

# INTEGRATED SAFEGUARDS DATA SHEET

## IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC19642

Date ISDS Prepared/Updated: 06-Feb-2017

### I. BASIC INFORMATION

#### A. Basic Project Data

<b>Country:</b>	Africa	<b>Project ID:</b>	P161265
<b>Project Name:</b>	Engaging Private Sector for Green Growth in the Lake Victoria Basin Project		
<b>Team Leader(s):</b>	Stephen Ling		
<b>Estimated Date of Approval:</b>	28-Feb-2017		
<b>Managing Unit:</b>	AFCC2	<b>Lending Instrument:</b>	IPF
<b>Financing (in USD Million)</b>			
Total Project Cost:	3.53	Total Bank Financing:	0
Financing Gap:	0		
<b>Financing Source</b>			<b>Amount</b>
Africa Climate Change Program			3.53
Borrower			0
<b>Environment Category:</b>	B - Partial Assessment		

#### B. Project Development Objective(s)

To enhance private participation in resource-efficient and cleaner production and sustainable land management within the Lake Victoria Basin

#### C. Project Description

The project is an RETF small grant of \$3.5m, to be financed from a total of Euro 4m from the NDF, the remainder of which would be used for related Bank-executed activities (both supervision and some additional technical assistance). The project consists of the following three components.

Component 1: Scaling-up the RECP Activities: This component aims to expand the scope of engagement, for a broader and more sustainable program of resource-efficient and cleaner production (RECP) activities with the private sector. The existing RECP program is based on training and detailed, joint in-plant assessments, mainly with larger firms. The scale-up of this program is necessary not only to build on the lessons learned so far and carry momentum through to the possible next phase of LVEMP, but also because it has been shown to generate genuine win-wins for the environment and bottom line, which provide an entry point to engage the private sector on environment and climate activities more broadly. Through the joint in-plant assessment, it also provides the perfect experiential platform for identifying the opportunities. The aim is to extend and

expand the current program beyond large enterprises, to include small and medium enterprises (SMEs) and their umbrella associations. The expected outcomes of this component are increased adoption of RECP by targeted industries including SMEs, contributing to the compliance enforcement on regional effluent standards and the reduction of industrial pollution that are discharged into Lake Victoria.

**Subcomponent 1.1: Scaling up existing RECP activities:** This subcomponent provides for a continuation of the cleaner production program under the LVEMP, bridging the gap to an expanded next phase. It will also bring in the new aspect of industrial symbiosis, exploring possible waste exchange and recycling relationships between businesses. The main activities include: (a) expanding training of targeted industries on cleaner production technologies; (b) undertaking cleaner production in-plant assessments; (c) conducting award events to promote recognition and peer-learning; (d) continued monitoring and mapping of industries and effluents to assess the environmental impacts of the program and the level of compliance with the regional effluent standards developed under LVEMP II; and e) assessing options for and promoting symbiotic waste exchange between industries.

**Subcomponent 1.2: Expanding partnership:** Expanding the reach of the program to SMEs is critical to achieving wider impact. This will involve conducting surveys and rapid assessments of SMEs to determine the number, locations and types of industries, their environmental impacts, and common opportunities, challenges and entry-points for introducing RECP technologies. Potentially key industries within which SMEs are important include a variety of agro-processing industries, fish-processing, mining (which is largely carried out at small scales within the Basin and motor vehicle servicing centers. Experience in reaching out SMEs to date suggests that successful engagement will require: a) making guidance on simple, industry-specific green technologies more readily available, rather than only conducting in-depth site-specific assessments that limit the number of industries that can be assisted; and b) potentially addressing the availability of finance for green investments by engaging the financial sector, particularly providing training on the financial returns from RECP technologies and how to assess loan applications. Accordingly this subcomponent will help address these aspects through i) Strengthening knowledge products such as industry-specific manuals and guides for simple green technologies; ii) Developing institutional knowledge networks establishing an accessible and interactive on-line resource center (including use of social media); iii) Conducting workshops for raising awareness and study tours for knowledge exchange; iv) Introducing partnerships between local clean technology SMEs and investors for technology development ; iv) Building capacity through providing training opportunities such as financial analysis; and (v) Engaging and building capacity of industry associations to support members in RECP.

**Component 2: Strengthening the Facilitating Environment for RECP:** Participation in the RECP program is and will remain voluntary, but this component aims to strengthen the incentives for companies to adopt RECP technologies. The expected outcomes of this component are promotion of private sector engagement in resource efficient and cleaner production through raising awareness and strengthening monitoring capacity and increased transparency.

