at the Federal Ministry of Finance, Budget and National Planning (FMFBNP) and reports to the Director-General (DG) Budget. The Secretariat carries out day-to-day monitoring and coordination of PSRO implementation and facilitates the work of the Steering and Technical Committees, including the updating and the monitoring of the execution of the Financing Plan.

Table 1: DLIs of the parent PforR and Results Areas They Address

Global Disbursement-Linked Indicators		
Global DLI #1		NERC sets revenue requirement for TCN and DisCos based on MYTO Minor Reviews and a MYTO Extraordinary Review
Global DLI #2		A credible and fiscally sustainable PSRP Financing Plan is approved and executed to fully cover tariff shortfalls
Standard Disbursement-Linked Indicators		
Results Area 1: Improve reliability of electricity supply	DLI #1	Implementation of approved PIPs is enforced
	DLI #2	Business continuity arrangements are implemented for DisCos
Results Area 2: Achieve financial and fiscal sustainability	DLI #3	End-user electricity tariffs are adjusted consistent with the PSRP Financing Plan, including its measures for protection of the poor
Results Area 3: Enhance accountability	DLI #4	Payment discipline is enforced on DisCos to reduce non-tariff shortfalls
	DLI #5	Financial and operational transparency of DisCos is improved
	DLI #6⁵	Stakeholder and citizen engagement and communication is improved

C Implementation Progress and Performance of the Parent Program

The parent Program has already demonstrated strong results and is on a positive trajectory to achieve its objectives and indicators given the high level of ownership, proactivity and buy-in at the political and technical levels. The implementation of the parent Program initially was affected by the steep learning curve, exacerbated by the impact of the COVID-19 pandemic, but improved drastically as the parent Program progressed. Steep learning curve affected all MDAs involved in achievement of the DLIs, PSRP Technical Committee, PSRP Secretariat as well as the IVA. Confusion between roles, mandates and expectations among the stakeholders, PSRP Secretariat and the IVA hampered the timely implementation of the Disbursement-Linked Results (DLRs) under each DLI, as well as collection, analysis and verification of the supporting evidence. Lack of face-to-face interactions due to pandemic restrictions added additional challenge to monitoring of the parent Program implementation and verification, making it difficult to escalate issues to the decision makers in a timely manner as well as collect and discuss evidence of DLRs completion. However, as the parent Program implementation progressed and PSRP Technical Committee, PSRP Secretariat and the IVA developed and implemented a coordination structure that, despite impact of the pandemic, allowed for consistent monitoring of the DLRs' implementation, timely interference of the Technical Committee when implementation delays were observed and consistent evidence collection, the parent Program progress improved drastically. The first disbursement against Prior Results was done in November 2021, the second disbursement against the next set of the results was completed just four months later, in March 2022. The parent Program was restructured in August 2022, and the third disbursement was completed in November 2022, bringing the parent Program fully on track.

The overall progress towards achieving parent Program's PDO is *Satisfactory*; the overall implementation progress is *Satisfactory* as well. The progress towards achievement of the PDO is rated *Satisfactory* on account of the advancement shown by the FGN in fulfilling the parent Program DLRs. Progress towards

⁵ A new DLI (DLI #6) on stakeholder and citizen engagement and communication with one corresponding DLR #6.1 was added through the parent Program restructuring.

meeting the PDO indicators has also been advancing well; most of the indicators are likely to be achieved by the end of the Program.

The tangible results achieved by the parent Program are impressive. Annual electricity supply has been increased from 33TWh in 2018 to 36TWh in 2021. Because of the actions supported by the parent Operations Global DLIs, tariff shortfalls have been reduced drastically between 2019 (₦524 billion/ US\$1.4 billion) and 2021 (₦245 billion/ US\$598 million) and expect to go down further in 2022 (₦120-170 billion/ US\$289 million - US\$410 million). As a result of the actions achieved under parent DLI3 that supported consistent end-users tariff adjustments, the sector is at 96.4 percent cost recovery as of February 2022. Because of the actions supported by parent DLI 4 that targeted enforcement of payment discipline of DisCos, the payments received by NBET from the DisCos increased from 28 percent of the invoiced amount in 2019 to 80 percent in 2021. As a result of actions under DLI 1 that supported enforcement of DisCos' PIPs implementation, NERC set new conditions for DisCos operations in the sector that triggered change in technical management of a number of DisCos in an effort to improve their performance. In three of these DisCos, NERC brought in new management using newly established business continuity arrangements, an action supported by the DLI 2. Because of the actions supported under DLIs 5 and 6 that aimed at improving sector transparency, NERC started publishing quarterly sector data, as well as DisCos started disclosing their IFRS-compliant financial statements.

