



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 06-Mar-2020 | Report No: PIDC28349



**BASIC INFORMATION**

**A. Basic Project Data**

Country Africa	Project ID P172848	Parent Project ID (if any)	Project Name Nile Cooperation for Climate Resilience (P172848)
Region AFRICA	Estimated Appraisal Date Jul 06, 2020	Estimated Board Date Mar 15, 2021	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Nile Basin Initiative	Implementing Agency Lake Victoria Basin Comission, Nile Basin Discourse	

**Proposed Development Objective(s)**

The project development objective is to facilitate cooperation for climate resilient water resources management and development in the Nile Basin.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	40.00
<b>Total Financing</b>	40.00
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	40.00
Cooperation in International Waters in Africa	40.00

Environmental and Social Risk Classification

Concept Review Decision



Substantial

Track II-The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

1. The Nile is one of the world's longest and most iconic rivers in the world. The Nile basin is shared by Burundi, Democratic Republic of Congo (DRC), Egypt, Eritrea, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. The Nile's waters provide a vital natural resource for these eleven riparian countries and the economic lifeblood for the 257 million inhabitants living within the basin. The combined population of the Nile Basin countries is expected to reach 1 billion by the year 2050. The basin is characterized by a largely untapped potential for development but with varied levels of poverty and uneven rates of economic growth. Seven of the Nile riparian countries are amongst the world's thirty poorest, and five are characterized as fragile situations. Common to all the riparian countries is a high level of economic dependence on the usage of natural resources, including for agriculture, energy, and tourism. An estimated 75 percent of the population of Nile basin countries lives in rural areas, where food security and livelihoods are highly vulnerable to the vagaries of nature, through their rainfall dependence and exposure to floods and droughts. Low levels of infrastructure, institutional gaps, and weak information systems limit the ability of the countries to respond to these challenges. The impacts of climate shocks and insecurity on people and economies in the region are devastating, especially to the poorest members of the population.
2. Each Nile riparian country has ambitious national development plans and plans for poverty alleviation that involve development of the river's resources. These include enhanced energy availability, food production, transportation, industrial development, domestic water supplies for rapidly increasing and urbanizing populations, and environmental conservation. Current opportunities for cooperative development in the basin include:
  - *Irrigation.* Only a small fraction of the basin's estimated 8 million hectares of irrigation potential, constituting roughly 20% of the Africa-wide potential, has been developed. Over 90% of the current agriculture is rain-fed. Irrigation expansion with productivity improvements in currently irrigated and rain-fed agriculture could go a long way towards reducing chronic food insecurity and poverty and improving agricultural climate resilience.
  - *Hydropower.* Untapped hydropower potential in the Basin exceeds 20 GW. According to national development plans, countries plan to more than triple the current installed capacity by 2050. The Nile Basin Initiative's Comprehensive Basin-wide Study of Power Development and Trade found that cooperative development of the power infrastructure could result in US\$7 trillion in savings, compared to unilateral development. Ethiopia has the second largest undeveloped hydropower potential in Africa (after DRC). Approximately 40% of this is located in the Blue Nile and provides the least cost energy source in the Eastern Nile (shared by Ethiopia, South Sudan, Sudan, and Egypt) relative to other alternatives. Untapped hydropower potential in the Nile Equatorial Lakes (NEL) region (shared by 8 countries) could meet 65% of the region's energy needs and several transmission interconnections are already under implementation that can contribute to the evolving East Africa Power Pool (EAPP).
  - *Ecosystem services.* There are significant opportunities for reversing water quality deterioration, erosion, deforestation, and wetland degradation (including agricultural) that would lead to enhanced ecosystem services and prolong the economic life of infrastructure.



