



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 21-Jul-2016 | Report No: PIDISDSA20348



BASIC INFORMATION

A. Basic Project Data

Country Botswana	Project ID P160911	Project Name Emergency Water Security and Efficiency Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 19-Sep-2016	Estimated Board Date 01-Nov-2016	Practice Area (Lead) Water
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Economic Development	Implementing Agency Ministry of Land Management, Water and Sanitation Services, Water Utilities Corporation	

Proposed Development Objective(s)

To improve availability of water supply in drought vulnerable areas, increase the efficiency of WUC, and strengthen wastewater management in selected systems.

Components

- Component 1: Improve Availability of Water Supply and Efficiency of Services
- Component 2: Improve Wastewater and Sludge Management
- Component 3: Sector Reform and Institutional Strengthening
- Contingency

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

Financing (in USD Million)

Financing Source	Amount
Borrower	14.50
International Bank for Reconstruction and Development	145.50
Total Project Cost	160.00

Environmental Assessment Category

A - Full Assessment



Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Botswana, an upper middle-income country, has been one of the world's fastest growing economies. Since independence, economic growth has been sustained, averaging 8.7 percent between 1966 and 2008 –among the highest of any country over this period. Gross National Index per capita has steadily increased-- from power purchasing parity US\$ 4,935 in 1980 to US\$14,792 in 2013, driven largely by diamond exports. This heavy reliance on commodities nonetheless renders the country vulnerable to international market fluctuations, as experienced during the global financial crisis in 2009 and, more recently, the collapse of commodity prices in 2015. The country is also water stressed and has suffered from repeated droughts. The 2015-2016 El-Nino related drought has affected Botswana and its regional trade partners quite significantly. Lower export receipts and higher food import costs caused Gross Domestic Product (GDP) growth to turn negative in 2015 (-0.3%), and entailed large budgetary shortfalls (a fiscal deficit of 6.3% of GDP in 2015). Thus, Botswana has become increasingly resource constrained and is in a weaker position to finance the infrastructure investments required to address increase the supply of water to areas affected by the drought.

2. Over the past few decades, good governance and prudent macroeconomic and natural resource management have led to impressive economic and social gains. Botswana's efforts to redistribute wealth through education, health programs and infrastructure development, have contributed to a substantial decline in poverty levels. Between 2003 and 2010 the share of population below the national poverty line fell from 30.6 to 19.4 percent. Rural poverty fell furthest— by around 21 percentage points, during a period which also experienced significant rural-urban convergence. However, vulnerability remains particularly acute in rural households that depend on subsistence agriculture, particularly when rains fail or are late – food inadequacy affected an estimated 38.8 percent of the population in 2014. According to staff estimates, the drought in 2015 reduced by 2.5% the purchasing power of the bottom 40% of the population through its impact on beef production and imported maize prices. While the Government has provided drought relief to affected households¹, these recent economic and climatic shocks may have put another third of the population (classified as vulnerable but non-poor in the 2015 Poverty Assessment) at greater risk of falling into poverty.

3. The Government intends to sustain its positive poverty reduction trajectory by diversifying sources of growth. Through the realization of sustainable employment creation, it also aims to achieve more inclusive socio-economic outcomes. Under its eleventh National Development Plan (NDP 11) it will

¹ A supplemental budget of US\$ 44 million was allocated towards drought relief in 2015.



place emphasis on infrastructure development, including water and sanitation which are vital to private sector led commercial and industrial development; as well as livelihoods and human development. This will build on significant achievements to date. Three of four Millennium Development Goal targets for both water and sanitation were met: around 95 percent of the population now have access to an improved drinking water supply; and 79 percent of the urban population have access to improved sanitation². However, sustained access to an improved water supply service is not assured as many communities are served by systems that are affected by chronic drought. Given high and rising levels of water stress, and climate variability, achieving the NDP 11 objectives will therefore require greater attention to long term water security. The latter is also essential for Botswana to maintain its positive trend towards meeting Sustainable Development Goal (SDG) targets in many areas.

4. *Situations of Urgent Need of Assistance.* In July 2015 Botswana declared a drought emergency following a second year of poor or failed rains across most of the country. In 2014 the Standard Precipitation Index (SPI) was minus one (-1) and in 2015 it was minus two (-2) (see Annex 1). The meteorological department rated the 2015 drought *extremely severe*— “the worst in the last 34 years”. After another year of inadequate rainfall, a follow up assessment extended the drought emergency for a second year, and rated the drought *severe* (Press Release of July 14, 2016). The Government of Botswana therefore approached the Bank for support in improving water supply availability to drought affected communities as well as building Botswana’s medium to long term resilience to chronic drought.

5. Since the onset of the 2015 drought, “hotspots” in the central, southern and western parts of the country have been significantly impacted. In addition to dams, rivers and well fields running dry, extremely low levels of rainfall, and or late rains, have led to significant loss of crops (a 70 percent decline in cereal crop) and declining grasslands have affected both livestock (a 20 percent mortality rate in 2015) and wildlife³. Nationwide, dam levels fell below 20 percent of design capacity – the Gaborone dam fell to 1.6 percent, the lowest since 2000. Ground water recharge rates (less than 5mm year) have also been affected, and boreholes in several wellfields have run dry or become saline. As a result, water rationing arrangements (3 times a week for 8 hours during peak periods) are in place for most large settlements in the country. More than 20 settlements are now being served by water bowsers at high cost. In addition many households have installed storage tanks, pumps and are purchasing water from private water vendors.