**Subcomponent 2.1: Enabling environment for cleaner production.** While RECP remains as a voluntary environmental governance tool, incentives can be created to encourage companies to adopt RECP technologies. These can be done through i) Strengthening enforcement of environmental regulations (command-and-control); and ii) Empowering the public with information to check on industries to reduce pollution (environmental performance disclosure). Strengthening enforcement (i) will be done through institutional assessment and capacity building for enforcement of environmental

regulations. It will take stock of the existing policies and regulatory environments and emissions standards to identify gaps and recommendations for incentives to strengthen the overall enabling environment for cleaner production. There are a number of legal and regulatory policies that can be investigated, such as tax incentives, taxation on pollution or natural resources use, incentives to attract skilled labor. Environmental performance disclosure (ii) will be conducted through strengthening data collection and monitoring and making information related to environmental performance of the industries available to the public.

Subcomponent 2.3: Designing financial scheme for sustainability of RECP programs. The subcomponent aims at developing the sustainable financial mode/market for making RECP advisory services available to make RECP program self-sustained. This will include potential market survey for willingness to pay for advisory services as well as type of advisory services where demands of industries exist. It will also identify sources of expertise required for providing such services.

Component 3: Piloting Green Growth instruments: This component aims at engaging private sector support for more sustainable agricultural supply chains, particularly targeting important local agricultural commodities (e.g. sugar, tea, coffee, honey) which have intrinsic land management benefits or which offer options for improved production systems that also benefit environmental functions. The aim is therefore to engage the private sector with the Basin (much of which is involved in some form of natural resource-based or agri-processing industry) on sustainability issues beyond the factories themselves, and to promote private sector investment in sustainable land and watershed management. The expected outcomes of this component is successful pilot of green supply chain through collaboration with the private sector.

Subcomponent 3.1 Analysis of opportunities for greening agricultural value chains. Agriculture is a major livelihood source in the Basin, and at the same time is identified as a key driver of land degradation. It is therefore strategic to stimulate investments in agriculture that can increase the economic productivity of its value chains whilst reducing its environmental impact. Such investments can be made through the process of greening of agricultural value chains which aims for environmentally sustainable agriculture and economically sustainable agriculture. Several approaches exist for greening agricultural value chains such as creating markets and improving market connections for example creating access to market premiums for eco-certification and eco-labeling and capacity development; introduction of out-grower schemes; introduction of new technologies for example associated with climate smart agriculture; and developing new infrastructure such as feeder roads.

This subcomponent will therefore include analysis of approaches for greening value chains for selected commodities in the Lake Basin. Activities will include analysis of (i) the options for products or production systems, which provide direct environmental benefits or have potential as alternative livelihoods to reduce fishing effort, and/or can be produced in more sustainable / environmentally-friendly systems; (ii) the incentives and barriers for private companies to support those products / production systems in terms of increased production, quality, market access or premium pricing; and (iii) practical means by which those companies can work with producers / suppliers to collectively discuss opportunities and potential innovative solutions to promote those changes. Finally, an action plan for private sector outreach and engagement will be developed.

Subcomponent 3.2 Green supply chain pilots. Based on the analysis of opportunities above and the interests of private sector partners, this component will provide funds to support the initiation of some green supply chain activities at a demonstration scale. This will be on a cost-sharing basis (e.g.

the project could fund analysis and verification of eco-certification requirements in support of a company's sustainability investments, or could support the adoption of improved agronomic techniques amongst farmers to complement private sector investment in improved collection / storage / processing infrastructure). These pilot initiatives would provide a platform for larger programs during the possible next phase of LVEMP investment, and would help to assess the best mechanisms for their delivery (e.g. focusing on training and facilitation, establishing matching-grant funds, working with other partners in this sphere, such as the Livelihoods Fund for Family Farming, which already has a pilot project on improved dairy production in the Basin).