- *Other services.* Regulated Nile flows could not only provide a reliable source of water for domestic and industrial purposes, but also open much needed transport corridors. Overall, many services from regional cooperation over shared water resources could contribute to poverty alleviation, including those to improve livelihoods or to control water related diseases.
3. Countries are actively pursuing these much-needed investments, largely at the national level. However, there is tremendous opportunity to improve sustainability of these investments by taking a regional perspective to planning and operation. Regional cooperation is urgently needed to avoid unilateral development of water infrastructure projects in transboundary waters, such as the Nile, which risks sub-optimal national investments in water-related sectors, foreclosure of future development opportunities and creates regional tension and conflict. Development without cooperation heightens tensions among neighboring states and impinges on other regional cooperation opportunities outside of water-systems. Conversely, supporting the Nile Basin Countries as they continue to work together to take a coordinated approach to basin development and management, including of joint infrastructure, improvement of water use efficiency, taking into consideration the larger river basin context, will increase the returns on investment in the basin.
  4. In addition to realizing joint benefits, cooperation among countries is needed to manage shared risks, particularly under a changing climate. Observed trends and climate models indicate a significant increase in the basin's interannual flow variability<sup>1</sup>, translating to longer dry periods, more intense episodes of rain, and more severe droughts and floods. Studies show that the Nile river flows are highly sensitive to changes in rainfall; coupled with limited infrastructure and high economic dependence on natural resources, this makes the Nile Basin countries highly vulnerable to climate change. Climate change threatens to exacerbate already significant vulnerabilities within each riparian country, and it requires a cooperative basin-wide approach to be effectively addressed. Building climate resilience in the Nile Basin countries will require additional infrastructure to effectively mitigate the seasonal and annual variability of the Nile, cooperative operation of existing and future infrastructure, protection and conservation of ecosystem services, improved regional hydro-meteorological and early warning systems, and strengthened regional capacity to adapt to extreme climatic events that disproportionately affect at-risk poor populations in and around the basin.

#### Sectoral and Institutional Context

5. The Nile Basin Initiative (NBI) was formed in 1999 with the vision of achieving sustainable socio-economic development through the equitable utilization of the shared Nile Basin water resources. NBI is an intergovernmental entity committed to fostering cooperation, water resources management and water resources development. NBI was established to assist the countries in achieving their Shared Vision Objective, which is "to achieve sustainable socio-economic development through equitable utilization of, and benefit from, the shared Nile Basin water resources." After it was established, NBI was supported by the US\$ 200 million multi-donor Nile Basin Trust Fund (NBTF) and complemented by additional, in-parallel support by other bilateral and multilateral partners. In this initial phase, the NBI focused on bringing the Nile basin countries together to build trust, capacity, and an enabling environment for investments. NBI has also been working with the countries to identify, prepare, and support the implementation of nationally led cooperative investment projects for mutual benefit. Due to lack of political accord in the basin, the NBI is an Initiative, not an Authority or Commission, and is therefore not endowed with regulatory or policy making authorities. Despite the challenges, the NBI has grown into an established regional institution, providing the only basin-wide platform for regional dialogue as well as transboundary water management and water-related development services in the Nile Basin. The NBI has identified, prepared or facilitated approximately US\$1.9 billion of investments under implementation, with an additional US\$4.5 billion under preparation. National investment

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<sup>1</sup> By 2050, the interannual variability of the Nile flow is forecasted to increase by 50%.

<https://www.nature.com/articles/nclimate3273>



preparation and management is further supported by an increasingly strong technical foundation laid by NBI, including a shared water resources knowledge base, and tools and approaches to increase countries' understanding of the opportunities for managing risks and realizing joint opportunities.

