

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1072

Date ISDS Prepared/Updated: 06-Mar-2015

Date ISDS Approved/Disclosed: 06-Mar-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Swaziland	Project ID:	P151433
Project Name:	SZ: Private Sector Competitiveness (P151433)		
Task Team Leader(s):	Austin Francis Louis Kilroy, Smita Kuriakose		
Estimated Appraisal Date:	30-Apr-2015	Estimated Board Date:	30-Sep-2015
Managing Unit:	GTCDR	Lending Instrument:	Investment Project Financing
Sector(s):	General industry and trade sector (20%), Agro-industry, marketing, and trade (20%), Public administration- Industry and trade (20%), SME Finance (20%), Other industry (20%)		
Theme(s):	Regulation and competition policy (25%), Other Financial Sector Development (25%), Micro, Small and Medium Enterprise support (25%), Export development and competitiveness (25%)		
Financing (In USD Million)			
Total Project Cost:	25.00	Total Bank Financing:	25.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			25.00
Total			25.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The development objectives of the proposed project are: to increase private investments and exports; and to increase jobs in the agribusiness and tourism sectors.

C. Project Description

COMPONENT 1: Improving the business environment

Subcomponent 1A: Accelerated implementation of the Investor Road Map (IRM)

The Government of Swaziland deems it a key priority to improve its business environment, and has requested that this World Bank project should focus on four priority areas: starting a business; registering property; protecting investors; and trading across borders.

Project activities will address the main constraints to implementation of the IRM, which will improve the business environment in Swaziland regardless of sector:

- (i) Improved legal foundations for implementation.
- (ii) Refined IRM plan and institutional structure for implementation.
- (iii) Adoption of new ICT systems to streamline key business processes.

Sub-component 1B: Increased focus and strategy for investment, export, and tourism promotion

Evidence from most countries shows that active investment and export promotion is a necessary complement to a business enabling environment. Swaziland will need to strategically market and facilitate new investments, so that reforms are publicized and known amongst potential investors, and so that new investments can be guided and assisted. Public sector assistance to exporters will facilitate entry into new markets and increased exports into existing markets.

The project will support the following activities:

- (i) Strengthened investment promotion and facilitation (including strategy, branding, a customer relationship management system, and improved aftercare functions).
- (ii) Strengthened export promotion and facilitation.
- (iii) Improved tourism sector strategic planning and regulations.

Sub-component 1C: Improved access to finance for SMEs

There does exist in Swaziland a moderately well-developed commercial banking sector; but SMEs find it difficult to access commercial financing for investment capital and working capital. Commercial lending to agriculture in Swaziland is focused almost entirely on the sugar industry, which is the most established agricultural industry, is constituted mainly by large firms, and is perceived to be lower risk than other agricultural products.

In order to increase access to finance for SMEs, the project will support the following activities:

- (i) Restructuring of the Export Credit Guarantee Scheme (ECGS) and Small Scale Enterprise Loan Guarantee Scheme (SSELGS) to simplify application requirements, achieve more stability, and generate increased uptake.
- (ii) Improved risk strategies and business assessment skills in financial institutions.
- (iii) Investments in new payments and credit infrastructure, including a collateral registry for secured interests in movable assets.
- (iv) Extension of financial inclusion via producers' cooperatives.

COMPONENT 2: Job creation in strategic industries

This component comprises activities to catalyze a sustained growth amongst private sector firms in Swaziland.

Sub-component 2A: Competitive business plans in agribusiness and tourism

The project will engage with a key constraint to the establishment and scaling-up of firms in agribusiness and tourism: the ability of entrepreneurs to identify and pursue competitive advantages, through technical and sector knowledge plus the development of viable business plans.

Project interventions will support:

- (i) Establishment of SWADE and STA as mentorship organizations for entrepreneurs;
- (ii) Focusing of SEDCO business skills training on development of viable business plans.

Sub-component 2B: Catalytic Fund for start-ups and early stage ‘market makers’.