6. Droughts in Botswana are chronic— six of the last ten years have been moderately to severely dry. Acute events, such as the current drought, which has stretched for a period of three years, further aggravate the water balance. As noted above, in order to mitigate drought impacts and adapt to climate change, urgent measures are required to strengthen resilience and achieve water security. Ongoing efforts include the study and design of potential inter-basin transfers from sources such as the Lesotho highlands and the Chobe-Zambezi basin. The Government intends to invest an additional US\$ 1.2 billion in the sector over the 2017 to 2023 period for a combination of measures, including an emergency water supply program— of which this Project will comprise US\$ 160 million (about 13% of the investments planned over the NDP 11 period)⁴. Key priorities to be supported include investments in

² Rural sanitation still lags behind—42 percent of rural households have access to adequate sanitation. Source: Joint Monitoring Program, 2015

³ Food and Agriculture Organization, 2016

⁴ Over the last 10 years the Government invested around US\$ 1.5 billion in the sector.



water supply availability to alleviate immediate drought impacts and improve resilience; water source protection and wastewater reuse; and strengthening of water resources management, groundwater monitoring, conservation, demand management and loss reduction measures.

Sectoral and Institutional Context

7. Botswana has a semi-arid climate. Rainfall levels are low (at 250 - 450mm), unevenly distributed (with 5 year deficits recorded in some areas), and highly variable from year to year (30% below normal in 2015). Most rivers are seasonal, and despite limited availability, groundwater abstraction has increased from less than 150 cubic mega meters (Mm³) in 1990 to 195 Mm³ in 2013/14. Groundwater now accounts for three quarters of the country's water requirements, particularly in western Botswana, where groundwater is the main resource. In general, water resources are constrained, fragile, and subject to many competing demands: in 2013 agriculture and mining were the main users, accounting for 42% and 23% respectively, while domestic consumption accounted for 25%. As water is central to Botswana's continued economic success and sustained development gains, demand is projected to rise further⁵. However, in the context of chronic drought and climate change, managing rising demand— to reduce pressure on already constrained resources, is a priority.

8. In order to offset growing reliance on its groundwater resources, the government has constructed a number of dams (e.g. Dikgatlhong, Thune and Lotsane) and has developed several water transfer schemes including the 400km-long North-South Carrier (NSC-1), which brings water from the Motloutse River in the North-East to major villages and towns along the eastern corridor of Botswana. This is being expanded from its existing 25Mm³/year capacity, and it is proposed that a second phase (NSC 2) will deliver an additional 45Mm³ per year. The Government is studying other long term options including an NSC-3 to abstract water from the Chobe-Zambezi, importing water from the Lesotho highlands, and desalinating sea water in Windhoek, Namibia. These surface water systems are gradually being inter-linked with groundwater systems to allow aquifers to recover, and provide for alternate use or back up supply.

9. Improving water security is a priority, as Botswana is one of four Southern Africa nations that could become "highly water stressed by 2040" under a business as usual scenario⁶. Climate change projections indicate a rise in temperature of up to two degrees Celsius (January 2016 was the hottest month on record); a decline in river flows of up to 13 percent by 2015⁷; and a reduction in rainfall of about 3 to 9 percent. A climate risk assessment carried out by the Bank in 2010 (using multiple

⁵ Water demand is forecast to reach 285.8 (Mm³) a year by 2030 (compared to only 193.4 Mm³ in 2000

⁶ Baseline water stress measures competition for surface water calculated as withdrawals over renewable supply. The Water Resources Institute ranking of 147 water stressed countries globally indicates that water stress levels for Botswana, Namibia, and South Africa are expected to reach between 40-80 percent by 2040. Namibia and Botswana are the two countries in the ranking expected to face the greatest increase in water stress.

⁷ Botswana's Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), December 2011.



measures, over multiple temporal scales) concludes that there is a definite bias towards increased droughts, and groundwater recharge (less than 5mm per annum) is likely to decline. High open-water evaporation rates, ranging from 1,900 mm to 2,200 mm per annum (FAO 2009) also contribute to relatively low annual rates of groundwater recharge and surface runoff, thus diminishing opportunities for storage⁸. Measures to protect, conserve and manage groundwater sustainably are therefore critical.

10. Climate variability is already a major constraint to the agriculture sector. Crop production is rainfall dependent and only a small portion of land is under irrigation (around 1 800 ha)⁹. As a result agricultural productivity varies from year to year. In 2015 and 2016, the drought caused a 44 percent drop in cereal production (including a loss of 70 percent for maize)¹⁰. In addition, livestock losses due to the ongoing drought were estimated at 20% per year in 2015 and 2016. Climate variability is also a threat to Botswana's current high level of household access, as the drought has led to extensive water rationing affecting most large settlements. As the Government moves to diversify its economy, closer attention to water resource management will be essential, particularly for water intensive sectors.