6. The NBI is currently implementing the “NBI Strategy 2017-2027” that is organized around six goals with which this project strategically aligns:
  - Goal 1: Enhance availability and sustainable utilization and management of transboundary water resources of the Nile Basin
  - Goal 2: Enhance hydropower development in the basin and increase interconnectivity of electric grids and power trade
  - Goal 3: Enhance efficient agricultural water use and promote a basin approach to address the linkages between water and food security
  - Goal 4: Protect, restore and promote sustainable use of water related ecosystems across the basin
  - Goal 5: Improve basin resilience to climate change impacts
  - Goal 6: Strengthen transboundary water governance in the Nile Basin
7. During the developing of this strategy, the NBI undertook extensive stakeholder consultations to clarify challenges to achieving their vision and to examine their tools and lessons learned in addressing those challenges.
8. Complementing the work of the NBI, the Nile Basin Discourse (NBD) is an independent network of over 600 civil society organizations established to strengthen civil society participation in Nile basin development processes, projects, programs and policies. Member organizations are local and national civil society organizations/nongovernmental organizations (CSOs/NGOs) working on a range of issues relevant to Nile cooperation including environmental conservation, agriculture, energy, gender equity, livelihoods, and poverty reduction. With World Bank/Cooperation in International Waters in Africa (CIWA) support, NBD has convened stakeholders for dialogue around transboundary investments and has enhanced awareness and capacity for climate resilience in communities in the basin.
9. LVBC is a regional entity of the East Africa Community mandated to coordinate the development and management of the Lake Victoria basin resources. LVBC also complements the work of NBI with its specific focus on the Lake. LVBC has been a partner of the World Bank on Water Quality in Lake Victoria and its catchment for many years through the Lake Victoria Environmental Management Projects. The NBI and LVBC have an MOU to enhance cooperative management and development of the Lake basin and closer collaboration between the entities will help to leverage their technical and stakeholder engagement strengths for the benefit of their member states.
10. With support from the Nile Cooperation for Results Project (NCORE) in 2013 and its two tranches of additional financing supported by the CIWA Program, the NBI pivoted its focus from institutional strengthening towards consolidation and delivery – building on previous work and applying its improved capacity to deliver much needed services to its members. Lessons learned during the implementation of the NCORE program and from other transboundary programs around the world include:
  - *Focus on institution building and maintain a flexible technical design.* It is important to note that riparian commitment to cooperation changes over time shaped by changing realities, both human and climate induced. The program should be focused but also flexible to adjust to these changing dynamics/realities in order to provide appropriate responses. However, institution building is a long-term process that requires committed support. Separating political and technical tracks allows for some progress to continue if one track stalls.
  - *Water resources cooperation vs. water resources management vs. water resources development.* Lessons learned suggest that there is need to connect cooperation with tangible water resource management and development activities and results.



- *Ensure analytical work is both accessible and robust and reaches decision makers to support effective decision making.* Analytical work (economic, social, environmental, political) can help unlock cooperative opportunities but only if decision makers can readily access and understand the information. Stronger linkages between platform for cooperation activities and technical work will enhance results.
- *Operating at the regional and supporting the national level provides opportunities.* A regional approach can increase benefits, reduce risks, and establish benefit sharing mechanisms; however regional processes alone are insufficient. Closely linking regional support with national needs will help to maximize results.

11. Much has been achieved through the NCORE project to improve service delivery on regional WRM in the Nile. These building blocks establish service delivery pathways but must be strengthened to better serve the member states. The main tangible results achieved through NCORE and opportunities to scale up and sharpen results include:

- **Flood early warning system.** NBI tools are regularly used by the member states for decision making regarding flood risk and infrastructure operation. However, these tools can be more useful and reach broader audiences.
- **Nile Basin Decision Support System (NBDSS).** The basin-wide planning and allocation model is functionally useful for planning investment and has been utilized by Member States to inform key decisions in both sub-basins. However, its usability would be greatly enhanced with improved interface.
- **Dam safety.** Training efforts in the Eastern Nile (EN) are internationally recognized and have supported countries in the EN in their efforts to gain a hands-on understand of major technical issues. The training can be systematized and regularized for a more strategic impact and can be scaled up to also involve NEL Member States.
- **Water quality, watershed management.** NBI's focus on water quality challenges has largely been in the watershed management area, where both NELSAP and ENTRO have prepared investment and good practice guides have been developed. One of the main gaps that exists in both sub-basins is basic data available to characterize water quality issues and prioritization of action to improve the water quality in hot spot areas.
- **Platform for cooperation.** Ongoing efforts to maintain dialogue and relationships within the region, such as support for the Young Professionals (YP) program in the EN and the Nile Basin Development Forum (NBDF), have been successful in helping to build and sustain a network of water resources professionals in the basin. Building on these successes, the YP program can be expanded to include other regions and countries expanding training opportunities for youth and women.
- **Agricultural water use.** ENTRO conducted a study on agricultural water use in the EN, and NELSAP has advanced investment studies where irrigation is the primary benefit. This project will build on earlier irrigation focused-work in a way that strives to build capacity tailored to the Member States varying needs.
- **Four multipurpose investments prepared.** One of the four investments is now in the World Bank pipeline and governments of Kenya and Tanzania are working to identify financing for the other three. This support aims to underpin and build capacity and information for future investments without directly preparing technical investment projects.

