Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 09/25/2019 | Report No: ESRSC00707
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
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<tbody>
<tr>
<td>Uganda</td>
<td>AFRICA</td>
<td>P166685</td>
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</tbody>
</table>

Project Name: Uganda Energy Access Scale-up Project (EASP)

Practice Area (Lead): Energy & Extractives
Financing Instrument: Investment Project Financing
Estimated Appraisal Date: 12/31/2019
Estimated Board Date: 1/9/2020

Borrower(s): Republic of Uganda
Implementing Agency(ies): Rural Electrification Agency (REA), Ministry of Energy and Mineral Development (MEMD)

Proposed Development Objective(s)
The Project Development Objective is to increase access to energy for households, commercial enterprises, and public institutions.

Financing (in USD Million)

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
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B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?
No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]
The proposed Energy Access Scale-up Project (EASP) is aligned with Uganda’s electrification goals as stipulated in the NDP-II and Vision 2040, which aim at increasing electricity access to 30 percent and 80 percent by 2020 and 2040, respectively. The project will increase energy access to households, commercial, and industrial users, and public institutions in the rural, peri-urban and urban areas through on-grid and off-grid solutions.
The proposed project will be structured around four main components: (1) Grid expansion and densification, including investments in MV/LV network expansion and strengthening, and service connections; (2) Off-grid market development for rural communities, refugee and host communities, including market development support for solar and clean energy cooking solutions; (3) Off-grid electrification of health and education facilities; and (4) Technical assistance, capacity building, and project implementation support.

The proposed project will be designed as an Investment Project Finance (IPF) operation with Disbursement Linked indicators (DLIs). The DLIs will be determined through assessments (e.g., technical, fiduciary) that will be carried out during preparation. It is expected that the Diagnostic Review of the Distribution Sector that is under preparation will provide relevant inputs to determine DLIs.

D. Environmental and Social Overview
D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The project will be implemented nationwide and will be focusing on network expansion and strengthening through on and off-grid extension and intensification (use of solar panels and batteries). The main implementing agency, REA will prioritize investments in various districts based on the geospatial master plan for Uganda (under preparation). Financial Intermediaries (FIs) will also participate in project implementation. Some of the project's activities might therefore be carried out in districts hosting Vulnerable and Marginalized persons (Batwas and Iks) and will required the elaboration of a framework to guide their inclusion into project benefits.

D. 2. Borrower's Institutional Capacity
Key sector institutions, including REA will have major responsibilities for implementing the proposed project. The lack of adequate institutional capacity and understaffing of key institutions, especially REA, have been identified as major causes of ineffective implementation of projects in Uganda, including the Energy for Rural Transformation Phase II (ERT-2) and Phase III (ERT-3) projects. To mitigate this, REA will establish a fully-staffed Project Implementation Unit (PIU) dedicated to the implementation of the project and the effective coordination among REA’s technical departments - It will include, among others, full time environmental and social specialists. REA will also contract additional support for the implementation of project activities, including Design and Supervision Consultant, Material Logistics Agent, Bulk Materials Suppliers, Labor-based Contractors for lines and service connections, and Independent Verification Agent(s). With support from the ERT-3 project, REA has established a Connections Department that will be adequately staffed and fully dedicated to the implementation of projects/programs contributing to the Electricity Connections Policy, and reports directly to the Executive Director, REA. REA is also establishing a new Monitoring and Evaluation (M&E) Department to support ongoing portfolio implementation. Furthermore, the Diagnostic Review of the Distribution Sector will carry out a comprehensive evaluation of REA and other stakeholders and assess their technical, financial and operational capacity to effectively implement a large-scale national electrification program. Findings from this diagnostic review will therefore be used to design appropriate mitigation measures, including, inter-alia, the definition of Disbursed Linked Indicators (DLIs) specifically designed to enhance implementation, and monitoring and evaluation capacity of REA and other key stakeholders.

