Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 01/27/2021 | Report No: ESRSA01042

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Ethiopia	AFRICA EAST	P171034	
Project Name	Ethiopia Digital Foundations Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Digital Development	Investment Project Financing	1/20/2021	4/21/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance and Economic Development	MoF for PPA, MInT, Ministry of Innovation and Technology (MInT)		

Proposed Development Objective

The Project Development Objective is to improve Ethiopia's competitiveness in the digital age through increased inclusion and affordability of digital services, and through digital job creation.

Financing (in USD Million)	Amount
Total Project Cost	203.00

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 Ethiopia Digital Foundations Project is intended to develop Ethiopia's digital economy. It will enable its citizens, businesses and government to reap digital dividends in the form of faster growth, lower transaction costs, more jobs and greater efficiency. It will support the necessary steps to introduce market competition, private sector participation, foreign investment and independent sector regulation. The country must also expand and strengthen its basic digital infrastructure, especially the fiber network and mobile broadband, towards achieving the African Union goal of universal affordable and quality broadband access by 2030. A particular area of focus will be enhancing

broadband services to Government and better serving educational institutions and government offices in provincial areas. The country needs to generate opportunities for new jobs through its investments and reforms in digital transformation, and this will also require creating an ecosystem in which new digital start-ups can thrive.

The storyline underlying the project design begins with telecom market reform (component 1), which then creates new opportunities for digital transformation in government and education (component 2) and new opportunities for innovation and entrepreneurship (component 3). There is also a reverse causality whereby the IDA commitment to invest in creating demand for internet capacity in secondary cities and rural areas, through the pre-purchase mechanism, will in turn stimulate market entry and fuel network roll-out as part of the telecom reform program. Governments, schools and universities thus serve as anchor tenants to drive nationwide roll-out or fiber and 4G mobile networks. Similarly, the support for digital entrepreneurship will in turn drive further investment in infrastructure and productive capacity, while the provision of additional internet capacity in schools and universities will nurture a new generation of potential entrepreneurs and talented employees for digital start-ups. Thus, the project is intended to create a virtuous circularity between supply and demand.

Component 1: Digital Economy, enabling legal and regulatory environment (~US$20m + US$3m grant financing)
The aim of this component is to strengthen the analog foundations of the digital economy, in particular policy-making, and effective regulation for the telecommunications sector and for the development of digital entrepreneurship. A strong telecommunications sector is built on market competition, private sector participation and effective, independent regulation – all of which have been lacking in Ethiopia to date. The GoE has requested support from the IFC for the award of two new full-service telecommunication lic enses to compete alongside the incumbent, Ethio Telecom. The Government has also announced that the partial privatization of Ethio Telecom would go ahead with the sale of up to 40 per cent to a strategic partner, with a further 5 per cent of shares set aside for purchase by Ethiopian nationals. To fund the technical assistance, and the transaction advisory for the competition transaction led by IFC, the GoE requested (on August 30, 2019) funding from the Global Infrastructure Facility (GIF). For the privatization transaction and regulatory support, the Government signed (on October 22, 2019) a Project Preparation Advance (PPA) of US$6m under this project. The three sub-components to be financed under this: Sub-component 1.1: Partial privatization of Ethio Telecom; Sub-component 1.2: Strengthening independent ICT sector regulation; Sub-component 1.3: Supporting the development of the Digital Economy

Component 2: Digital Government and Connectivity (~US$133m)

The objective of this component is to develop the capacity of the Government to deliver digital services, including building the digital skills of Government officials, and to crowd-in private sector investments to improve regional and domestic connectivity infrastructure, to connect public institutions and educational institutions to broadband internet. It will build upon the market opening measures supported in Component 1 to stimulate private-sector-led investment to expand the geographic coverage of broadband networks, to better serve government institutions, businesses and citizens across the country. This component will support the following activities: Sub-component 2.1: Digital Government and COVID-19 response; Sub-component 2.2: Connecting targeted public institutions to broadband; & Sub-component 2.3: Connecting selected educational institutions to broadband

