Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 01/25/2021 | Report No: ESRSA00828

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Uganda	AFRICA EAST	P166685	
Project Name	Uganda Electricity Access Scale-up Project (EASP)		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Energy & Extractives	Investment Project Financing	1/18/2021	3/16/2021
Borrower(s)	Implementing Agency(ies)		
Republic of Uganda	Rural Electrification Agency (REA), Ministry of Energy and Mineral Development (MEMD), Uganda Energy Credit Capitalization Company (UECCC)		

Proposed Development Objective

The Project Development Objective is to increase access to energy for households, commercial enterprises, industrial parks, and public institutions.

Financing (in USD Million)	Amount
Total Project Cost	492.00

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 proposed Electricity Access Scale-up Project (EASP) contributes to the NDP-III and Vision 2040's goal of increasing clean energy access in Uganda to spur socio-economic transformation. The proposed project will directly support the scaling up of electricity connections and electricity demand in Uganda through on-grid, mini-grid, and off-grid solutions.

The proposed project will be structured around five components: (1) Grid expansion and connectivity, including investments in MV/LV network expansion and strengthening, and service connections; (2) Financial intermediation for energy access scale-up, including promotion of stand-alone solar, efficient appliances for cooling and productive uses, clean cooking, and internal wiring; (3) Energy access in refugee host communities; (4) Project implementation support and affordable modern energy solutions; and (5) Contingent emergency response.

The proposed project will be designed as an Investment Project Finance (IPF) operation with Performance Based Conditions (PBCs).

D. Environmental and Social Overview

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

The project will be implemented nationwide and will be focusing on scaling-up last-mile national grid and mini-grid connectivity, while supporting the necessary medium voltage (MV) and low voltage (LV) network strengthening and extensions to electrify households, and commercial and industrial consumers along with public institutions. The project will also focus on increasing access to off-grid electricity trough stand-alone solar systems (use of solar panels and batteries). The main implementing agency, the Rural Electrification Agency (REA) will prioritize grid extention and strenghtening investments across the country based on the geospatial master plan for Uganda (under preparation). Some of the project's activities might therefore be carried out in districts hosting Vulnerable and Marginalized groups (Batwas and Iks) and will required the elaboration of a framework to guide their inclusion into project benefits. Similiarily, some activities under component 3 will be be carried out in refugee hosting Districts but are intended to benefit both refugees and host communities.
The Uganda Energy Credit Capitalization Company (UECCC) and other FIs (Commercial Institutions) yet to be identified will also participate in project implementation - UECCC will be required to prepare and implement an Environmental and Social Management System (ESMS) to ensure environmental and social issues are managed in accordance with the requirements of the ESF.

D. 2. Borrower's Institutional Capacity

Key sector institutions, including REA, UECCC and MEMD will have responsibilities for implementing the proposed project. REA implemented the now closed Energy for Rural Transformation II (ERT-II) and is currently implementing ERT-3. Under ERT-II, REA lacked a framework to effectively manage compensations under ERT-II, which resulted in a number of unpaid PAPs after project closure. REA also initiated ERT-3 without all the required implementation arrangements and personnel being in place, which resulted in overall implementation delays. REA has been addressing these issues and has made some incremental improvements, notaby in safeguards management over the past two years. For example, there are two Social Development specialists, 10 Wayleave Officers (handling compensations), and two Environmental Specialists at REA supporting ERT III, and overall safeguards performance for the project have been rated satisfactory for the past year. As part of this project, REA will will move towards the establishment of a fully-staffed Project Implementation Unit (PIU) with specialists dedicated to the implementation of the project and the effective coordination among REA's technical departments.
The measures adopted under ERT-3 to strengthen REA's institutional capacity will continue into the proposed EASP and directly benefit EASP implementation, ensuring that REA's capacity for implementing the EASP will be strong from the beginning of the project – This will include the integration of additional staff recruited under ERT-3 into the EASP's

PIU. In addition, 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).