A Catalytic Fund will complement the development of competitive business plans, given that entrepreneurs pursuing new product-market segments or riskier activities including test marketing will not have access to commercial bank financing. In order to complement the skills needs required for this move to new products or markets, the fund will include financing for technical and managerial training identified by firms.

Project interventions will support:

- (i) Design and establishment of a Catalytic Fund.

COMPONENT 3: Project Implementation

This component will support the costs of the Project Implementation Unit including: externally consultants if required; safeguards support; and monitoring and evaluation.

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

All planning, regulatory and institutional support will be provided to the Ministries located in Mbabane, while sub-projects to be supported under the Catalytic Fund will be implemented throughout the countries once the sites are identified during the implementation stage of the Project.

E. Borrowers Institutional Capacity for Safeguard Policies

The Borrower has prior experience of managing World Bank projects and, therefore, has knowledge and capacity for implementing and monitoring environmental and social aspects of the Project. However, the capacity of the Borrower to implement and monitoring of safeguard issues will be assessed during preparation and during the preparation of the Environmental and Social Management Framework (ESMF) and appropriate capacity building measures will be included in the Project.

F. Environmental and Social Safeguards Specialists on the Team

Albab Akanda (GENDR)

Kisa Mfalila (GENDR)

Paula F. Lytle (GSURR)

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II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Safeguards Policy 4.01 is triggered given that the Catalytic Fund to be supported by the Project is expected to finance agribusiness and tourism sub-projects at both industry and community levels. The activities may involve construction of new facilities, expansion of existing facilities, and support to agribusiness related processes all of which may have minor to moderate impacts on the environment. The degree of the environmental risks and impacts will be determined by the nature, scope and location of the sub-projects during the implementation phase of the Project. An Environmental and Social Management Framework (ESMF) will be prepared, consulted upon and publicly disclosed in the InfoShop and locally in Swaziland to provide guidance in identifying sub-projects, screening, managing and monitoring of likely environmental and social risks and impacts.
Natural Habitats OP/BP 4.04	TBD	Given that that the primary emphasis of the Project is on planning, regulatory and institutional aspects, the agribusiness and tourism sub-projects to be supported by the Catalytic Fund will not generate substantive changes to the ecology, and flora/fauna in Swaziland. However, this assumption will be confirmed during preparation based on additional information on the nature, scope and location of the sub-projects.
Forests OP/BP 4.36	No	The Project will not support activities that will affect the management or health of forest not will the project support activities related to forestry or logging.
Pest Management OP 4.09	Yes	The Project is not expected to support sub-projects involving pest or pesticide management. However, given the inherent characteristic of agri-business activities involving the use of pesticides, appropriate screening, management and monitoring the use of pesticides will be included in the ESMF.
Physical Cultural Resources OP/BP 4.11	Yes	The project may provide TA or financing for activities related to supporting tourism, which may involve or affect physical cultural resources. The

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		EMF will provide guidance on "chances finds" and management of cultural assets.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area.
Involuntary Resettlement OP/ BP 4.12	No	The project will not finance activities that involve land acquisition leading to involuntary resettlement and/or restrictions of access to resources and livelihoods.
Safety of Dams OP/BP 4.37	No	The Project does not involve dams.
Projects on International Waterways OP/BP 7.50	No	The Project will not support sub-projects that will have impacts on International Waterways.
Projects in Disputed Areas OP/ BP 7.60	No	The Project will not support sub-projects located in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 25-Feb-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

Before appraisal, an Environmental and Social Management Framework (ESMF) will be prepared, consulted upon and publicly disclosed in the InfoShop and locally in Swaziland to provide guidance in identifying sub-projects, screening, managing and monitoring of likely environmental and social risks and impacts.

IV. APPROVALS

Task Team Leader(s):	Name: Austin Francis Louis Kilroy, Smita Kuriakose	
<i>Approved By:</i>		
Safeguards Advisor:	Name:	Date:
Practice Manager/ Manager:	Name:	Date:

¹ 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.