Component 3 – Digital Business and Entrepreneurship (~US$40m)
This component aims to nurture digital entrepreneurship and incentivize digital businesses to train, provide digital devices, and employ Ethiopians to participate in the digital economy, and thereby to generate income and jobs. It also

has a technical assistance sub-component to MInT for digital market regulations and implementation. Following the recommendations of the "Digital Entrepreneurship and Innovation" diagnostic study in Ethiopia as well as stakeholder feedback, the proposed interventions are focused on addressing the access to finance and digital economy skills constraints. Specially this component is expected to provide basic digital economy training and digital devices for the informal sector (e.g. individual contractors or suppliers), but with an industry focus for practical applications. This component has two main interventions that will finance: (i) Two grant funding windows for digital start-ups and digital businesses; and (ii) Technical Assistance (TA) to MInT:

Component 4: Project Management (~US$7 million)
Subject to the Fiduciary Assessment, it is envisioned that the Project Implementation Unit (PIU) will be set up at the Ministry of Innovation and Technology (MInT), to become operational once the project becomes effective. For implementation of the PPA, the Channel One Programs Coordinating Directorate (COPCD) within the MoF is managing implementation, working closely with ECA and MInT, under the supervision of the Ministry of Finance.

Component 5: Contingent Emergency Response Component (CERC ~ US$0 M)
A "Contingent Emergency Response Component" (CERC) is added to the project structure. This will have an initial zero value but may be financed during the course of the project to allow for an agile response to emerging events.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

This project will be implemented throughout Ethiopia including rural and urban areas. However, the specific locations for project activities have not yet been identified. The project activities will be implemented under different environmental conditions. Ethiopia has considerable geographical diversity and as a result, Ethiopia is endowed with great diversity of plant, animal and microbial genetic resources. Ethiopia also encompasses different World Heritage Sites. Ethiopia has a substantial endowment of water, but this water is distributed unevenly.

Infrastructure for solid waste management is weak in Ethiopia and there is a lack of regulatory enforcement. Additional e-waste from the digital technology program will exacerbate e-waste management issues if not addressed from a regulatory and institutional point of view. E-waste management is a challenging task not only due to its rapidly growing volume but also because of its hazardous nature. A study for Addis Ababa shows that some 81.7% of e-waste are simply stored (Gudeta et al. 2015, 2018). Other e-waste disposal methods such as reusing, refurbishing and recycling activities were generally informal. The absence of recycling possibilities and lack of awareness about the possibilities and values of recycling e-waste were some of the hindering factors. The administrative, economic and socio-cultural related factors challenging e-waste management (Gudeta et al. 2015, 2018). With an appropriate legal framework for e-waste management, the e-waste can be recycled and reused providing economic opportunities through collection, recovery and recycling businesses. Hence, there should be a regulatory framework to safely recycle and dispose of e-waste materials. The management of e-waste would entail the implementation of plans and protocols for disposal and recycling and the remediation of environmental risks.

This project will strive to benefit both vulnerable and underserved groups in urban and rural setting, both directly and indirectly. Vulnerable groups include women, girls, non-literate people, people with disabilities, elderly, low income

youth and rural population. Underserved groups encompass mainly the pastoral and agro pastoral communities living in the lowlands of underserved regions namely Gambella, Benishangul, Somali, Afar, parts of Oromia and Southern Region. Communities living in these underserved regions have less opportunities for education especially for girls while low literacy levels, cultural and linguistic factors may limit access to information. There is also high level of illiteracy among rural women as well, which is linked to let use of digital technology. Furthermore, underserved regions have limited access to basic infrastructure such as electricity that hinders access to project services. Affordability of mobile devices and service fees is also a barrier for accessing project benefits by low income households.