In line with DLI 6 and to ensure effective stakeholder consultation and citizen engagement, the program through the Nigerian Electricity Regulation Commission (NERC) has approved a communication strategy by the public affairs department. The communication strategy was presented to all relevant stakeholders in the power sector and an agreed implementation plan was reached. Under the AF, PSRO is expected to speed up the delayed implementation of the public communication campaign to raise awareness about the PSRP program. Additionally, creation of a PSRP website is underway that will enable Nigerian citizens to track PSRP progress and results to address the high level of distrust that was reported with regards to government's commitment to improving power supply. Similarly, PSRP has also completed the establishment of a stakeholder feedback mechanism where stakeholders can express their concerns and get feedback. The implementation of this activity will be monitored under the AF.

As of November 2022, the parent Program's disbursements are US\$536 million, or 72 percent of the total parent Program financing. The remaining financing, US\$154 million allocated to the original 2022 Results and US\$34 million allocated to new 2022 DLRs added through Program restructuring is expected to be disbursed fully by the parent Program closing date of June 30, 2023. The detailed information on the Program ratings and disbursement rate is presented in Table 2 below. The detailed information on the Program ratings and disbursement rate is presented in Table 2. below.

Table 2: Overview of the Program Ratings and Disbursement Rate

Program Rating	Previous Rating (October 27, 2020)	Previous Rating (June 25, 2021)	Previous Rating (January 3, 2022)	Current Rating (November, 2022)
Progress towards achievement of PDO	Satisfactory	Satisfactory	Satisfactory	Satisfactory
Overall Implementation Progress	Satisfactory	Moderately Satisfactory	Moderately Satisfactory	Satisfactory
US\$ million Disbursed	0.00	0.00	95	536
% Disbursed out of US\$750M	0%	0%	12%	72%

Although the parent Program has had a transformative effect on the financial performance and viability of the power sector in Nigeria through the successful implementation of Global DLI 1 and 2, there is a need for the gains made under the two Global DLIs to be sustained, hence the need for additional financing. Besides, there is a long way to go before achieving financial and fiscal sustainability of the sector. While the sector is closer to cost recovery, the tariff shortfalls in the sector have not been eliminated. Also, the additional financing will further improve the reliability of electricity supply. While the gains on financial side are sustained, the AF will usher in new reform measures to unlock generation to improve energy availability.

Although the parent program has made tremendous progress in achieving the PDO, there were delays as all agencies involved, including the PSRP Secretariat, took some time due to steep learning curve to get a deep understanding of the reform actions that were required of them by the PSRP, as well as of the PSRO's Action Plan and results verification mechanisms. Lack of face-to-face interactions due to the pandemic restrictions made addressing these misunderstandings less efficient and much more time- and effort-intensive. Additionally, confusion between roles, mandates, and capacity constraints added an additional challenge to the monitoring of the parent program implementation, making it difficult to escalate issues to the decision-makers in a timely manner. This experience resulted in the PSRP Technical Committee, PSRP Secretariat and the IVA developing and putting in place a coordination structure that streamlined monitoring and verification of the Program. Regular Technical Committee meetings, chaired by DG Budget, to closely monitor time bound PSRP Action Plan were key to identifying issues on time and elevating those to decision makers for swift resolution. To accelerate and improve the PAP implementation under the AF, it is recommended that an environmental and social safeguards consultant should be engaged to support the PSRP Secretariat in ensuring full implementation of the delayed and additional PAPs. The PAP implementation progress is provided in table 3 below.

Table 3. PAP Implementation Progress

S/N	PAP Action	Status
1	Establishment of stakeholder feedback mechanism	Completed
2	Disaggregating NERC's current data on electricity-consuming households by income level and gender, commencing by assessing data gaps and developing terms of reference for a pilot study	In progress
3	Strengthening of the mandate of the gender focal point in the MoP by developing a work plan and clear lines of responsibility for the gender desk/focal point	Delayed (discussions in progress)
4	Design and implementation of a public communication campaign as the market transitions to financial self-sustainability	Completed
5	Enhancing women's agencies as providers of information and customers related to energy sector reform through a focus on advocacy and employment	In progress
6	Evaluate and report on the Environmental and Social Risk Management Actions of the Program	Delayed (PSRP Secretariat working on it)
7	Preparation of guidelines and manual for mainstreaming stakeholder engagement process and integrating environmental, health, and safety issues into the implementation of the Program	Delayed (guidelines are being prepared)
8	Annual evaluation, monitoring, and reporting of progress on environmental and social issues, especially regarding the compliance of the Program activities with the existing environmental standards and regulations	Delayed (audits are ongoing and will be approved by NBET Board)
9	Public consultation on tariff adjustment	In progress (happens on a periodic basis through the regulator)