11. Substantial investments are required to align water security requirements with the growing demands of Botswana's increasingly prosperous population. Greater rainfall variability and declining groundwater availability suggest that additional investment in surface water infrastructure will be a priority, including: additional storage and transmission, interlinking surface and groundwater supplies; and developing water transfer schemes such as those noted in paragraph 10. However, as many settlements are small and scattered and water must be transported over long distances (often at high cost), the task of responding to recurrent droughts is further compounded.

12. Recognizing the importance of water for Botswana's development, in 2009 the GoB initiated a Water Sector Reform Program (WSRP) with the intention of leveling services for all water users in the country through a uniform standard of water and wastewater service. With the support of a technical assistance program funded by the World Bank¹¹, WSRP aimed to provide: (i) clear separation of responsibilities between the delivery of water and sanitation services, and the management of water resources; and, (ii) piped water supply to all of its citizens by the year 2016. Prior to these reforms the responsibility for service delivery, including sanitation, sewerage, and wastewater, was divided between the Water Utilities Corporation (WUC), District Councils, and the Department of Water Affairs (DWA) in the Ministry of Land Management, Water and Sanitation Services (MLWS)¹².

13. As a result of this fragmentation, the operational and financial performance of water schemes across the country, was uneven. For DWA and District Council schemes, costs often exceeded (up to 1.5

⁸ Botswana Climate Variability and Change: Understanding the Risks. World Bank, November 2010.

⁹ Second Botswana National Water Master Plan (BNWMP2).

¹⁰ Food and Agriculture Organization, 2016

¹¹ World Bank, 'Technical advice for Reform of the Water and Sanitation Sector', Volume 1 & 2, Government of Botswana, 2009

¹² Prior to 2009, WUC was responsible for urban water services in Gaborone, Jwaneng and Lobatse in the South and Francistown, Selebi Phikwe and Sowa in the North. District Councils and the DWA were responsible for 540 water supply systems serving all other urban and rural areas.



times) revenue from customers, tariffs were low, and collection rates well below billing. Despite receiving Government subsidies equivalent to about 70 percent of customer revenue, due to inadequate maintenance and inefficient management, over time these systems deteriorated. In contrast, WUCs performance was solid and its financial position, strong. In 2008 WUC's non-revenue-water was about 11 percent of production, 95 percent of the bills were collected, and customers received a high-quality service (24/7).

14. The WSRP re-aligned these roles and responsibilities through a phased approach implemented between 2009 and 2013. WUC assumed responsibility for water supply, reticulation, and wastewater treatment for all 540 DWA and District systems, which are clustered under 16 Management Centers (MCs). DWA's mandate changed to water resource planning, development and management, including large water infrastructure such as dams and transfer schemes. Steps to improve operational and financial efficiency through modern management methods, the introduction of innovative, appropriate technology options, and tariff setting and pricing (to adequately reflect scarcity and opportunity costs) were also initiated, however these have yet to be completed.

15. The consolidation of water supply and wastewater treatment schemes under WUC has contributed to the deterioration of WUC's operational and financial performance. From 2009 to 2015 WUC's customer base grew significantly from 83,000 to 415,000, and production increased to over 102 million cubic meters water (from 70,000 in 2009). Billing also increased to about Botswana Pula (BWP) 1,000 million in 2015 compared to BWP 300 million in 2009, but overall collection rates declined as more rural customers were added¹³. Years of underinvestment and poor maintenance have resulted in an asset base in dire need of replacing and upgrading. NRW has increased from about 19 percent of production to about 40 percent; labor productivity has moderately improved, but there are still 7 staff per thousand connections— largely due to small and scattered settlements. Prolonged periods of water rationing arising from chronic drought have also added to the financial stress of the utility.

16. With respect to wastewater, the majority of systems inherited by WUC in 2013 suffer from operational issues related to under-dimensioning and lack of critical maintenance, particularly those formerly operated by municipal authorities. Treated wastewater amounts to an estimated 20 to 30 Mm³ per annum and only 10 per cent is currently reused. WUC intends to develop capacity for greater reuse and recycling¹⁴. This will reduce environmental degradation as increased reuse will require more stringent compliance with Botswana standards— untreated effluent discharged to the environment is a threat to already constrained ground and surface water sources. Greater water reuse will also contribute to demand management by reducing the need for development of new sources. Overall, since the start of the WSRP, WUC has reported increasing operating losses of more than BWP 350 million per year. Currently it is only able to recover about 75 percent of its operating cost, in particular due to increasing energy and chemical costs¹⁵.

¹³ WUC Annual Reports - 2014 and 2015

¹⁴ Government has set an ambitious target of 96 per cent reuse of wastewater outflows by 2030 but existing inflow and outflow data is scarce.