Thus, addressing the needs of underserved and vulnerable communities by development of innovative approaches is needed to enable these groups benefit from the project activities; while understanding the systematic needs in that regard which extend beyond the scope of the intervention. To start addressing these issues, the project includes a strong emphasis on closing the 'digital divide' – empowering youth, women and girls, and as far as possible elderly and disabled persons, who are currently digitally-excluded, and serving all parts of the country. An extension of digital services throughout the country will address some of these issues, and geographical targeting in the project will ensure inclusiveness in that regard. Any outcome supported, e.g. development of government online services, shall insure principles of universal access. Digital entrepreneurship activities and partnerships under Component 3 will target women and youth, aiming to create jobs and nurture tomorrow's digital leaders. Connectivity and skills development for girls will receive specific emphasis in recognition of the generally lower rates of access to digital services and much lower rates of participation in digital technology fields relative to men, across both developed and developing countries. As such, Component 3 will have explicit targets on female, rural, and disabled population as the grants are implemented to nurture digital entrepreneurs and incentivize suppliers and contractors to participate in the digital economy to stimulate income growth and generate jobs.

D. 2. Borrower's Institutional Capacity

The Government of Ethiopia has overall considerable experience in managing environmental and social risks associated with the World Bank financed projects. The country has legal framework and institutions for environmental and social risk management. However, there has been absence of e-waste legislation and absence of recycling and refurbishing centers (Gudeta et al. 2015, 2018). Furthermore, experience from other Bank financed projects highlight that the capacity to manage environmental and social risks still requires considerable improvement. Specifically to the Digital Foundations project, the Bank has so far only had limited interaction with the implementing agencies. Thus, it will be necessary to include into the project design sufficient resources to establish a detailed assessment of their institutional capacity as well as a respective E&S capacity development plan as part of the overall capacity development process under Component 4. On the the regulatory framework including standards and certifications addressing environmental impacts from optical fibers and their installation may not be well developed and need to be improved.

To address the capacity gaps and manage environmental and social risks associated with this project, the client has also prepared an Environmental and Social Management Framework which shall be used as a basis for preparation site specific environmental and social management tools to the satisfaction of the Bank.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Moderate

Environmental Risk Rating Moderate

Partial privatization of the telecommunication sector and the opening of the market to new operators could lead to infrastructure development (such as construction of data centers) which may be financed by the private sector. The project could also stimulate public sector investment in new infrastructure, notably cell towers.
Telecommunications processes do not normally require the use of significant amounts of hazardous materials. However, the operation of certain types of switching and transmitting equipment may require the use of solar power and backup power systems consisting of a combination of batteries (typically lead-acid batteries) and diesel-fueled backup generators for electricity. Operations and maintenance activities may also result in the generation of electronic waste (e.g. nickel-cadmium batteries and printed circuit boards from computer and other electronic equipment as well as backup power batteries). The operation of backup generators and service vehicles may also result in the generation of used tires, and waste oils and used filters. Transformer equipment may potentially contain Polychlorinated Biphenyls (PCBs) while cooling equipment may contain refrigerants (potential Ozone Depleting Substances [ODSs]). In sum, the environmental risk of the project is considered to be Moderate because of the following potential risks:

i. Small scale terrestrial habitat alteration (land clearing for installation of telecommunication facilities). Terrestrial habitats may be altered primarily during the construction of communications infrastructure depending on the type of infrastructure component and proposed location. Potential impacts to habitat may be more significant during construction and installation of linear infrastructure, such as long-distance fixed line cables, as well as access roads to other types of infrastructure along previously undeveloped land.