Description of the AF

The proposed AF will build on the tangible results achieved under the parent Program, taking into account lessons learned during parent Program design and implementation. The proposed AF will continue supporting the implementation of the FGN's PSRP and its critical actions aimed at tackling the next set of Nigerian power sector challenges as well as facilitating the achievement of the FGN's ambitious access and energy transition targets.

Proposed Changes

Change in Program Development Objectives and Result Indicators

The proposed AF will maintain the PDO of the parent Program and support the same results areas. The PDO of the proposed AF remains to improve the reliability of the electricity supply, achieve financial and fiscal sustainability, and enhance accountability. The proposed AF supports the same three results areas as the parent Program: (i) reliability of electricity supply is improved; (ii) financial and fiscal sustainability is achieved; and (iii) accountability is enhanced.

The three PDO indicators of the parent Program are kept under the proposed AF. The following outcome indicators will be used to measure the achievement of the PDO:

- PDO Indicator 1: Annual electricity supplied to the distribution grid increases;
- PDO Indicator 2: Annual tariff shortfalls decline, and new tariff shortfalls are funded from non-CBN sources once the PAF is depleted; and
- PDO Indicator 3: Public awareness about ongoing power sector reforms and performance increases.

Change in Program Scope, Boundaries, and Activities

The Program boundary has been expanded in the proposed AF but remains within the boundary of the PSRP. The parent Program supported critical PSRP reforms under PSRP Pillar 1 (Financial interventions to fully fund historical and future sector deficits), Pillar 2 (Operational and technical interventions), and Pillar 3 (Governance interventions). In order to accommodate the support to the set of PSRP critical reforms that are a natural continuation of the parent Program, the Program boundary has now been expanded to include Pillar 4 of PSRP (Policy interventions) (Table.3). Inclusion of Pillar 4 in the boundaries of the parent Program was discussed with the FGN during the parent Program preparation, but it was agreed to keep the focus of the parent Program on actions that directly affected immediate sector challenges at the time: sector financial and fiscal sustainability, and regulatory efficiency and predictability. Including the intervention envisioned by Pillar 4 of PRSP in the proposed AF is the next logical step in supporting the Nigerian power sector turnaround.

Table 4: Pillars of the PSRP and AF Program Boundary

Pillar 1: Financial interventions to fully fund historical and future sector deficits	Pillar 2: Operational/technical interventions	Pillar 3: Governance interventions	Pillar 4: Policy intervention
<ul style="list-style-type: none"> Establish sustainable and appropriate electricity tariffs. Dimension and commit to full fund projected sector deficit due to future tariff shortfall until cost recovery. Clear historical deficits due to tariff shortfall as part of the Financing Plan. Secure financing sources and enforce payment discipline throughout the supply chain. Clear historical MDA debts and automate future payments. 	<ul style="list-style-type: none"> Ensure a minimum of 4,500 MW of generation capacity is available daily. Support improved DISCO performance to encourage private sector investment. Guarantee adequate gas supply for power generation. 	<ul style="list-style-type: none"> Restore sector governance Improve sector transparency. Make contracts effective. Clearly communicate PSRP reforms. Establish PSRP Implementation Monitoring Team. 	<ul style="list-style-type: none"> Implement fiscal and monetary policies. Increase electricity access. Promote least cost generation entry and ensure competitive procurement of power
<p>Result Area 1: Improve reliability of electricity supply</p>	<p>Result Area 2: Achieve financial and fiscal sustainability</p>	<p>Result Area 3: Enhance accountability.</p>	

Note: The following PSRP items are part of the AF but were not part of the original Program: "Restore sector governance", and "Promote least cost generation entry and ensure competitive procurement of power", and "Guarantee adequate gas supply for power generation". The following PSRP items were part of the original Program but not part of this AF: "Improve sector transparency"; and "Clearly communicate PSRP reforms".