Although the implementing institutions (REA, MEMD, UECCC) have managed environment risks and impacts under National Environment Assessment system including World Bank safeguard polices in the current projects, a systematic capacity building of the relevant staff in these institutions on the new Environmental and Social Framework (ESF) requirements will be necessary. An ESF institutional capacity assessment of these institutions was recently be carried
out by the Bank and specific areas to be strengthened have been identified and will be addressed as part of project preparation and implementation.

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

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Substantial

The Environmental risks arise from the geographically significant scope of the project that spreads across the country and may affect ecologically sensitive areas such as national parks, forests and wetlands. However, likely environmental, health and safety effects of the program activities is expected to be localized and temporary in nature, limited to minimal vegetation clearances to enable pitting of poles for grid intensification schemes, occupational and community health and safety concerns during stringing process, and end-of-life batteries will be generated for off grid technologies. Uganda has national laws and institutions for environmental and social management, however, there are weaknesses in system performance related to institutional linkages, staffing level, and budget allocation for environmental aspects, as well as human resource skills.

Social Risk Rating Substantial

Social impacts associated with project activities will generally emanate from the construction of both electric distribution networks and standalone solar energy facilities. They include risks associated with non-compensation for affected crops and trees, influx of labor into targeted areas, lack of adequate consultation of affected persons and access to functioning grievance redress mechanisms, and social exclusion of women, youth, and other members of vulnerable groups. In addition the Iks and the Batwas might also be impacted by some of the project’s activities and might have difficulties accessing project benefits.

The main project implementation agency, REA, has built capacity in mitigating these risks under ERT-2 and ERT-3 projects. Additionally, it is worth noting that: i) impact on land/assets (crops and tree) during pole planting/stringing and land acquisition will remain minimal, ii) stakeholder engagement and grievance redress under ERT II have been adequate, and iii) the MEMD has recently developed, with support from the World Bank a comprehensive Social Risk Management component meant to address risks associated with labor influx; notably Sexual Exploitation and Abuse of Children (SEA) and Violence Against Children (VAC). Overall, the Borrower will prepare framework instrument to guide to elaboration of site specific plans to address these risks as sub-projects are identified.

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Project activities under component 1 (On-grid electricity access) and component 2 (Off grid energy access) to increase access to electricity and clean cooking solutions for individuals, businesses, and institutions are expected to generate limited social and environmental risks and impacts that will be small in scale. These potential environmental and social risks (damage to assets, influx of labor, inadequate stakeholder engagement, lack of access to a functioning grievance redress mechanism, impacts on/inclusion of project benefits for vulnerable groups and impacts are
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Uganda Energy Access Scale-up Project (EASP) (P166685)

predictable), expected to be temporary, low in magnitude, and site-specific. The client will be required to draft a Resettlement Policy Framework (RPF) to provide guidelines on addressing any potential economic displacement, and a Vulnerable And marginalized Groups Framework to provide guidance on mitigating potential impacts on, but also on inclusion into project benefits for the Iks and the Batwas. The project will apply the requirements of the Environmental Health and Safety Guidelines (EHSGs) due mainly to the construction of distribution networks and off-grid facilities. Construction contractors will be required, as a condition of their contracts under the project, to implement and comply with ESMP in the ESS1 requirements. The Environmental and Social Commitment Plan (ESCP) and Environmental and Social Management Framework (ESMF), elaborated and agreed upon with the Borrower, will underpin different measures and actions that will be required for the project to meet ESSs requirements. The ESMF will include a differentiated approach for the preparation of sub-projects proportionate to the risk of the sub-projects. These measures shall be implemented and their status of implementation shall be reviewed as part of project monitoring and evaluation. The ESMF will also cover anticipated social impacts from project activities (Those associated with influx of labor, social exclusion, inadequate stakeholder engagement, lack of a functioning grievance redress mechanism, etc. It will also include the Environmental Health and Safety Guidelines (EHSGs) for the identified subprojects in relation to occupational and community health and safety.

Areas where “Use of Borrower Framework” is being considered:
The Borrower has a relevant legal framework for addressing environmental and social risks and impacts. However, its capacity through policies and institutional arrangements is limited, particularly as it will require oversight over a number of implementing agencies from the public and private sector. As such, reliance on the Borrower’s ESF is not considered to be appropriate.