ii. Hazardous materials and e-wastes. Telecommunications processes do not normally require the use of significant amounts of hazardous materials. However, the operation of certain types of switching and transmitting equipment may require the use of solar power and backup power systems consisting of a combination of batteries (typically lead-acid batteries). Operations and maintenance activities may also result in the generation of electronic wastes (e.g. nickel cadmium batteries and printed circuit boards from computer and other electronic equipment as well as backup power batteries). E-waste handling and disposal also exposes people to non-dioxin-like polychlorinated biphenyls (PCB), polycyclic aromatic hydrocarbons (PAH), polychlorinated dibenzo-p-dioxins (PCDD), polychlorinated dibenzofurans (PBDF) and dioxin-like polychlorinated biphenyls (DL-PCB). Most of these compounds are endocrine disrupters, and most are neuro- and immune-toxic as well. E-waste-related toxic elements can enter living organisms through air (e.g. open burning), soil (e.g. disposal), water via ingestion (e.g. food chains contamination due to disposal and primitive recycling processes), inhalation, and dermal absorption (e.g. dust and direct exposure of workers who labor in primitive recycling areas and their families). E-waste is resistant to biodegradation with strong tendency to bio-accumulate in agricultural lands and be available for uptake by grazing livestock. Elevated levels of e-waste pollutants in water, air, soil, dust and human matrices (blood, urine, breast milk) indicate that not only are e-waste workers at risk from exposure to e-waste, but the general population and future generations as well.

iii. Emissions to air. Emissions from telecommunications projects may be primarily associated with the use of backup power generators, and the use of cooling and fire suppression systems. Cooling equipment may contain refrigerants (potential Ozone Depleting Substances).

The environmental risk of this project is assessed as moderate.

Social Risk Rating Moderate

The project will have an overall positive impact on the country's population, as it is expected to (i) reduce costs and enhance reliability of digital access, above all in currently underserved areas; (ii) increase efficiency of public service delivery through support of digitalization of public services; (iii) allow digitalization of higher education and thus

raising graduate's preparedness for the digital world; (iv) promote affordable internet coverage in rural areas with low access to communications infrastructure and services; and (v) support an enhanced digital business environment potentially leading to more well-paid jobs in the sector. Overall the activities connected with the Digital Foundation Project will be site specific and generating impacts that are of moderate significance that can be mitigated. The Project will support the sector in developing standards and procedures regarding potential risks by digital infrastructure, not to be financed as part of this intervention, including need for small-scale land acquisition and community health and safety for instance, construction of cell towers in rural areas.

The project will be implemented in different parts of the country that encompasses emerging regions where underserved and vulnerable communities reside .There will be potenital risk of social exclusion if equitable distribution of project benefits is not applied among underserved communities in the emergining regions , vulnerable people and inclusive regulations are not well designed and implemented; always understanding the limited scope of the intervention compared to the massive needs in that regard. This can include gaps in universallly accessible digital services and broadband connectivity among vulnerable groups and underserved communities, targeting underserved communities and institutions for project benefits and having inclusive regulations. Different from earlier plans noted in the C-ESRS, the project will not fund any technical assistance on internal reform process for telecom operations and thus also not on any staffing adjustments of said enterprises. Thus, the potential social risk will mainly be related to social exclusion as well as gaps in client's capacity to manage E & S risks and impacts of the sector.

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:

Environmental issues in telecommunications projects primarily include the following: small scale terrestrial habitat alteration, visual impacts, hazardous materials and e-wastes, electric and magnetic fields, emissions to air and noise. Terrestrial and aquatic habitats may be altered primarily during the construction of communications infrastructure depending on the type of infrastructure component and proposed location. Potential impacts to habitat may be more significant during construction and installation of linear infrastructure, such as long-distance fixed line cables, as well as access roads to other types of infrastructure. Emissions from telecommunications projects may be primarily associated with the operation of vehicle fleets, the use of backup power generators, and the use of cooling and fire suppression systems. Telecommunications workers may be exposed to occupational hazards from contact with live power lines during construction, maintenance, and operation activities. The principal source of noise in telecommunications facilities is associated with the operation of backup power generators. Workers involved in fiber optic cable installation or repair may be at risk of permanent eye damage due to exposure to laser light during cable connection and inspection activities.