New Disbursement Linked Indicators and Changes in Global DLIs

Global DLI 1: NERC sets revenue requirement for TCN and DisCos based on MYTO Minor Reviews and a MYTO Extraordinary Review. This GDLI continues from the parent Program to ensure that the revenue requirement of DisCos and TCN is set through the consistent implementation of semi-annual MYTO Minor Reviews (automatic adjustments of revenue requirement to reflect changes in key parameters including energy sent out and exchange rate), and implementation of the MYTO Extraordinary Review for TCN based on the NERC-approved PIP. MYTO Extraordinary Review of DisCos was carried out in 2021 and cover the period of 2021-2025; it defines allowances for ATC&C losses, operating expenditure and capital expenditure of DisCos based on the approved PIP from July 2021. A key results under the proposed AF will be NERC to complete Extraordinary Review and issue new MYTO for the period 2023-2028 for TCN redefining allowances of CAPEX and OPEX consistent with TCN's PIP to be approved in 2023; and NERC to regularly complete semi-annual MYTO Minor Reviews under the existing MYTO, converting

the US\$-denominated portion of DisCos and TCN allowances for operating and capital expenditure at the prevailing NAFEX rate in order to more accurately reflect the revenue requirement of DisCos and TCN.

Global DLI 2: A credible and fiscally sustainable PSRP Financing Plan is approved and executed to fully cover tariff shortfalls. This GDLI is also carried over from the parent Program, which now requires that a PSRP Financing Plan for 2020-2027 is in place and executed to fund tariff shortfalls. The PSRP Financing Plan will need to be updated regularly to be consistent with the effective MYTO and reflect changes in key parameters, including energy sent out and the FX, and to remain fiscally affordable and sustainable. The PSRP Financing Plan will be updated annually and issued by the FMFBNP setting the ceiling for total new tariff shortfalls (to guide the MYTO reviews and tariff adjustments), with the requirement that (i) the tariff shortfalls are consistently reduced year-to-year; and (ii) the uses of funds and sources of funds for the forthcoming year are balanced. It is expected that FMFBNP will continue issuing an annual PSRP Financing Plan covering the uses and sources of funds to clear historical tariff shortfalls and fund new tariff shortfalls for 2023-2027, consistent with the MYTO effective on January 1 of each year for every year during the life of the Program. The PSRP Financing Plan will also need to envision eventual full elimination of tariff shortfalls.

DLI 1: Implementation of approved PIPs of DisCos and TCN is enforced. The first disbursement will be triggered upon (i) NERC’s approval of critical investments included in the TCN PIP for 2024-2025, (ii) NERC’s completion of the extraordinary MYTO review, based on TCN’s PIP, to ensure that the critical annual investments identified in TCN PIP for the period of 2024-2025 are incorporated into the extraordinary MYTO review and (iii) upon verification that NERC semi-annually monitors (through the issuance of reports) and enforces the achievement of outputs in DisCos’ PIPs.

DLI 2: (*Business continuity arrangements are implemented for DisCos and efficient DisCos technical management selection is enforced*); continues strengthening the business continuity arrangements in the event of one or more of DisCos’ license intervention by NERC due to DisCos’ non-adherence to their license obligations. It will also support the revision of the 2012 “The Guidelines and Assessment Criteria for Fit and Proper Persons for Corporate and Individual Participation in Regulated Electricity Undertaking”, also known as “Fit and Proper regulation”, to set out stricter necessary minimum requirements for executive management positions of DisCos in case of internally initiated technical management changes (i.e., outside NERC license intervention)

DLI3.: (*Existing PPAs with NBET are activated and enforced; bilateral contracting framework is strengthened and enforced*) supports bringing more energy to the system in the short- and medium term thus improving the reliability of electricity supply. The DLI supports (i) partial activation of existing PPAs with NBET will allow more energy to be delivered in the immediate term; and (ii) creating a conducive environment for bilateral contracting that will allow to bring more energy in the medium and long term.

DLI4.: (*Least-cost sector planning is established and enforced*) supports establishment and implementation of the holistic sector development framework for planning of least-cost expansion of generation and transmission. Consistent application of sector least cost planning is critical for ensuring reliable power supply in the long term. Least-cost generation and transmission planning focus on the least-cost sector development based on available primary energy resources and generation technologies.

DLI5.A: (*Independent System Operator (ISO) is created and operationalized*) supports the transition of the sector to more extensive grid reliability as well as efficient and transparent transaction support services by the establishment of ISO that will operate under a separate license from TCN.