The current PIU structure at UECCC, which was established to manage the credit facility under the ERT-3 project will be expanded and further strengthened with additional staff to carry out EASP project activities – they will include an Environmental and Social Safeguards Specialist.

MEMD has gained experience and developed adequate capacity through the implementation of World Bank-funded projects to carry out the overall coordination of project activities. It will also establish an EASP Project Coordination Unit (PCU) that will be adequately staffed to supervise, monitor, and report on all project activities. The PCU will also benefit from support provided by an Environmental Safeguards Specialist, Social Safeguards Specialist, and Gender Specialist under the Health, Safety, Social, and Environment Unit (HSSE) of the MEMD, which will be further strengthened under the EASP.

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.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating Substantial

The Environmental risks arises from the geographically significant scope of the project that spreads across the country. . The likely environmental, health and safety effects of the project 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, internal wiring, and end-of-life batteries will be generated for off grid technologies. The distribution lines will be routed to avoid transversing ecoloically senstive and protected areas like wildlife reverve, national parks, forests and wetlands. For activities that will be supported under component 2 of the project-FIs, an Environmental and Social Management System (ESMS) comensurate to the risks and imapcst associated with the activities will be developed and implementated by UECCC. Uganda has national laws and institutions for environmental and social management. There are however, weaknesses in the national environmental system performance related to institutional linkages, staffing level, and budget allocation, as well as human resource skills, thus, the project will have a Project Implementation Unit (PIU), with E&S staff and capcity building activities on applicabe ESSs will be supported by the Bank.

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-3 have been adequate, and iii) the MEMD has recently developed, with support from the World Bank a comprehensive Social Risk Management component under ERT-3 meant to address risks associated with influx of labor into rural communities and in refugee settlements; particularly Sexual Exploitation and Abuse (SEA) and Violence Against Children (VAC) – . However, because of the projects's anticipated (national) coverage, there is potential for (i) the borrower not to manage the compensation process in a satisfactory manner (availability of funds for adequate and timely payments, functioning GRMs, etc.) and (ii) inadequate coordination of activities required to mitigate the several and novel identified risks by the social staff (inclusion of Batwas and Iks, refugees, and other marginalized PAPs). As such, social risk is rated substantial at this stage. Overall, the Borrower will prepare frameworks 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 (grid expansion and connectivity) and component 2 (financial intermediation for energy access scale-up) 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 vulnerableand marginalized groups and impacts are predictable), expected to be temporary, low in magnitude, and site-specific. The Borrower has drafted a Resettlement Policy Framework (RPF) to provide guidelines on addressing any potential economic displacement, and a Vulnerable And marginalized Groups Framework (VGMF) 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, outline different measures and actions that will be required for the project to meet ESSs requirements. The Contigent Emerency Response Componet (CERC) has been included in the ESMF (section 8.4 of ESMF), thus CERC-ESMF will not be necessary. When CERC is trigered, the activity (ies) will be screened for its likely environmental and Social risks and ESMP prepared for activities that have materail adverse risks or impacts. The ESMF includes 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 into rural communities and refugee settlements, social exclusion of members of vulnerable and marginalized groups not included in the VMGF such as women, persons with disabilities, members of the LGBTIq community, refugees, etc.), inadequate stakeholder engagement, lack of a functioning grievance redress mechanism, etc. It is worth noting that under Component 4-2, the project will address some aspects of exclusion by providing grant financing to remove affordability constraint and high operating cost to serve customers in remote areas; this will support price setting at a level accessible to lower-income beneficiaries. The ESMF will also include the Environmental Health and Safety Guidelines (EHSGs) for the identified subprojects in relation to occupational and community health and safety.