ESS10 Stakeholder Engagement and Information Disclosure
In consultation with the Bank, the Borrower will prepare and implement an inclusive Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts identified. Stakeholder engagement will be an integral part of the preparation and overall project design process and will continue throughout preparation and implementation of the project. The SEP will include refugee population and host communities – other stakeholders will be identified early on in the engagement process. These will include the Iks and Batwas for whom a culturally appropriate process will be required. The SEP will include differentiated measures to allow the effective participation of and communication with of those identified as disadvantaged or vulnerable (refugees, the elderly, persons with disabilities, female headed households, child headed households, orphans and vulnerable children). The Borrower will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are accessible, inclusive and through suitable channels in the local context. The project will include appropriate institutional arrangements to carry out the stakeholder engagement process. Given the anticipated scale of the project activities, and despite the institutions experiences in carrying out stakeholder engagement, specific liaison officers will need to be identified or recruited at the PIU and the field level to coordinate and implement the SEP. The project will also include a grievance redress mechanism (GRM) to handle complaints by project-affected people regarding adverse temporary or permanent project impacts. The GRM will be responsive to the risk of GBV, and the need to be accessible to a wide diversity of stakeholder groups. It will also serve as a platform for continuous feedback from project-affected communities, other interested stakeholders and implementing structures (Interim for preparation and implementation PIUs).
B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

The project will involve direct workers, contracted workers, primary supply workers and possibly community workers. All labor will be locally hired, except for skilled workers who cannot be found in the project locations. The project will adhere to Uganda’s Labor Laws and the Bank’s standards concerning labor conditions and Occupational Health and Safety (OHS), including child labor. To ensure health and safety of workers during the construction and operational phases of the project, the Borrower will develop a Health, Safety and Environmental (HSE) plan as part of the ESMF, in line with World Bank Group Environment, Health and Safety (EHS) Guidelines. The project ESMF will also outline a workers’ GRM as part of the Labor Management Plan (LMP). The standards explained in the ESMF will also be included in work-specific ESMPs. These plans will include procedures on investigation and reporting of incidences and non-conformances, emergency preparedness and response procedures and continuous training and awareness to workers. The task team will ensure that the Borrower is also familiar with the Environment and Social incident response toolkit (ESIRT) as a guide to report and manage incidents should they occur. Because of the nature of the planned civil works (pole planting and stringing, construction of off grid facilities) the establishment of workers camps will not be necessary. Contracts for all workers will include a code of conduct, which will be signed when hired.

ESS3 Resource Efficiency and Pollution Prevention and Management

The project activities will require energy consumption, water and raw material as well as generation of waste. It is expected that during the project implementation, limited air emissions will be generated from trucks on ground site, and fugitive dust will be generated during the dry season. Those most likely to be affected are workers and communities living within the proximity of planned distribution networks and off-grid facilities. The implementation of mitigation measures such as dust suppression and vehicle and truck maintenance shall be applied to minimize the impact of air emissions during construction/rehabilitation, and residual impacts are expected to be limited in scope and duration. Noise might be generated from the use of construction machinery and truck movements. The relatively short-term and small-scale nature of works suggest that noise levels will not be excessive or cause long-term nuisance. The construction civil works will, however, present short-term nuisance to some of the project sites. The Environmental and Social Management Plan to be prepared shall include mitigation measures to minimize and manage the noise levels, such as by applying standard restrictions to hours of site work. Construction/rehabilitation activities will generate minimal solid waste which will primarily include excavated soil and solid wastes, which will be disposed at approved sites, in accordance with national laws and regulations, that will be complemented by ESS3 requirements. The construction part of the ESMP will also provide all additional relevant mitigation measures to be taken during the implementation phase.