The project's focus on the reform and strengthening of the sector will allow to engage in the strengthening of the client's environmental and social management system . As part of the project preparation, the client has drafted an Environmental and Social Management Framework (ESMF) which can serve as basis for management of any potential environmental and social risks originating from the project. As the Project will finance also the design of procedures for future digital infrastructure investments, which may lead to land acquisition downstream, such TA will include the development of an RPF, and any other necessary ESRM instruments, in line with the development of the related

documents during project implementation. The RPF will guide the process for preparing, reviewing, approving, and implementing subsequent (Abbreviated) Resettlement Action Plans (RAPs) where necessary and prior to the commencement of any civil works. The ESMF will be finalized prior to Board approval . The RPF which is part of the TA will be completed during the project implementation, prior to finalization of TA process to support Ethiopian Communications Authority (ECA) in developing specifications and procedures for future digital infrastructure investments.

Regulations and procedures to be established to regulate the telecommunications sector supported by the Project, applicable to all service providers in the sector, must be in line with ESF provisions, and above all shall ensure modern data protection, and avoidance of discrimination toward vulnerable groups, including women, ethnic groups, youth, people with disability etc.
The ESMF as an umbrella instrument will address the above issues. As part of the ESMF, a Social Assessment (SA) proportional to the activities under the project will be prepared. Besides, a stakeholder engagement plan (SEP), which serves as a guiding tool for consultations and dialogue, will be prepared by the client. Finally, labor management procedures (LMPs) will be prepared. The SEP will be prepared and disclosed before appraisal , while the SA and LMP will be reviewed, cleared and disclosed before board approval as part of the ESMF. Respective requirements will equally be included in the Environmental and Social Commitment Plan (ESCP – see below). Screenings and site-specific management plans will be prepared in accordance with the procedures to be specified in the ESMF for physical interventions. The project will also follow the WBG EHS Guidelines for Telecommunications so as to address environment, health and safety risks.

Remark: As indicated in the preceding section, reform of the telecommunications sector and the opening of the market to new operators could lead to infrastructure development for expansion of the services (such as construction of data centers and cell towers). However, at this point they are not considered Associated Facilities, assessing the criteria outlined in the ESF Policy, Para 11. If at any point this assessment would be revised, instruments would be developed for these facilities under this project and the ESCP revised accordingly to ensure that these works would be subject to compliance with relevant WBG Environment, Health and Safety Guidelines and ESF Standards . Respective due diligence will be conducted regular during the Bank's Implementation Support Missions or ad hoc based on request by the client.

ESS10 Stakeholder Engagement and Information Disclosure

The project will require inputs from different stakeholder groups, including those who will be directly affected as well as those who have other interests in the project interventions. Stakeholder engagement will be facilitated through appropriate means such as virtual arrangements and phone calls among others taking proper measures as precaution to COVID 19. In consultation with the Bank team, a Stakeholder Engagement Plan (SEP) will be developed (before appraisal) with specific provisions for the different project components. The SEP will outline the characteristics and interests of the relevant stakeholder groups and timing and methods of engagement throughout the life of the project. The project will ensure that the needs and voices of vulnerable people (female-headed households, elderly, youth, people with disabilities) and underserved communities are heard through inclusive consultation and participation to ensure that they can equally participate and benefit from the project. The project will also ensure that respective provisions on gender equality and the mitigation of gender-based violence in digital businesses to

avoid potential adverse impacts but also to ensure strong participation of women in the development of the country's digital sector. The establishment of project level Grievance Redress (GR) will be undertaken no later than 60 days after the project Effectiveness date , targeting integration with existing GR structures in the respective communities and the client, and maintained and strengthened throughout the project lifecycle. Application of the standard will be closely monitored and reported on through the project life-cycle.

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 majority of workers are expected to be existing government civil servants. Existing civil servants will remain subject to the terms and conditions of their existing sector employment. Additional staff may be directly engaged (direct workers) to support the Project will need to be contracted in line with the requirements of ESS2 in relation to labor and working conditions, non-discrimination and equal opportunities and occupational health and safety.

