

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA12526

Date ISDS Prepared/Updated: 06-Oct-2015

Date ISDS Approved/Disclosed: 08-Nov-2015

I. BASIC INFORMATION

1. Basic Project Data

Country:	Swaziland	Project ID:	P151433
Project Name:	Swaziland Private Sector Competitiveness (P151433)		
Task Team Leader(s):	Austin Francis Louis Kilroy, Feyi Boroffice		
Estimated Appraisal Date:	14-Sep-2015	Estimated Board Date:	30-Nov-2015
Managing Unit:	GTC13	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%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
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		

2. Project Development Objective(s)

The development objective is: to support an improved investment climate and strengthen competitiveness of firms, especially in the agribusiness and tourism sectors.

3. Project Description

COMPONENT 1: Improving the business environment

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

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 underpinnings 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: Promotion of investment, trade, tourism, and entrepreneurship

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.
- (iv) Renewed entrepreneurship development strategy.

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

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

- (i) Update demand-side information on existing SMMEs and their financial needs;
- (ii) Develop and strengthen credit infrastructure, including legislation and registry;
- (iii) Review the Export Credit and Small Scale Enterprise Guarantee Schemes and assist implementation of revised Schemes
- (iv) Strengthen supply-side capacity for access to finance.

COMPONENT 2: Job creation in agribusiness and tourism

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

Sub-component 2A: Competitive value chains 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) Scale-up of SWADE and STA as mentorship organizations for entrepreneurs.

Sub-component 2B: Catalytic Financing Facility

Project interventions will support:

- (i) Establish a business plan competition for start-ups, and revenue-based financing for scale-ups of community enterprises and SMEs.

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.

4. 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 country once the sites are identified during the implementation stage of the Project.

5. Environmental and Social Safeguards Specialists

Albab Akanda (GENDR)

Kisa Mfalila (GENDR)

Paula F. Lytle (GSURR)

6. 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	Yes	The impact of the project on the natural habitats will be addressed through the site-specific environmental and social assessments for each subproject, which will determine the impacts on ecosystems once the project locations have been identified and baseline characteristics assessed.

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 ESMF 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 construction of dams, and will exclude reliance on existing dams. Mitigation measures for small dams can be addressed under OP/BP 4.01, but the ESMF does not currently include these measures so will need to be adjusted during the lifetime of the project should small dams be proposed as part of a CFF sub-project.
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.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>The Catalytic Fund, which will be supported by the Project, is expected to finance agribusiness and tourism sub-projects at a small-scale industry and community levels. The activities may involve construction of new facilities, expansion of existing facilities, and support to agribusiness related processes along the supply chain, all of which may have minor 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) has been prepared to provide guidance in identifying and planning of the sub-projects, screening from environmental risks and impacts, managing and monitoring of likely environmental and social risks and impacts to achieve sustainability. The inherent nature of environmental risks and impacts associated with agriculture</p>
--

<p>and agri-business operations are largely related to point and non-point source pollution from run off emanating from the use of pesticides/herbicides in controlling weed infestation on farms and potential increased use of fertilizer to increase crop productivity. Other likely impacts include effluent discharges and solid waste generated from agro-processing activities, noise and air emissions from agro-processing facilities or construction works, occupational health and safety of workers due to lack of or in-use of Personal Protective Equipment (PPE), soil erosion from poor or lack of proper site drainage, and contamination of water (both surface and ground water) from oil spills or construction works.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>Since the Catalytic Fund will support agriculture and agribusiness related activities, such projects may likely have some negative impact due to application of fertilizers and pesticides. However, no potential large scale, significant and/or irreversible impacts that are envisaged.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>Given that the nature, scope and location of the sub-projects is not determined yet, the respective site-specific instruments to be prepared for the sub-projects, will consider the technical, financial, environmental and social aspects in carrying out the alternative analysis depending on the level of risks and impacts likely to be generated from the sub-projects.</p>
<p>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.</p>
<p>The capacity and knowledge of the Borrower to implement the Environmental and Social Management Framework (environmental screening, assessment, mitigation, review, monitoring and reporting) is relatively weak. The project will support the procurement of a dedicated environmental and social specialist to oversee the implementation of the sub-projects. The project will also support strengthening of PIU's capacity in the application of World Bank safeguard policies.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>The main organization that will be actively involved in implementing the project including the ESMF, is the Aid Coordination and Management Section (ACMS) under the Ministry of Economic Planning and Development (MEPD). The ACMS will constitute a permanent focal point. An inter-ministerial Steering Committee will be established for project governance, chaired by MEPD and with focal points from the key ministries and agencies as members. The unit will report to the Ministry of Finance. The Catalytic Financing Facility (CFF) or Catalytic Fund, will be implemented under the project implementation unit. The CFF manager will oversee the selection process for the subprojects and will be supported by technical specialists recruited from the private sector who will assess applications, and enforce spending that is consistent with the approved applications. The CFF selection process will involve criteria will include environmental and social criteria, as well as the Environmental and Social Screening Framework.</p> <p>During preparation of the ESMF, consultations were conducted with 46 individuals from local development programs, project practitioners, community trusts, and tourism stakeholders. Their recommendations were incorporated into the ESMF, particularly in terms of community participation in monitoring and mitigation, plus training to do so. A strategy has been defined in the ESMF for ongoing consultation and annual reviews, collaboratively with potentially affected people.</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	02-Oct-2015
Date of submission to InfoShop	06-Oct-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Swaziland	05-Oct-2015
<i>Comments:</i> Approved on October 2nd, by Swaziland Environmental Authority (http://www.sea.org.sz/) which is the mandated body for environmental assessments and frameworks of this sort. Posted publicly on the website of SWADE (http://www.swade.co.sz/index.php/downloads/category/25-world-bank) on October 5th, and will be posted shortly on SEA's website. Also to be posted physically in three locations in the country.	
Pest Management Plan	
Was the document disclosed prior to appraisal?	NA
Date of receipt by the Bank	02-Oct-2015
Date of submission to InfoShop	06-Oct-2015
"In country" Disclosure	
Swaziland	05-Oct-2015
<i>Comments:</i> Approved on October 2nd, by Swaziland Environmental Authority (http://www.sea.org.sz/) which is the mandated body for environmental assessments and frameworks of this sort. Posted publicly on the website of SWADE (http://www.swade.co.sz/index.php/downloads/category/25-world-bank) on October 5th, and will be posted shortly on SEA's website. Also to be posted physically in three locations in the country.	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.04 - Natural Habitats	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>]

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [] No [] NA [×]
OP 4.09 - Pest Management	
Does the EA adequately address the pest management issues?	Yes [×] No [] NA []
Is a separate PMP required?	Yes [] No [×] NA []
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [×] No [] NA []
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [×] No [] NA []
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×] No [] NA []
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×] No [] 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?	Yes [×] No [] NA []
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×] No [] NA []
Have costs related to safeguard policy measures been included in the project cost?	Yes [×] No [] NA []
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×] No [] NA []
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×] No [] NA []

III. APPROVALS

Task Team Leader(s):	Name: Austin Francis Louis Kilroy, Feyi Boroffice	
Approved By		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 08-Nov-2015
Practice Manager/ Manager:	Name: David Bridgman (PMGR)	Date: 08-Nov-2015