¹⁵ The BWP 155.5 million increase was mainly attributable to the fact that unlike in the 2012/13 financial year where the Government provided a revenue grant of BWP 200 million, during 2013/14 financial no



17. In order to improve the performance and capacity of sector institutions, the GoB will support the institutional reform and restructuring of WUC, and advance a number of urgent policy and regulatory reforms initiated under the WSRP. These include implementation of the Integrated Water Resource Management Water Efficiency Strategy (2013–2030) and the Water Policy (approved by Parliament in August 2016), which provides a framework for enhancing access to good quality water, promoting sustainable development of water resources, and ensuring that water is allocated more efficiently across different user sectors. The policy calls for establishment of a Water Resources Council and improved regulatory capacity. The Water Resources Council will be responsible for overseeing and allocating water resources and developing water related policies, while the WSS Regulator will be responsible for ensuring financial sustainability by guiding and monitoring water tariffs¹⁶.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve availability of water supply in drought vulnerable areas, increase the efficiency of WUC, and strengthen wastewater management in selected systems.

Key Results

18. The following PDO indicators will be used to monitor implementation progress:
- a. Direct project beneficiaries (number), of which female (percentage)
 - b. Additional water made available by the investments under the project (cubic meters)
 - c. Average annual COD removal efficiency from wastewater at WWTPs (percentage)
 - d. People benefiting from improved water supply through measures aimed at alleviating drought impact (number)
 - e. Revenue to operating cost ratio (number)

revenue grant was received as it was intended that this funding would be sourced through a bond. As this did not happen much of WUC's planned investment under NDP 10 was deferred.

¹⁶ At present, WUC has proposed a pricing structure, which has to be approved by the MLMWSS— a block tariff system with rising water tariffs for higher user bands. Self-providers pay for water rights attained from the Water Apportionment Board, but not for raw water abstraction. The 2012 Draft Water Policy calls for a raw water extraction fee for all water withdrawals to help fund water management activities and encourage conservation.



D. Project Description

19. The Project is designed to respond to Botswana's ongoing drought and reduce vulnerability to drought in the medium to long term. The drought declared in July 2015 was the worst in the past 34 years and it has been extended for a second year¹⁷. As droughts in Botswana are chronic, the current acute dry spell has further aggravated the water balance. For groundwater in particular, impacts will not be alleviated in the short term as recharge rates are already low, and are projected to decline further with climate change¹⁸. The proposed sub-projects are located in the western, eastern and southern part of Botswana, which are the driest and/or most populated parts of the country. The Project includes critical investments in water supply to urban and rural areas, that are needed to mitigate drought impacts, and wastewater treatment investments needed to comply with effluent standards and prevent pollution of vital downstream water sources.

20. The proposed investments were selected from a list of "hot spots" identified by GoB as part of its NDP 11 planning process. Several of these priority subprojects were first proposed to the Bank for financing in 2014, however, the proposed IBRD Project did not move forward due to financing and capacity limitations and was eventually dropped. These have now been incorporated in the NDP 11 emergency water supply program which this Project will support. In addition to the "hot spots" list, the Project also draws on financial and operational performance data for each of WUC's 16 MCs¹⁹. This data will be used to support operational efficiency improvements in underperforming MCs as a means of improving demand management, reducing losses, increasing access to services (particularly for vulnerable populations). These actions are vital for the sustainability of services, and conservation of already scarce water resources.

21. Proposed water supply and wastewater infrastructure investments amount to US \$135.7 million (including taxes). US \$ 145.5 million will be financed by IBRD and US \$ 14.5 million by GoB. Activities include measures to rehabilitate, augment, and upgrade water supply and wastewater/sludge treatment schemes; and, improve the operational efficiency of WUC, particularly in underperforming MCs. In addition, US\$ 20.7 million is included to strengthen the institutional capacity to plan and deliver services, and enable the reform of key policies and legislation. A contingency of US\$ 3.5 million has been provided for any eventualities. The Project is organized under three components, as follows: Component 1: Improve Availability of Water Supply and Efficiency of Services; Component 2: Improve Wastewater and Sludge Management; and Component 3: Sector Reform and Institutional Strengthening.

22. **Component 1: Improve Availability of Water Supply and Efficiency of Services** (US\$ 114.05 million including taxes) - will support immediate and medium term investments and measures to

¹⁷ The entire Southern Africa region is experiencing a drought and the Bank is actively engaged in helping SADC with the response. Several IDA countries in SADC will receive supplemental finding from the Crisis Response window,

¹⁸ Botswana Climate Variability and Change: Understanding the Risks. World Bank, November 2010.

¹⁹ The operational snapshots rank MCs based on five key indicators: (1) non-revenue water, (2) water quality compliance, (3) number of reported bursts; (4) staff per 1000 connections and (5) operating cost coverage ratio (revenues / costs). It was noted that for all regions water supply coverage is high (generally >90%) and water services are close to 24 hours per day.



mitigate the impact of the drought by improving availability of water in settlements that have experienced extended periods of rationing and/or been forced to rely on water bowzers. Specific investments will include: (i) water source management, optimization and development, including interlinking of existing water sources (surface and ground) and water supply schemes to ensure backup supply and more sustainable production; (ii) expansion of water supply systems to reach underserved or drought affected communities; and, (iii) measures to improve operational efficiency, including reducing technical losses along transmission lines. The budget for this component provides for implementation of safeguards actions (ESMPs, RAPs and ESIA), alongside the design and supervision services for the civil works. It will be implemented by the WUC and is supported by institutional strengthening activities (under Component 3) aimed at improving the long-term sustainability of service provision and managing water demand.