E - Legislative and Procedural Changes

The environmental and social system described in the parent ESSA is still applicable both in terms of laws, regulations, standards and in terms of procedures and actual implementation of those laws and standards. There have been no changes in terms of legislation or procedures in relation to the nature and the type of activities implemented under the parent program. Besides, the AF activities are not likely to require changes to the borrower's overall environmental and social systems. Generally, the implementation of the AF Program is likely to have positive social impacts on the lives and livelihoods of many beneficiaries and indirect environmental benefits such as a reduction in carbon emission

F - Environmental and Social Risks and Impacts of the AF

The overall environmental and social risks and impacts of the AF activities and implementation challenges have been assessed during the preparation of this addendum to the parent ESSA. The overall environmental and social risks were assessed as moderate because of the envisaged environmental and social impacts that could result from the implementation of DISCOs and TCN Performance Improvement Plans (PIPs). The TCN PIP program will involve the rehabilitation and refurbishing of existing substations. This activity has the potential to cause noise pollution, loss of flora and fauna, dust and air pollution, and also impact on worker and public safety especially due to potential electric shock, etc., that may occur during the refurbishment of transmission substations. Similarly, the review of MYTO under Global DLI 1 and 2 may lead to minor increases in tariff for customers. These increases are, however, not expected to result in an increase in poverty, as the social tariff (household consuming less than 50kWhs per month) is in place and will be maintained.

In addition, the AF risks and impacts are not likely to be significant, not complex, low in magnitude, predictable, and expected to be temporary and/or reversible; and low probability of serious adverse effects to human health and/or the environment and mitigation measures are readily available, including use of exclusion list. Additionally, the government of Nigeria has several policies, instruments, and laws which support environmental and social management and environmental and social impact assessment processes. There are a number of sectoral policies which provide directives to integrate environmental and social considerations in the decision-making process to avoid or minimize impacts associated with program implementation.

As a result, of the AF expanded scope and proposed activities, the environmental and social risks and impacts are judged to be **Moderate**.

Consultation Process

The consultation process under the AF builds on the consultation conducted under the parent program in line with the World Bank Policy and Directive for Program for-Results Financing and Access to Information Policy. The consultation was held on Thursday, October 27, 2022 held as part of the preparation of the ESSA. The consultation involved participants from the Bureau of Public Enterprises (BPE), Nigeria Bulk Electricity Trading (NBET), PSP secretariat, office of the Vice President, and representatives of Civil Society Organizations (CSO). During the consultation issues around the need to set up a consumer protection policy and implementation unit for consumer issues and proper enlightenment were raised and discussed. Issues around assessing the performance of the Discos in terms of transparency and accountability, consumer survey in terms of service delivery and the need to conduct a consumer protection survey among other issues were also discussed. The outcome of the consultation informed the design of the PAP. See annex for additional consultation information.

G - Recommendations to Strengthen the Environmental and Social System

Based on the analysis carried out for this ESSA addendum with respect to the six Core principles, the following action plan has been recommended to strengthen the PAP implementation. The PAP achieved in the parent program did not form part of this PAP.

Program Action Plan (PAP)

	Action Description	Due Date	Responsible Party	Completion Measurement
1	Strengthen the framework under MYTO reviews to ensure that tariff adjustments are accompanied with mitigation measures	Prior to another MYTO reviews under the AF Program	NERC	Further adjustments in MYTO maintain mitigation measures introduced in previous MYTO reviews
2	Build on current system and institutionalize/develop guidelines to strengthen stakeholder and citizen engagement and implement and report the grievance redress mechanism operation. The GRM should include clear targets and monitoring criteria for NERC's customer complaints system.	4 Months after program effectiveness	Project implementation team (PSRP secretariat) and NERC	Developed/updated guidelines for stakeholder engagement, number of stakeholder meetings, workshops and town hall meetings held etc.
3	Evaluation and Reporting on the Environmental and Social Risk Management Actions of the Program	Commence 6 months after program effectiveness	Project implementation team	Quarterly, Bi-Annual, and Annual Progress Reports
4	Formulate guidelines and manuals to mainstream environmental, health, and safety issues into the implementation of the Program	4 months after the program effectiveness	NERC, FMOP, EAD, NESREA	Completed guidelines in booklet form disseminated to stakeholders, training provided, and the guidelines operationalized.
5	Conduct annual monitoring of progress on environmental and social issues, especially regarding the compliance of the Program activities with the environmental standards and regulations	Within 12 months of the end of each FY	NERC, FMOP, and Project implementation team	Completed report with recommendations about E&S issues, including the progress of the implementation of actions indicated in this table. Follow-up measures to the recommendations taken in the following FY.