ESS10 Stakeholder Engagement and Information Disclosure

In consultation with the Bank, the Borrower has prepared and will implement an inclusive Stakeholder Engagement Framework (SEF) proportional to the nature and scale of the project and associated risks and impacts identified. Stakeholder engagement is an integral part of the preparation and overall project design process and will continue throughout preparation and implementation of the project. The SEF 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 SEF 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 SEF. The project will also include a grievance redress mechanism (GRM), based on existing local structures, 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 including members of vulnerable and Marginalized Groups (Iks and Batwas), refugees, etc.. 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. This information will be included in the project's Labor Management Plan (LMP), which will also outline requirements for workers' GRM.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 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 an enforceablecode 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 civil works, 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

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 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 sexual exploitation and abuse and harassment (SEA/H) and the transmission of communicable diseases such as HIV/AIDS on affected communities may also occur as a result of project activities, including influx of labor into rural communities and refugee settlements. It is worth noting that the Bank's GBV Risk Assessment Tool returned a low rating for this risk and recommendedmitigation measures have been included in the project's ESMF. The potential risks and mitigation measures for overall impacts on beneficiaries have been 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, including in refugee settlements. Additionally, the construction of MV lines will not require the establishment of way leaves. The Borrower has developped an RPF to address any impacts on assets and affected persons livelihoods. This will in turn inform the preparation of site specific RAPs, as it is currently the case under ERT-3. 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. As much as timely and adequate compensation for crops, trees , and other assets have been a challenge under ERT-II, the process has thus far been more streamlined and adequate under ERT-3.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This ESS6 may not be applicable since the routing of the distribution lines (MV/ML) will be altered at design stage to ensure that ecological sensitive ecosystems like national parks,wildlife reserves, forests and wetland areas are not transversed .The project will utilize a screening mechanism to avoid impacts on sensitive ecosystem.

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) has been 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 are not anticipated to cause relocation or impact resources or cultural heritage of Batwa/Ik groups. The project will however make deliberate efforts to ensure that Batwas and Iks communities benefit from interventions under the project. They might include, under component 2 and in consultation with their representatives, the off-grid electrification of facilities such as schools and hospitals currently serving them and access to clean cooking technologies. The relevant SEPs will include provisions for culturally appropriate and prior consultations 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, where the UECCC will continue implementing an existing working capital line of credit and credit guarantee facility for participating Commercial Financial Institutions (CFIs) for on-lending to solar companies that promote quality-certified solar products. Under the current arrangement in ERT-33, UECCC, as a wholesale lender, signed participating agreements with the commerecial banks requiring these banks to provide statements of compliance with WB E&S safeguards requirements. Additionally, inorder to ensure safe disposal of residual waste at the end of the useful life of the solar accessories, the subsidiary financing agreement for on lending includes this risks in the eligibility criteria for solar companies and they are required to comply with national environmental laws. The scope of the existing facility will however, be expanded to promote modern energy technologies, for example, efficient appliances for cooling and productive uses, clean cooking technologies, for household, commercial, industrial and institutional consumers, including public institutions (for example, health facilities and schools), and internal wiring of facilities. Besides continuing the wholesale role onlending through CFIs (e.g., commercial banks, micro-finance institutions, SACCOs), UECCC will include direct retail lending for three types of clients, namely standalone solar equipment distributors, companies providing electricity to public institutions, and companies selling cookstoves and clean fuel technologies.

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 derived from both wholesale and direct lending practices . The development of an ESMS that is acceptable to the Association will be included in the Financing Agreement to ensure conditionality for the wholesale and direct lending practices.

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:

The Borrower's ESF is not considered to be appropriate.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Republic of Uganda

Implementing Agency(ies)

Implementing Agency: Rural Electrification Agency (REA)

Implementing Agency: Ministry of Energy and Mineral Development (MEMD)

Implementing Agency: Uganda Energy Credit Capitalization Company (UECCC)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Practice Manager (ENR/Social)	Robin Mearns Cleared on 11-Jun-2020 at 07:13:42 GMT-04:00
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Concurred on 25-Jan-2021 at 07:34:26 GMT-05:00