23. The proposed measures are intended for settlements in drought affected areas where boreholes are running dry, becoming saline, or being mined/overdrawn, as a result of the drought. However as droughts in Botswana are chronic (6 of the last 10 years were drought years) the investments are also designed to address medium term needs and avoid having to resort to short term solutions (such as bowzers or emergency boreholes) every time a drought occurs. As Botswana relies heavily on groundwater (60 percent) and recharge rates are low (less than 5 mm per year) the proposed investments aim at reducing the stress on water sources by bringing water from more secure sources – e.g. underutilized dams or well fields that have a sustainable yield.

24. **Component 2: Improve Wastewater and Sludge Management** (US\$ 21.65 million including taxes) - This component will support strategic investments in refurbishment/rehabilitation of wastewater treatment facilities, to protect surface and groundwater sources; and enable scaling up wastewater reclamation and reuse in Francistown and Lobatse through design and build contracts. In Letlhakane sludge management facilities will be rehabilitated and expanded to avoid transporting waste to the nearest facility which is 200km away in Serowe. The Francistown and Lobatse wastewater treatment facilities require urgent attention to prevent environmental contamination caused by discharge of inadequately treated wastewater into nearby water courses. Due to inadequate treatment of wastewater at the Mambo WWTP (in Francistown) a key water supply dam (Dikgatlong) located 50 km downstream may be at risk of pollution. The Tati River, into which the Mambo WWTP discharges, is seasonal and the effluent discharged during the dry season can cause local contamination.

25. Given the limited water resources available in Botswana, the proposed measures will protect and conserve existing water supply. A key objective of the investments in Mambo and Lobatse is to bring the effluent to a quality level where it can be re-used. Many users, including mines, local stadia, golf courses and other businesses have expressed their interest in re-using the treated water if WUC can ensure that effluent meets the standards set by law. In addition to improving treatment and operational efficiency (as measured by effluent quality), the Project also includes (under Component 3) activities to enhance WUC's capacity to holistically manage, treat, dispose of, and re-reuse wastewater and sludge through strategic investments in new or improved technology options. This component will be implemented by WUC.

26. **Component 3: Sector Reform and Institutional Strengthening** (US\$ 20.75 million). The Component will support reforms initiated under WSRP in 2009 by strengthening the institutional, policy, and legal framework as a means to improving long-term water security and increased efficiency of



services. As such, policy and strategies need to be directed toward improving allocative efficiency, enhancing technological developments, strengthening service delivery, improving water resources stewardship and strengthening water demand management. In addition capacity for implementation will be strengthened to ensure a timely and efficient response to the drought. Activities financed under Component 3 will include:

27. *Sub-component 3.1. Sector Reform.* This will support the development or roll out of sector policies, legislation and institutions. In order to conform to new institutional mandates, the sector is in the process of developing or updating several key legal, strategy and policy instruments. Prioritized activities will enable implementation of the development agenda outlined in NDP 11, with a strategic focus on improving water security and developing resilience to droughts and water shocks, through strengthened water resources management and planning capacity, and more effective WRM instruments. This sub-component will be implemented by MLWS.

28. *Sub-component 3.2. Institutional Strengthening and Capacity Building.* This Sub-Component will enable MLWS (DWA) and WUC to increase their capacity to implement sector policies and strategies; strengthen their overall operational performance; and, improve their corporate governance and management: (a) Support for MLWS (DWA) will include capacity for water resource planning and monitoring, groundwater development, and regulation; (b) Support for WUC will include institutional restructuring, business strategy development, efficiency improvements (e.g. through demand management, cost recovery, energy reduction, non-revenue water, and innovative ICT use); refinement of water supply, sanitation and waste water supply guidelines; and training and reskilling WUC staff in underperforming MCs. This sub-component will be implemented by MLWS and WUC.

29. *Sub-component 3.3. Forward Planning – Technical Assistance and Studies.* This Sub-Component includes: (a) technical assistance required to develop a pipeline of strategic national investments aimed at improving long-term water security (e.g. Chobe-Zambezi and Lesotho-Botswana Transfer Schemes); (b) strengthening the pipeline of investments such as the Western Region Master Plans, through feasibility studies; detailed designs; environmental and social assessments, transaction design, expert panels. A sound investment pipeline will allow Government to advance its vast water investment program more rapidly, and assist in closing the large investment gap. This sub-component will be implemented by MLWS and WUC.

30. *Sub-component 3.4. Project Management.* This subcomponent includes support for adequate project implementation capacity in the MLWS and WUC PMOs, including funding for PMO staff and technical assistance to support Project implementation. In addition the Project will finance inputs required to ensure the effectiveness of implementing agencies including (as needed), equipment, running costs, logistical support, and other operating requirements. Responsibilities of the PMOs include project management and coordination, procurement and financial management, project monitoring and evaluation, social and environmental safeguards management and oversight, and strategic project communications and outreach. This sub-component will be implemented by MLWS and WUC.