6	Also, enhance of women's agencies as providers of information and customers related to energy sector reform through a focus on advocacy and employment	4 months after Program Effectiveness	Project implementation team and NERC	Terms of Reference for Customer Information Campaign driven by Women's Groups
7	Disaggregating NERC's current data on electricity-consuming households by income level and gender, commencing by assessing data gaps and developing terms of reference for a pilot study	Commence 6 months after AF Program effectiveness	NERC	Terms of Reference for data gap assessment and pilot study
8	Engage external Environmental and social safeguards consultant to support PSRP E&S staff for rapid implementation of Program Action Plan	2 months after program effectiveness	PSRO Secretariate	CV of consultant and letter of engagement
9	Develop and implement ESMP for all substations that will be upgraded/rehabilitated under the TCN PIP	Prior to upgrading/rehabilitating the substations	TCN	ESMP developed and implemented.

Recommended Step to Accelerate PAP Implementation

To accelerate and improve the PAP implementation under the AF, it is recommended that the PSRO Secretariat commits to both implementing all delayed PAP actions under the parent program and the additional PAP actions in the addendum ESSA and reporting on these on a regular (semi-annual basis). In addition, an external environmental and social safeguards consultant should be engaged to support the PSRO E&S staff to speed up full implementation of the PAP. Pending the engagement of this consultant, the PSRO secretariat should discuss with TCN to provide short-term E&S capacity support. The Bank E&S team will also provide additional oversight implementation support in this regard.

Annex 1 Stakeholders Comments on the Addendum ESSA findings presentation

Name	Comment	Response
Johnson Akinnawo (NBET)	For now, we do not have any comments but hope to receive the presentation so as to properly go through and share comments if any	The ESSA will be shared with all the agencies
Victor Adame (OVP)	No comments from me for now	
Phoebe	It was a detailed presentation and it captured most of the issues with the inclusion of the consumer protection aspect. If we have additional issues to submit, we will, but for now none.	
Roland Achor	No comments for now	
Arome Adole	I'm okay, no comments	
Oluwasola Ajala	No comments	
Prince-will Okorie National President Association for public policy analysis	Regulation is different from enforcement. There is a need to set up a consumer protection policy and implementation unit for consumer issues raised in the presentation to be addressed. Are the consumers educated about their rights and aware of the of NERC? The estimated bill? There is a need for proper enlightenment. The service provider should educate his consumers. Issues of manipulation of contractors who do the job were not heard in the presentation. Fire services were not also mentioned as regards fire outbreaks in markets and buildings. The role of a licensed electrical contractor, the standard organization of Nigeria, Fire service, and NEMSA need to be looked out in standards engagements	Lucky Erhaze commended the CSOs on their input and made it clear that the consultation was for ESSA on the PSRP AF. All the points you brought out are the challenges on the previous project that made the intervention not to be successful. Elijah Siakpere mentioned that the program is addressing the issues. The presentation is showing the Environmental and social risks as a result of the additional financing and the gaps in the parent project.
	How can vulnerable groups be protected as NERC are not approachable and never responds to letter? Is there a relationship between the community electricity committee and NERC? On vandalization of electrical equipment, the Federal Government is losing money on repairing these instruments and TCN keeps repairing them! We need to look at the environmental and social impacts of vandalism. What is the relationship between consumer protection and vandalism of electrical equipment? It is not just about coming to complain there has to be enforcement to prevent these issues before complaints.	Gbola Sokoya noted that he is not NERC but all issues mentioned have been noted Belije Madu also commented by appreciating the civil society and encourage them to keep making those points with the aim to gradually improve as the program moves on. It is not what Nigerians can see but it is understood. The World Bank is not NERC and cannot play the role of NERC
Uket Obonha Secretary NERC	We align with the observable gaps and recommendations made in the presentation such as weak coverage, social issues, poor consultation with communities and other stakeholders. On the issue of tariff review, the upward review of tariff for end users is hypothetical. Tariff review in the current market	On issue of complaints resolutions, there exists Federal Competition and consumer protection agency set by the ministry of women affairs to settle