#### Relationship to CPF

12. This project is aligned with the 2018 regional strategy document titled *“Supporting Africa’s Transformation: Regional Integration and Cooperation Assistance Strategy for the Period FY18-23”* primarily through Strategic Priority 4: Promote collective action to address risks of regional economic contagion, fragility, epidemic, and climate ‘hot spots.’ The project is focused on cooperative management and development of the Nile River Basin which aligns directly with



Objective 4.2: Support sustainable management and financing of transboundary water, coastal, and marine resources. The project will also contribute to Strategic Priority 2: Develop functioning regional markets in identified priority sectors and Strategic Priority 3: Scale up access to quality public services and entrepreneurship through complementary regional solutions. The planned support for the dam safety capacity building and strengthening of dam safety frameworks will contribute to safe and effective operationalization of Objective 2.1: Support priority regional energy generation and transmission links for which the countries will need to develop and increase effectiveness of hydropower resources. The support for irrigation best practices will contribute to Objective 3.2: Promote entrepreneurship and technology adoption for improving access to services, including in energy and irrigation and Objective 3.4: Support targeted regional capacity-building efforts which result in improving national public-sector delivery systems. The regional decision support system, climate and hydromet tools and related capacity building will contribute to Objective 3.3: Promote harmonized development of information systems/statistics and national identity systems to improve provision of services. In line with the Regional Integration strategy's recognition of the critical nature of human capital development and gender equality (Objective 3.2 and others) to sustain advances in regional capacity-building, technology adoption, and cooperation, this project prioritizes applicable efforts to build human capital and close gender gaps.

### **C. Proposed Development Objective(s)**

The project development objective is to facilitate cooperation for climate resilient water resources management and development in the Nile Basin.

#### Key Results (From PCN)

- Stakeholder commitment to and participation in transboundary cooperation enhanced
- Enhanced flood forecasting and early alert available to all member countries
- Increased institutionalization and coordination of dam safety management in the Nile Basin
- Improved data and information services used to inform WR management and development
- Improved knowledge used to advance agricultural water management
- Nile Basin water quality investments are informed and prioritized by improved water quality standards and information services

13. Actions envisioned under this program are designed to be delivered through a regional process where the platform for dialogue, trust building, capacity strengthening of member states, and improved stakeholder engagement are the primary higher-level outcomes of the project.
14. Multiple activities within the project (i.e., Internship and YP programs, attendance to technical trainings and other fora, community consultations for flood and drought early warning systems, and use of the irrigation capacity diagnostic) will have specific and purposeful elements that intend to close gender gaps and are therefore accompanied with intermediate results indicators that measure the gap (as described in the Theory of Change Annex). Indicators that count people will be disaggregated to count women and youth.

### **D. Concept Description**

15. The proposed project builds on a solid, long-term technical engagement with the NBI, LVBC and NBD. The concept proposed scales up certain types of actions and engagements where the regional organizations have been successful in mobilizing countries around cooperative action and where countries have expressed interest and need for further



engagement. In alignment with the proposed Project Development Objective (PDO), the project support is organized around two main focus areas: (i) climate-resilient water resources management; and (ii) cooperative development. The work will be delivered through regional processes where the platform for dialogue, trust building, capacity of member states and stakeholder engagement are the long-term objective of the program. Technical areas within these two focus areas are prioritized because they are priority regional issues in the basin, should not increase sensitivities of the hydropolitics of the basin, and because the NBI has a demonstrated track-record of engaging countries on regional cooperation on these topics. The prioritized issues for this support are aligned to these Focus Areas:

- 16. Focus Area 1: Climate-resilient water resources management
  - a. Platform for cooperation and dialogue
  - b. Flood and drought risk mitigation
  - c. Dam safety capacity building
- 17. Focus Area 2: Cooperative development
  - a. Innovative information services for climate-resilient investment planning
  - b. Water quality investment plan development
  - c. Irrigation modernization capacity building
- 18. Support for these Focus Areas is organized into three components to facilitate activities in the three operational NBI centers (the Nile SEC, the NELSAP-Coordination Unit (NELSAP-CU), and the ENTRO), the NBD, and the LVBC. The proposed activities implemented by each center are prioritized based on their potential impact and the technical merits of the proposals. The Focus Areas covered by each component (center) is summarized in Table 1. All support envisioned is in line with the NBI Strategic Plan and available resources for the Project.
- 19. The identified activities enhance, apply and expand upon the work and products supported through previous NBI activities, NBD activities and the Lake Victoria Environmental Management Project (LVEMP) project, but will not support feasibility or design studies for preparation of investment. The only infrastructure investments envisioned is rehabilitation of hydromet stations, investment identification, and analysis of water allocation tradeoffs is envisioned to be the extent of investment linked work. All actions undertaken through project support will be first agreed by NBI governance and will be advanced in close coordination with the Member States.

Table 1. Component Align with Major Focus Areas.

	Component 1 NBI- SEC	Component 2 NELSAP	Component 3 ENTRO	Component 4 LVBC	Component 5 NBD
<b>Focus Area 1: Climate-resilient water resources management</b>					
Platform for cooperation and dialogue	✓	✓	✓		✓
Flood and drought risk mitigation		✓	✓		✓
Dam safety capacity building		✓	✓		
<b>Focus Area 2: Cooperative development</b>					
Innovative information services for climate-resilient investment planning	✓				
Water quality investment plan development		✓		✓	





Irrigation modernization capacity building		✓	✓		
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Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

**Environmental Risk**

The proposed Environmental risk rating is substantial given the project activities location (wide spread regionally around the Nile basin covering 8 countries); the sensitivity around known water sharing challenges in this basin (geopolitical aspects); sustainability of water cooperation arrangements and demands as well as and the accentuated impacts of the global climate change (water scarcity); the capacity and commitment of the Borrower (in this case the NBI) to address, recognize and manage specific risks. Overall, the project is expected to contribute positively to strengthen the Nile basin riparian counties’ cooperation and capacity to address challenges arisen from climate change and the growing water demands, inconsistent water availability and sustainable use of environmental resources around the basin. Finally, while the operation has a TA character funding primarily “soft” interventions focusing on capacity building and knowledge sharing on climate-resilience investments planning, the RETF finances several strategical planning tools (e.g., dam safety assessments; regional water quality investment plan; etc), which downstream intend to assist with specific infrastructure investments (remedial dam works; modernized irrigation practices, etc). The ToRs for all these strategic studies will include requirements for ESS in link with the ESF (including the possibility to develop relevant strategic environmental and social analyses tools and cumulative impacts assessments as feasible) and will follow input and relevant level of public disclosure and consultation at regional and/or national level.

**Social Risk**

The proposed social risk rating is also substantial particularly due to the project activities' location (Rehabilitation of hydromet station across the Nile basin region and covering 8 countries). Social impacts are anticipated to be localized and short term and potentially include those associated with impacts on Indigenous Peoples/Vulnerable and Marginalized Groups (it is yet to be determined whether the stations to be rehabilitated are in areas known to be hosting IPs/VMG), and influx of Labor into affected communities (Communicable diseases, child labor, social conflict, sexual abuse and exploitation of women and girls, etc.) but because of the exact location of these works is unavailable at this stage and that some countries are in FCV situation, implementation and supervision of safeguards mitigation measures might pose a challenge. Moreover, it is unclear at this stage how the two implementing agencies will coordinate at country levels with relevant agencies to ensure all ESF due diligence is followed.



**CONTACT POINT**

**World Bank**

Jacqueline Marie Tront, Lars Anders Jagerskog  
Sr Water Resources Mgmt. Spec.

**Borrower/Client/Recipient**

Nile Basin Initiative  
Abdulkarim Seid  
Deputy Director  
aseid@nilebasin.org

**Implementing Agencies**

Lake Victoria Basin Comission  
Lily Kisaka  
Program Officer  
kisaka@lvbcom.org

Nile Basin Discourse  
Helen Natu  
Executive Director  
hnatu@nbd.org

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Jacqueline Marie Tront, Lars Anders Jagerskog
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**Approved By**

Practice Manager/Manager:	Catherine Signe Tovey	09-Mar-2020
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Country Director:	Claire Kfouri	07-Apr-2020
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