E. Implementation



Institutional and Implementation Arrangements

31. MLWS primary role is to formulate, direct, and coordinate policies and programs for land management, water and sanitation development. In the water and sanitation sector it is responsible for ensuring the delivery of clean water for drinking purposes and for allocation of water for agricultural, commercial and industrial development through its departments and parastatals. DWA and the WUC are responsible for day to day implementation of the Governments water programme. MLWS coordinates these activities through a PMO headed by a Programme Coordinator. Within MLWS, DWA takes the lead on water resources policy and management. In addition, it is responsible for monitoring and regulating water resource use; and developing long term strategic water supply schemes. WUC (established by the Water Utilities Corporation Act of 1970) is currently responsible for delivering water to domestic, mining, manufacturing, and commercial customers countrywide; although mining and energy users in remote areas often develop ground water supplies independently. WUC also has operational responsibility for waste water and water treatment, pumping, storage and distribution to customers, and has partial responsibility for sanitation services.

32. The Project will be implemented by MLWS and WUC. On behalf of the Borrower, MLWS will be responsible for overseeing project implementation. It will do so through its existing MLWS -PMO, which will have overall responsibility for coordination of Project activities, and consolidation of monitoring, reporting for the project. This will include preparation of a consolidated work plan, procurement plan, monitoring reports, financial reports, and other reports required for the Project. MLWS - PMO will be responsible for the implementation of Component 3 institutional and capacity building activities that fall under the mandate of MLWS (DWA). Based on the division of responsibilities for all Component 3 activities agreed between MLWS (DWA) and WUC, the annual work program and procurement plan will identify the specific activities and budgets allocated for WUC and MLWS (DWA) –including training, capacity building, technical assistance and studies. Each entity MLWS - PMO, and WUC) will be responsible for identifying and preparing inputs to the annual work program (e.g. TOR, budgets). As MLWS - PMO will be responsible for enabling the implementation of MLWS (DWA) activities under Component 3, it will procure additional M&E, procurement and financial management capacity to support this function. These activities will be complemented by grant funding from other development partners, where available. MLWS will ensure cooperation and integration of these activities.

33. WUC will be responsible for the implementation of all subprojects under Components 1 and 2, which largely involve rehabilitation and augmentation of existing water and wastewater systems currently managed by WUC. In addition, it will be responsible for a subset of the institutional and capacity building activities under Component 3. Responsibility for the day to day management of WUC implemented activities will be delegated to the existing WUC PMO housed in the Technical Services Department. WUC will strengthen the capacity of its PMO by contracting additional expertise in such areas as financial management, procurement, monitoring and evaluation, social and environmental safeguards and project coordination. WUC PMO will implement the proposed subprojects and activities through existing structures under the supervision of WUC's management team. Sub-projects and activities supported by the Project will be coordinated by the responsible Project Engineers with support of General Managers of the relevant Management Centers under the leadership of the Director of the Technical Services Department. As these activities form part of the overall NDP 11 work program, in line with current practice, where necessary WUC will also support the MLWS - PMO and MLWS (DWA), in the execution of their obligations under the Project.



F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Nation-wide. Although initial investments have been identified, as the drought is ongoing the project will allow some flexibility to adapt to emerging needs. Currently the project is intended to support interventions in drought affected settlements; and improve wastewater and sludge management in order to protect vital water supplies and increase pot for reuse.

It is expected that investments will be implemented in at least 70 villages located within seven (7) WUC Management C as follows: Selebi Phikwe and Letlhakane - located in the Central District of Botswana; Ghanzi - located in the Kalahari De in the western part of Botswana; Masunga - located in the North-East and Tutume Sub-District of Botswana; Molepolole located in the south east of Botswana in the Kweneng District; Kanye - located in mountainous region of Southern Botsw and Lobatse - located in South-Eastern Botswana, 70km south of the capital city Gaborone and situated in a valley runni north toward Gaborone.

G. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Kisa Mfalila

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered due to the potential environmental and social impacts associated with the project investments. The proposed investments to enhance the water security will include rehabilitation of existing WWTPs which will likely generate adverse impacts both during the construction and operational phases of the facilities due to the proximity of the Mambo WWTP to the Dikgatlong Dam which supplies raw water to the city of Gaborone. Disposal of sludge from existing WWTPs during the construction and operational phases of the WWTPs may also impact the environment within the area of influence of the project. Based on the preliminary screening of the proposed project activities, preliminary assessment of the baseline characteristics of potential project sites, and the available Environmental Impact