	<p>environment cannot achieve the purpose of it if it is always being reviewed particularly if you don't have data on the market size. There is no data on the market size and the tariff is meant to go down but it keeps going up. The Discos have no capacity to improve on their infrastructures for expansion despite a performance improvement plan as there are huge army of electricity consumers out there yet to be brought into the system. The network of some of the Discos in rural area are very poor.</p>	<p>issues of grievances.</p>
--	---	------------------------------

Annex 2: Attendance List During Consultation on ESSA

S/N	NAME	ORGANISATION
1	Phoebe Egbulefu	Bureau of Public Enterprises
2	Johnson Akinnawo	Nigerian Bulk Electricity Trading
3	Roland Achor	Nigerian Bulk Electricity Trading
4	Victor Adamu	Office of the Vice President
5	Muna Ugwu	Office of the Vice President
6	Princewill Okorie	President, Associated for Public Policy & Analysis
7	Oluwashola Ajala	PSRP Secretariat
8	Gbola Sokoya	PSRP Secretariat
9	Belije Madu	PSRP Secretariat
10	Uket Obonga	Secretary, Nigerian Electricity Consumers Advocacy Network
11	Oluwafunmilola Temitayo Ayoola	World Bank
12	Simeon Atakulu	World Bank
13	Nnaemeka Chukwuone	World Bank
14	Lucky Erhaze	World Bank
15	Elijah Siakpere	World Bank
16	Yadviga Semikolenova	World Bank
17	Ifeoma Ikenye	World Bank
18	Aromeh Adole	

Annex 3: Power Sector Recovery Performance Based Operation (PSRO) Additional Financing ESSA consultation minutes

The consultation started with the Task Team Leader who gave a brief overview of the Power Sector and Recovery Operation (PSRO) Additional Financing on where it started, how it evolved, how it fits into the World Bank programs of the sector, and the next stage of the reform to be suggested. Elijah requested for questions from the participants.

S/n	Name	Questions	Response
	National Secretary NERC Uket Ubohan	<p>I have not seen consumer protection issues. Assessing the performance of the Discos in terms of transparency and accountability, a consumer survey in terms of service delivery needs to be seen. More SMES in Nigeria today are suffering as no rule of law applies by NERC and Discos when dealing with consumers. Discos are empowered but nobody looks at consumers groups to develop their capacity. Why are consumers given bills arbitrarily without checking the consumption and billed accordingly? These are not captured in the documents of CBN, Discos, or the NERC. There is a need for a consumer protection survey.</p> <p>Section 32 1F of the Electric Power Sector Reform Act provides that regulations should be fair and balanced to the investor, consumers, and other stakeholders while section 80 and 81 is on consumer protection but nowhere in Nigeria is there a unit that handles consumer protection issues. Who addresses consumer protection issues? I want to suggest as I have not seen the CSOs in power sector represented in most of the issues raised here and also we have not seen consumer based evaluation report on the successes that have been achieved.</p>	<p>The TTL responded that this is a very important issue. However, what you are saying is not a reform but a kind of impact evaluation of what is happening on the ground. We have a very large technical assistance component where all of these would be included there. Although the government is implementing the reform, there is the technical assistance capacity building information component that will be done in parallel making sure this reform takes us down and what consumers sees in the ground.</p> <p>Response from Manager of PSRP secretariat based in the Ministry of finance;</p> <p>We are also looking at the consumer invert and engaging with them. We already had a session with the CSO and the press. There is a new website of the PSRP that is being finalized. In November, there is supposed to be public awareness campaign that will take us to the Judiciary, National Assembly and will present some of the things PSRP has done or is doing. We have a communication committee comprises NERC, GEMCO, Disco and some consultants and the secretariat. We also agree that there must be consumer engagement</p>
	Prince-will Okorie National President Association for	On performance improvement plan approved for the Discos on paper by NERC, but the basic infrastructure that will enable the Discos to conduct their work well on revenue collections and tariff is not there. What we get from the	Elijah: We understand you. The whole aim of this consultation is to share ideas on how to better the government system and we hear and take your views.

	public policy analysis	field contradicts what is on paper for instance tariff adjusted to protect the poor is not there. How does the World Bank get independent views or facts from the field, or you are relying on reports from the government, operators, Discos. Tariffs have been increased; Nigerians are paying tariffs. What is the percentage of Nigerians that are metered? Do we know the number of electricity consumers in Nigeria? No. People are begging with their money as they want to pay for the meter, but they are not available. There should be a shift to get those CSOs that are willing on the sector.	Roland Achor from NERC mentioned that there is a division within NERC that handles consumer issues. They have also developed a lot of regulations to guide consumers on complaints, connections e.t.c I will appeal to the CSOs to take advantage of our regulations to see what we have been doing. The commission's regulation on investment in networks is very clear. We are open to all complaints, and we work with all diligence. We want to hear from investors, Government and customers
--	------------------------	---	---

A presentation was given by Dr Nnaemeka on the E&S risks that could result from the support the World Bank is providing to the PSRP AF, and the successes recorded in the parent program.