Any contractor hired to undertake construction or install hardware required to implement the project will also be subject to the requirements of ESS2 including occupational health and safety requirements and establishment of workers grievance redress mechanisms, taking into account the General Environmental Health and Safety Guidelines (EHSGs) and, as appropriate, the Telecommunications EHSGs and other Good International Industry Practice (GIIP). Should this require the employment of workers from outside the local area, if relevant, worker accommodation and influx will need to be managed in line with ESS2 (and ESS4). Likewise, any technical consultants contracted by the Project will also need to adhere to such standards.

As hardware and software will need to be procured, the borrowers will need to identify or outline a process to identify potential risks associated with child labor, forced labor and serious safety issues in the supply chain and associated corrective actions. The borrowers will need to develop and implement written labor management procedures that will set out the way in which project workers will be managed throughout the project. Sexual harassment as well as Sexual Exploitation and Abuse (SEA) in the workplace and in association with access to opportunities such as training will also need to be addressed in the LMP.

Telecommunications workers may be exposed to occupational hazards from contact with live power lines during construction, maintenance, and operation activities. Workers involved in fiber optic cable installation or repair may be at risk of permanent eye damage due to exposure to laser light during cable connection and inspection activities. The client will prepare OHS management plan, labor management procedures (LMP) proportional to the activities, risks and impacts which provide detailed information on the work terms and conditions including explicit prohibition of child labor. Differentiated provisions will be provided to the different workers under the project, i.e. civil servants, specific PIU staff and consultants, and others. The addressed risks encompass standard provisions on child and forced labor to codes of conduct and occupational health and safety. Finally, the LMP will also outline the establishment and availability throughout the project life cycle of labor-specific grievance redress mechanisms accessible to the different range of workers. The client shall put in place mitigation measures to avoid or minimize the chance of COVID-19 infection, and planning what to do if either project workers become infected or the work force includes workers from proximate communities affected by COVID-19. Measures to avoid or minimize will need to be implemented. Ministry

of Innovation should understand the obligations that contractors have under their existing contracts, require contractors to put in place appropriate organizational structures and develop procedures to address different aspects of COVID-19

ESS3 Resource Efficiency and Pollution Prevention and Management

The outcomes of the project activities may indirectly lead to an increase in the e-waste stream for Ethiopia in the long run. Hence, appropriate digital pollution prevention and management including e-waste management planning will be necessary. Proper recovery of materials from ICT/e-waste has economic, social and environmental value, can create job opportunities, etc. Greenhouse gas emissions from future investments may also result from the use of backup power generators, and the use of cooling and fire suppression systems.

The operation of certain types of switching and transmitting equipment may require the use backup power systems consisting of a combination of batteries (typically lead-acid batteries) and diesel-fueled backup generators for electricity. Operations and maintenance activities may also result in the generation of electronic wastes (e.g. nickel-cadmium batteries and printed circuit boards from computer and other electronic equipment as well as backup power batteries). The operation of backup generators and service vehicles may also result in the generation of used tires, and waste oils and used filters. Transformer equipment may potentially contain Polychlorinated Biphenyls (PCBs) while cooling equipment may contain refrigerants (potential Ozone Depleting Substances [ODSs]).

The project could likely increase use energy resource for the telecommunication facilities which need to be sourced and used following measures described in the Good International Industry Practices (GIIPs). The fiber optics will follow resource efficiency standards .Operation and maintenance of the telecommunications systems could also lead to an increase in generation of electronic wastes which should be managed appropriately.

ESS4 Community Health and Safety

Small scale civil works and installation of hardware may result in the presence of workers with the potential to impact community health. Community health and safety issues at the construction activities may include exposure to construction vehicles and transports, and exposure to dust, noise and vibrations caused by constructions works. These hazards are common to most typical construction sites.
If e-wastes are not properly managed, they could have considerable impacts on community health. For example, people can be exposed to e-waste-related toxicants though air (e.g. open burning of e-wastes), soil (e.g. random disposal of e-waste), water via ingestion (e.g. food chains contamination due to disposal and primitive recycling processes), inhalation, and dermal absorption (e.g. dust and direct exposure of workers who labor in primitive recycling areas and their families). E-waste is not biodegradable with strong tendency to bioaccumulate in agricultural lands posing a community health concern. Other impacts/risks could be linked to data security/personal

security of data (e.g., health), data sanitization, theft when digital equipment is used (cells, computers, scan, etc.). Additionally, human exposure to use of digital technology (cellphones, towers) has been perceived to affect negatively the health and safety long term to communities and especially children.