		studies, the project is classified as Category A, as there may be adverse impacts within the project's area of influence that would require full environmental and social assessments.
Natural Habitats OP/BP 4.04	No	The screening of proposed activities will determine if the project activities are likely to alter or cause destruction of any critical or sensitive natural habitats. The team will also look for potential opportunities to generate positive impacts on natural habitats through project activities, should such opportunities present.
Forests OP/BP 4.36	No	The project will not support civil works located within forested areas or plantations as defined under OP 4.36.
Pest Management OP 4.09	No	The project will not involve procurement of pesticides or fertilizers and does not have the potential to lead to increased use of pesticides or fertilizers.
Physical Cultural Resources OP/BP 4.11	Yes	The Borrower will ensure that the initial environmental and social assessment screens for potential impacts on the physical cultural resources and include Chance Find Procedures (CFP) in the ESIA's and bidding documents to ensure mitigation of any new discovery of PCRs.
Indigenous Peoples OP/BP 4.10	Yes	In the context of the Republic of Botswana this refers to Vulnerable Communities (VC). There is a lack of sufficient detail on the proposed routing and development of infrastructure to be supported by the Project. However, as there may be VCs present or having a collective attachment to the proposed project sites, OP 4.10 has been triggered. Where relevant, if for any given activity, VCs were or are found to be present or to have a collective attachment to the area of the proposed project activity, a social assessment will be undertaken and a Vulnerable Communities Plan (VCP) will be prepared, based on prior informed consultations, disclosed, and implemented prior to the start of civil works in full compliance with the requirements of OP/BP 4.10.
Involuntary Resettlement OP/BP 4.12	Yes	The project will undertake measures to mitigate the impact of the drought by equipping and connecting existing water sources to settlements that have experienced extended periods of rationing and/or been forced to rely on water bowsers as well as the



expansion to under-served or drought affected communities. As the vast majority of infrastructure will be in-situ rehabilitation and upgrading, the extent to which any civil works under the project will require land acquisition and/or impact people's access will be determined during project preparation, including through the ESIA and planned social assessments. The proposed civil works may require land for temporary or permanent usage. The land acquired for this purpose may lead to loss of assets, sources of income or means of livelihoods, especially in rural communities whether or not project affected people (PAP) must move to another location. To ensure proper mitigation measures are set forth during the first year of implementation, based on the findings of the ESIA, the national laws on land as well as OP 4.12 and social assessments, within two months of effectiveness, the Borrower will prepare a Resettlement Policy Framework (RPF) to guide the preparation of site specific Resettlement Action Plans (RAP) once such details are known. In addition, for a number of sites where land has been acquired a social audit will be done before any civil works start. As with the other safeguards documents the RPF and RAPs will be fully consulted upon, reviewed by the project Social Safeguards Specialist, cleared by the RSA and publicly disclosed both in-country and on the Banks external website. All RAPS will be implemented before any civil works start.

Safety of Dams OP/BP 4.37

Yes

The Project will rely on the performance of the Ntimbale dam to supply 30 plus villages in the Masunga/Tutume area. The dam is currently underutilized (15 percent) due to inadequate pumping capacity at the treatment works. The Letsibogo Dam will also supply water to 5 villages in Selebi Phikwe.

Projects on International Waterways
OP/BP 7.50

Yes

Preliminary assessment of the likely impacts of the effluent to the water quality of the Limpopo River, indicates improvement in the water quality of the effluent discharged into the Limpopo River as the wastewater to be collected will be treated in the newly rehabilitated WWTPs to comply with the national BOD5 standard of 50mg/L before discharging into the Tati River (a tributary of the



Shashe River) and finally into the Limpopo River. OP 7.50 is triggered because the treated effluent from the Mambo WWTP discharges into the Tati River, which flows into one of the major tributaries of the Limpopo River—the Shashe River. The Shashe contributes about 12.2 percent of the Limpopo’s mean annual runoff. It originates from the northwest of Francistown on the border between Botswana and Zimbabwe and flows southeast along the border for approximately 362km until it reaches the confluence point with the Limpopo River where Botswana, Zimbabwe and South Africa meet. The Limpopo River is classified as an international waterway. The Mambo WWTP is located close to the national Tati River which originates in Botswana and is the recipient of the treated wastewater from the plant. The Tati River flows into the Shashe River, which feeds the Dikgatlhong Dam located 3km below the confluence of the Tati River with the Shashi River. The Dikgatlhong dam is a key source of water supply to the cities of Francistown and Gaborone. The project will support rehabilitation works at the Mambo WWTP to ensure that the quality of discharged effluent from the plant stringently complies with legislated discharge standards and that the overall quality of the Shashe River is not adversely affected by contaminants during both the construction and operational phases of the project. No notification is required as the project will rely on water sources that have all ready been developed and stay within permitted abstraction levels.