The aim of this consultation is to;

- Foster a systematic approach to stakeholder Engagement
- Means for effective and inclusive engagement
- For stakeholders views to be taken into account in program design
- To ensure appropriate program information on environmental and social risks and impacts is disclosed
- To provide PAP with accessible and inclusive means to raise issues and grievances

Dr Nnaemeka also mentioned that the ESSA is built on the World Bank 6 core principles which are:

1. Environment and social management
2. Natural Habitats and physical and cultural resources
3. Protection of public and worker safety
4. Land acquisition and loss of access to natural resources
5. Rights and needs of indigenous and vulnerable groups
6. Social conflict.

The ESSA examined government systems in terms of Environmental and social systems and how appropriate it is to be able to mitigate and manage impacts that will come up under this program. Recommendations were also made on how to improve the environmental and social systems of the government to manage this program in line with the 6 core principles.

Comments on the ESSA findings presentation

Name	Comment	Response
Johnson Akinnawo (NBET)	For now, we do not have any comments but hope to receive the presentation so as to properly go through and share comments if any	The ESSA will be shared with all the agencies
Victor Adame (OVP)	No comments from me for now	
Phoebe	It was a detailed presentation and it captured	

	most of the issues with the inclusion of the consumer protection aspect. If we have additional issues to submit we will, but for now none.	
Roland Achor	No comments for now	
Arome Adole	Im okay, no comments	
Oluwasola Ajala	No comments	
Prince-will Okorie National President Association for public policy analysis	Regulation is different from enforcement. There is a need to set up consumer protection policy and implementation unit for consumer issues raised in the presentation to be addressed. Are the consumers educated of their right and aware of the of NERC? The estimated bill? There is need for proper enlightenment. The service provider should educate his consumers. Issues of manipulation of contractors who do the job was not heard in the presentation. Fire services were not also mentioned as regards fire outbreaks in markets and buildings. The role of licensed electrical contractor, standard organization of Nigeria, Fire service and NEMSA need to be looked out in standards engagements	Lucky Erhaze commended the CSOs on their input and made it clear that the consultation was for ESSA on the PSRP AF. All the points you brought out are the challenges on the previous project that made the intervention not to be successful. Elijah Siakpere mentioned that the program is addressing the issues. The presentation is showing the Environmental and social risks as a result of the additional financing and the gaps in the parent project.
	How can vulnerable groups be protected as NERC are not approachable and never responds to letter? Is there a relationship between the community electricity committee and NERC? On vandalization of electrical equipment, the Federal Government is losing money on repairing these instruments and TCN keeps repairing them! We need to look at the environmental and social impacts of vandalism. What is the relationship between consumer protection and vandalism of electrical equipment? It is not just about coming to complain there has to be enforcement to prevent these issues before complaints.	Gbola Sokoya noted that he is not NERC but all issues mentioned has been noted Belije Madu also commented by appreciating the civil society and encourage them to keep making those points with the aim to gradually improve as the program moves on. It is not what Nigerians can see but it is understood. The World Bank is not NERC and cannot play the role of NERC On the issue of complaints resolutions, there exists a Federal Competition and consumer protection agency set by the ministry of women affairs to settle issues of grievances.
Uket Obonha Secretary NERC	We align with the observable gaps and recommendations made in the presentation such as weak coverage, social issues, poor consultation with communities and other stakeholders. On the issue of tariff review, the upward review of tariff for end users is hypothetical. Tariff review in the current market environment cannot achiits the purpose of it if it is always being reviewed	

	<p>particularly if you don't have data on the market size. There is no data on the market size and the tariff is meant to go down but it keeps going up. The Discos have no capacity to improve on their infrastructures for expansion despite performance improvement plans as there are huge army of electricity consumers out there yet to be brought into the system. The network of some of the Discos in the rural area are very poor.</p>	
--	--	--