Digital infrastructure, including resulting electromagnetic fields, are likely to have no significant impact on communities' health and safety, though to date research has been inconclusive. However, due attention will be paid to potential risks of communities' exposure. Specific provisions for workers, including in the digital industry, will be included in the LMP as outlined under ESS2.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The updated project design will not involve any loss of assets and properties and excludes any respective investments. Physical investments will only be implemented on land currently used/owned by government (e.g. university campus, health and education facilities, government offices, etc.). In this connection, respective screening-out requirements will be included in the ESMF. As the Project will finance also the design of procedures for future digital infrastructure investments, which may lead to land acquisition downstream, such TA will include the development of an RPF in line with the development of the related documents during project implementation. The RPF also provides guidance on the process of public consultations, establishment of a functional grievance handling mechanism, and disclosure requirements. To reiterate from above, this project will not finance any land acquisition and also current assessment points at no association in line with ESF Policy Para 11 to any potential infrastructure development leading to land loss.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant to ensure that the project activities will have no adverse impact on sensitive areas and to ensure that relevant procedures for protection of the natural resources will be included in the ESMF. Though the scale could be small, construction telecommunication facilities/infrastructure by the private or public sector could affect sustainable use of natural resource. Potential impacts on habitats has been assessed during the preparation of the ESMF. Terrestrial and aquatic habitats may be altered primarily during the construction of communications infrastructure depending on the type of infrastructure component and proposed location. Potential impacts to habitat may be more significant during construction and installation of linear infrastructure, such as long-distance fixed line cables, as well as access roads to other types of infrastructure. Recommended measures to prevent and control impacts to terrestrial habitats during construction of the right-of-way include: Site fixed line infrastructure (e.g. fiber optic cable) and other types of linear infrastructure rights-of-way, access; roads, lines, and towers to avoid critical habitat through use of existing utility and transport corridors, whenever possible; Avoidance of construction activities during the breeding season and other sensitive seasons or times of day; Revegetation of disturbed areas with native plant species.

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

The project will be implemented country-wide, including in emerging regions and in areas where large part of the population follows pastoralist livelihood systems. The project is drafting a Social Assessment(AS) and included planning measures which will ensure, next to addressing overal issues of vulnerabilities under ESS1-10, also culturally appropriate communication and benefit sharing with people for which ESS 7 applies. As noted above, this relates above to the geographical extension of digital services by the client as well as the development of services which are accessible by remote communities, including the usage of different languages on government websites. Under Component 3, selection of matching grants for digital subprojects will consider positive outcome for remote areas under ESS7 as key selection criteria.

ESS8 Cultural Heritage

This standard has been considered as relevant for precautionary reasons. Although large scale infrastructure development is not anticipated, the small scale infrastructure development activities such as data centers may have impact on cultural heritage. The environmental and social assessment will confirm if there any potential risks associated with the project on tangible or intangible cultural heritage. Construction contracts, if any, will include a "Chance Find" procedure for cultural property sites.

ESS9 Financial Intermediaries

No financial intermediary will be involved.

C. Legal Operational Policies that Apply

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

B.3. Reliance on Borrower's policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?	No

Areas where "Use of Borrower Framework" is being considered:

This project will not use partially or entirely the Borrower's framework. Therefore, it will not consider using Borrower's framework for E&S aspects.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance and Economic Development

Implementing Agency(ies)

Implementing Agency: MoF for PPA

Implementing Agency: MInT

Implementing Agency: Ministry of Innovation and Technology (MInT)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social)	Iain G. Shuker Cleared on 23-Dec-2020 at 14:36:15 GMT-05:00