Projects in Disputed Areas OP/BP 7.60	No
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KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Proposed infrastructure investments include rehabilitation of existing wastewater treatment plants which could generate potential adverse impacts which are likely to go beyond the physical boundaries of the planned investments during the construction of the facilities. Disposal of sludge from existing wastewater treatment plants during the rehabilitation and operational phases of the wastewater treatment plants may also impact the environment within the



area of influence of the project. Based on the preliminary screening of the proposed project activities, and a preliminary assessment of the baseline conditions of potential project sites, and the available Environmental and Social Impact studies, the project is classified as Category A. There may be significant adverse impacts within the Project's area of influence that would require full environmental and social assessments. Current uncertainties regarding ecological flows, adverse impacts due to downstream discharge of treated waste water into the river system, and the location of the wastewater treatment plant (50 km upstream of) a water supply dam, necessitate this rating. This will allow a more comprehensive, full-scale environmental and social assessment to be undertaken. The environmental impacts of the construction related activities are routine in nature and include general construction impacts of solid waste management, provision of erosion control measures, disposal of used oils and degreasers, proper excavation and backfilling, provision of toilet facilities for site workers, traffic management, health and safety, dust and noise control and chance finds of cultural property. As the bulk of investment will be in –situ rehabilitation and upgrading or extending infrastructure to new water sources, this will largely involve the installation of transmission, storage and pumping equipment. The project also involves construction of new pipelines to supply areas that do not have a reliable source. In a majority of cases the transmission lines are to be placed within existing rights of way on existing road networks. However, where pipelines are interconnecting different boreholes or connecting the boreholes to population centers such as villages the focus will be ensuring that any physical activity undertaken is well managed; that land take for new sites follows required procedures as will incorporated in the RPF; and in the event that indigenous peoples areas are affected, an IPDP will be prepared.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The long term environmental and social impacts of the project are expected to be largely positive contributing to better public health and environmental conditions through improved water quality and supply and improved quality of effluent generated through WWTPs. Future environmental and social risks depend in large part on adequate and efficient operation of the Mambo Wastewater Treatment Plant, the Letlhakane Wastewater Treatment facility and the Lobatse Wastewater Treatment Plant including the treatment, transport and disposal/use of the sludge.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. Given the deferral of safeguard requirements to the implementation stage of the project, alternatives to the proposed infrastructure investments are being considered with respect to the technical solutions identified during the update or finalization of detailed designs. The process of preparation of site specific environmental and social assessments will also include a review of alternatives. ESIA's and ESMP's will also include specific measures to ensure that groundwater abstraction is sustainably managed.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. Department of Environmental Affairs (DEA) is the regulatory agency and competent authority responsible for enforcing environmental regulations and ensuring that all infrastructure investments in Botswana are in compliance with the national EIA law and. DEA works closely with environmental officers at the line Ministries who are responsible for site level environmental management of project activities. With respect to this project, the Safety, Health, Environmental and Quality (SHEQ) unit at the Water Utility Corporation will be responsible for preparing environmental and social impact assessments. The Project will strengthen the capacity of WUC to address safeguard issues by supporting the procurement of a full time environmental and social safeguard specialist.

WUC has the technical capacity to undertake environmental and social studies. As the implementing unit, it will be required to prepare site-specific design stage ESIA's, ESMP's and RAP's during implementation of the Project in



compliance with the Botswana Laws and the World Bank Safeguard Policies. As the project will abstract water from two dams measures will also be taken to ensure compliance with Dam Safety Policy. Regular reporting on safeguards compliance will be undertaken and Annual Audits on the implementation of ESMPs will be prepared by WUC and submitted to DEA for approval before submitting to the Bank.

In addition, an RPF will be prepared to guide social safeguard actions to be undertaken by WUC during implementation. WUC will bear the full responsibility of preparing the framework and site specific studies. It will undertake these duties in coordination with land boards and other relevant Government entities.

During project implementation, supervision and monitoring of the mitigation measures will be crucial. This will ensure that the proposed mitigation measures are implemented in a timely and comprehensive manner. WUC, together with DEA, will be responsible for monitoring of the environmental and social aspects of the Project. Indicators for monitoring changes in the physical, biological and socio-economic environments should be developed during the preparation of the design stage site specific ESIA ESMPs and RAPs, and the monitoring component fully elaborated as part of the detailed site specific assessments.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include residents of the urban and rural areas where the proposed project will finance the water supply and wastewater infrastructure investments, and relevant local and national authorities who are responsible for implementation and will also benefit from capacity building and improved services in sub-project areas. The project will carry out consultations with stakeholders with due consideration of gender and ensure that mechanisms are in place to address grievances that may arise in the course of the project. Support will be provided to strengthen existing feedback and grievance redress mechanisms in WUC.

B. Disclosure Requirements

The review of this Safeguards has been Deferred.

Comments

An Environmental and Social Safeguards Action Plan (Annex 4 of the Project Appraisal Document) has been prepared to guide the preparation of site specific ESIA and ESMPs.

The review of this Safeguards has been Deferred.

Comments

An Environmental and Social Safeguards Action Plan (Annex 4 of the Project Appraisal Document) has been prepared to guide the preparation of the RPF and site specific RAPs.

The review of this Safeguards has been Deferred.



Comments

An Environmental and Social Safeguards Action Plan (Annex 4 of the Project Appraisal Document) has been prepared to guide the preparation of site specific VCPs (as required).

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

NA

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

NA

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

No

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

No

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

NA

OP/BP 4.37 - Safety of Dams

Have dam safety plans been prepared?

No

Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?

No

Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?

No



OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?

No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

Yes

Has the RVP approved such an exception?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

NA

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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