Bank-executed activities:

For speed for implementation, harmonization with preparation and design activities for the possible next phase of LVEMP funding, and to leverage other Bank-executing funding, some analytical work under the Euro 4m NDF grant is proposed as Bank-executed activities. These include:

- i. Mapping of spatial data on point-source pollution, including locations, types & emissions of industries, and sources of waste water and solid waste & treatment systems.
- ii. Institutional analysis of wastewater and solid waste management systems. This will assess potential for greater private sector involvement in the financing and management of waste management systems, building in part on regional activities under the Bank's Water & Sanitation Program.
- iii. Value chain analyses to identify opportunities to engage private companies in greening of supply chains.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project will be implemented within Lake Victoria Basin, specifically in five countries, Burundi, Kenya, Rwanda, Tanzania and Uganda. The Lake, with a surface area of about 68,800 km<sup>2</sup>, is the second largest freshwater body in the world. Its catchment area of 194,000 km<sup>2</sup> is shared by the five EAC States members as follows: Burundi (7 percent), Kenya (22 percent), Rwanda (11 percent), Tanzania (44 percent), and Uganda (16 percent). Rwanda and Burundi are a part of the upper watershed that drains into Lake Victoria through the Kagera River. The Basin is a home to around a third of those below the poverty line in (EAC, living on around a ninth of its land surface. The Lake is also part of the Nile River basin system, shared by ten countries: Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Eritrea, Kenya, Rwanda, Sudan, Tanzania, and Uganda.

LVB has immense ecological values and is greatly valued for its social and economic potential. The potential based on the human resource, rich agricultural soils, abundant water resources, minerals, fisheries, wetlands, diverse forest resources, wildlife and tourism potential and a rich biodiversity. Besides, its water serves vital multipurpose functions for domestic uses, hydropower generation, agricultural and industrial uses, and medium of transport and climate modulation. Despite its potential, the Basin is threatened by ecological and environmental degradation, widespread poverty, high population growth and unsustainable pressure on existing resources.

#### **E. Borrower's Institutional Capacity for Safeguard Policies**

LVBC, an institution of the EAC, will be responsible for overall project oversight at regional level to guarantee a uniform strategy and establish a strong basis for coordination among Partner States. In the LVBC structure, the office of the Environment and Natural Resources Management Officer (ENRO), is an established position under the Deputy Executive Secretary Projects and Programmes and is responsible for managing and coordinating environment and social safeguard issues in LVBC.

Environmental and Social Safeguard management capacity of LVBC has been enhanced through coordination of LVEMP II implementation. At the national level, the existing arrangement for managing environmental and social issue under the respective national environment management agencies be maintained. Each National Project Coordination team has adequate experience in safeguard management and operates in close collaboration and oversight from the national environmental regulatory authorities. The project team will play an oversight role on the implementation of the project and to ensure quality and compliance with country regulations.

The environmental and frameworks, namely: Environmental and Social Management Framework (ESMF) and Integrated Pest Management Plan (IPMP), prepared for the second phase of the Lake Victoria Environmental Management Project (LVEMP II) remain relevant and adequate to provide strategic and operational guidance for the integration of environmental and social considerations into the planning and implementation of the proposed NDF activities. ESMF in all instances has been applied for the initial screening of the proposed project activities for any negative environmental and social impacts which would require attention prior to project implementation.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Jane A. N. Kibbassa (GEN01)

Mary C.K. Bitekerezo (GSU07)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	Although the project activities largely comprise TA, RECP training and assessments will result in physical changes to production processes, and value chain greening pilots may also result in some limited physical changes to land management. These will be entirely within the scope of the existing ESMF and IPMP for LVEMP 2.
Natural Habitats OP/BP 4.04	Yes	As above.
Forests OP/BP 4.36	No	
Pest Management OP 4.09	Yes	As above.
Physical Cultural Resources OP/ BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	

Projects on International Waterways OP/BP 7.50	TBD	Although the project involves working with industries within the basin of an international waterway, it will only lead to activities that reduce pollution. It is not therefore considered likely that the policy needs to be triggered or a new notification provided to riparian states, but this will be confirmed during preparation.
Projects in Disputed Areas OP/BP 7.60	No	

### III. SAFEGUARD PREPARATION PLAN

#### A. Appraisal stage ISDS required?: Yes

##### i. Explanation

Safeguards instruments used for the LVEMP II (ESMF and IPMP) are applicable to this project

##### ii. Tentative target date for preparing the Appraisal Stage ISDS

15-Feb-2017

#### B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage ISDS.

N/A

### IV. APPROVALS

Team Leader(s):	Name: Stephen Ling	
<b><i>Approved By:</i></b>		
Safeguards Advisor:	Name: Maman-Sani Issa (SA)	Date: 17-Jan-2017
Practice Manager/ Manager:	Name: Nevena Ilieva (PMGR)	Date: 25-Jan-2017

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.