ESS4 Community Health and Safety

The Borrower will evaluate the risks and impacts of the project activities on the health and safety of persons in the project areas. Since the project’s civil works will mainly be undertaken in existing public infrastructures such as schools, health centers, markets, and across various settings (trading centers, farms, etc.), ensuring affected communities health and safety throughout the construction phase is critical. Construction can disrupt institutions such as schools through dust emission, noise, and increased generation of solid waste. In addition, chemicals used on
poles for distribution networks might affect project affected persons. Adverse social impacts such as gender-based violence (GBV), sexual exploitation and the transmission of communicable diseases such as HIV/AIDS on affected communities may also occur as a result of project activities, including labor influx. The potential risks and mitigation measures for impacts on beneficiaries will be analyzed in the ESMF and will be detailed in work specific ESMPs.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

No land acquisition is expected under the project since the establishment of on-grid networks will consist of planting and stringing of poles, which do not require land acquisition but might cause damage to existing trees and crops - the Borrower will be required to develop an RPF to address any impacts on assets and affected persons livelihoods. It is worth noting that The off-grid access networks are expected to be established within the footprint of existing facilities and thus not require land. It is however worth noting that timely and effective compensation process for potentially affected crops and trees has been a challenge under ERT II- District rates for the assets are not always updated on a regular basis and compensation rates tend to be below market value. The RPF will need to propose measures to mitigate this risk.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This ESS6 may be applicable where the distribution lines transfer national parks, forests and wetland areas. The ESIA and ESMP will provide mitigation measures to ensure that project activities at these protected areas if any does not cause any harm or alter habitat.

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

Batwa and Ik communities are present in the country and might be affected by project activities. They are considered vulnerable and disadvantaged in Uganda and as such, a Vulnerable and Marginalized Group Framework (VMGF) will be prepared to provide guidelines on how to avoid adverse impacts of the project on Batwa/Ik communities and ensure their access to services and potentially participation in high labor intensity works and other project benefits. Project activities will not cause relocation or impact resources or cultural heritage of Batwa/Ik groups. The SEP will include provisions for consultation with Batwa and Ik communities (see ESS10).

ESS8 Cultural Heritage

At this stage in project preparation it is unknown if there is any presence of culturally significant sites associated with the project. Chance find procedures will be included in the ESMF and subsequent ESMPs.

ESS9 Financial Intermediaries

ESS9 will be applicable to component 2 - subcomponent on Market development for solar which will support an existing working capital line of credit and credit guarantee facility for participating financial institutions for on-lending to solar companies that promote quality-certified solar products, as well as support clean cooking fuel and technologies companies that promote eligible clean energy cooking products and services. The finances will also support standalone solar systems for productive uses (e.g., irrigation, drying, milling, refrigeration, high efficiency
cooking appliance). The FI which in this case is Uganda Energy Credit Capitalization Company (UECCC) will develop and maintain in the form of an Environmental and Social Management System (ESMS), effective environmental and social systems, procedures and capacity for assessing, managing and monitoring risks and impacts of sub-projects.

### C. Legal Operational Policies that Apply

| OP 7.50 Projects on International Waterways                | No |
| OP 7.60 Projects in Disputed Areas                        | No |

### III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

#### A. Is a common approach being considered?

No

#### Financing Partners

N/A

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

**Actions to be completed prior to Bank Board Approval:**
- Preparation, consultation and disclosure of the Stakeholder Engagement Plan (SEP)
- Preparation, consultation and disclosure of a Resettlement Policy Framework (RPF)
- Preparation, consultation and disclosure of an Environmental and Social Management Framework (ESMF)
- Preparation, consultation and disclosure of a Social Assessment (SA)
- Preparation, consultation and disclosure of a Vulnerable and Marginalized Group Framework (VMGF)

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**
- Labor Management Procedures;
- Development and implementation of a proportional Health, Safety and Environmental (HSE) plan in line with World Bank Group Environment, Health and Safety (EHS) Guidelines (for construction & rehabilitation activities);
- Development of an ESMS for Financial Intermediaries
- Development of relevant ESIs/ESMPs for subprojects
- Timely and adequate compensation for affected assets
- Capacity building of implementing partner institutions in ESF

#### C. Timing

**Tentative target date for preparing the Appraisal Stage ESRS**

15-Jul-2019
IV. CONTACT POINTS

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Implementing Agency(ies)
Implementing Agency: Rural Electrification Agency (REA)
Implementing Agency: Ministry of Energy and Mineral Development (MEMD)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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