

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC13270

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Burundi	Project ID:	P155060
Project Name:	City Competitiveness for Job Creation (P155060)		
Task Team Leader(s):	Megha Mukim, Jonas Ingemann Parby		
Estimated Appraisal Date:	14-Dec-2015	Estimated Board Date:	12-May-2016
Managing Unit:	GTC01	Lending Instrument:	Investment Project Financing
Sector(s):	General industry and trade sector (50%), Agro-industry, marketing, and trade (25%), Other industry (25%)		
Theme(s):	Urban Economic Development (20%), Micro, Small and Medium Enterprise support (40%), Infrastructure services for private sector development (40%)		
Financing (In USD Million)			
Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			20.00
Total			20.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The objective of the project is to support firms within targeted sectors to create jobs and mobilize private capital in the city of Bujumbura.

C. Project Description

The project aims to address the challenges of job creation and private sector growth in urban areas,

particularly in Bujumbura. By mitigating the compounding effects of a youth bulge and rapid urbanization, mainly through accelerating employment, the project also aims to reduce poverty, and the potential for social unrest in Burundi. The need to empower and support the private sector to grow, invest and create jobs while building up institutional capacity in a sustainable way will be the key to success in a fragile, low-capacity environment. The development objective(s) will be achieved through targeted investments in Bujumbura's public infrastructure for private sector development and through catalytic interventions in selected value-chains, alongside strengthening of government capacity for implementation

The project will support the growth of small firms by offering as-needed support to critical areas within selected value chains. This support may be provided in the form of funds for catalytic activities, enterprise training (capacity of the firms to solve problems), co-ordination with other actors in the value chain, or dialogue with the public sector to enact priority reforms. The proposed intervention will strive to alleviate some of the constraints in enterprise development and job creation i) by strengthening linkages among private sector firms and the dialog between the private and the public sectors, ii) by providing value-chain support to help identify market opportunities and overcoming infrastructure, institutional or regulatory roadblocks, and iii) by supporting the private sector in implementing actions to improve its competitiveness.

Public investments along the waterfront in Bujumbura have also been identified as quick wins for spurring private sector investments. Interventions along Lake Tanganyika have already been identified by the relevant stakeholders (including by IFC's Investment Unit) as having potential to spur private investments and job creation, and development plans have been drawn up for these public investments. The project aims to address underlying capacity constraints in the public and private sectors at the same time as financing investments in multi-use tourism infrastructure along the lake. The tourism sector already has an operational National Tourism Organization and a multi-sectoral coordinating mechanism in the National Tourism Council.

The public sector will also be supported in its role of delivering the necessary public goods and institutions required by specific value chains and investors. Cross-sectoral priorities underline the need for a broad yet targeted suite of interventions that strengthen strategic capabilities and bolster institutional systems in Burundi. Investments in capacity building, especially aimed at better coordination between public and private sectors, has been identified as one of the most important factors underlying WBG program success in low-trust fragile environments .

Component 1: Technical Support to SMEs (USD 6 Million)

The objective of this component is to help SMEs in targeted sectors in Bujumbura grow their business and eventually create jobs. The approach includes two main sub-components:

Sub-Component 1A (USD 1.5 Million) - The creation of value chain development team. A team of value chain specialists will be created (and their operating costs supported) under an existing and already well-functioning public institution – the API. The VC specialists will be in charge of supporting SMEs and other key stakeholders within selected value chains to come together, organize among themselves and identify constraints and solutions to improve competitiveness. The VC specialists will focus on the downstream segments of the value chains (processing and distribution). To achieve this, they will provide in-depth support to SMEs within such specific segments of selected value chains (e.g. the processing segment of the fruit value chains). They will help design and implement VC development strategies to overcome challenges hindering the value chain's

segment's growth. Through their support, the VC specialists will assist these SMEs to raise their local, regional and international competitiveness and improve connectivity to markets. In order to build the required capacity to perform this work and ensure sustainability, these specialists will receive intensive training and coaching throughout the duration of the Project (explored further under Component 3).

Based on consultations with multiple stakeholders, it has been decided that the team of value chain specialists will be placed within API, which reports to the Ministry of Finance. The Client, the Chamber of Commerce, and API itself, fully concur with this choice, underlining API's capacity, mandate and appropriate structure to take this role.

Sub-Component 1B (USD 4.5 Million) - Support fund to finance catalytic activities: Through Component 1, the value chain development strategies will benefit from financial support for catalytic activities. Supported activities could for instance include skills development for the SMEs within the value chain (such as handicrafts, hospitality, dairy and so on) or strategic infrastructure investments (such as warehousing, cold storage etc). Financial support will be provided in two different ways:

a. SMEs or groups of SMEs can benefit directly from financial support. Selected interventions will need to demonstrate (i) alignment with the value chain development strategies developed under 1A, and (ii) potential impact on job creation.

b. VC specialists jointly with the stakeholders will develop proposals to request select interventions that are not firm-specific but that benefit their segment of the value chain and the value chain as a whole (i.e. common goods). Following the Client's and the Chamber of Commerce's advice, SMEs will need to be strongly involved in crafting these proposals for interventions to ensure their demand-driven aspect and consistency with the constraints faced by groups of firms in the VC.

The project will support the creation of a national committee composed of public and private sector stakeholders that will be in charge of reviewing the requests for funds to finance catalytic activities, ensuring that they conform with the strict eligibility criteria that will be imposed (e.g. demonstrate contribution to the VC's development) and selecting the best proposals that receive funding. Strategic management of the fund, the funding instruments and detailed selection criteria for supported activities will be developed during Project preparation.

Throughout the project, five VCs will be supported over five years, with the ultimate goal of creating sustainable VC-specific bodies similar to the successful inter-café initiative (see below). After the completion of the project, the Government will nevertheless be able to leverage the capacity built and the experience gained to extend its support to other value chains. In order to select these first five value chains, market intelligence will be gathered, drawing from existing and new research, to assess the competitiveness of sectors in Burundi. This will in turn inform the dialogue between the public and private sectors to agree on priority sub-sectors. Based on the research already available, some of these priority sub-sectors are likely to be linked to the agribusiness (e.g. fruits and vegetables, fish or dairy value chains) and tourism (e.g. handicrafts or hospitality value chains) sectors.

The technical support that this component of the CCJC project will bring to SMEs in Bujumbura, notably SMEs involved in the downstream segments of selected value chains, will complement and build upon WBG projects and development partners' interventions that also target value chains or segments of value chains, like agricultural production. Two pipeline WBG projects are planning interventions supporting agricultural value chains. The Regional Great Lakes Integrated Agriculture Development Program (P143307) will focus on agricultural VCs in a specific region, the Cibitoke-Makamba corridor, whereas the Burundi Coffee Sector Competitiveness Support Project (P151869)

will aim to improve the coffee VC. Among Development Partners, GIZ is supporting local economic development through a project on decentralization, working with the department of agriculture at the community level to develop four VCs (banana, potato, milk and wood) in targeted locations outside Bujumbura. The CCJC project will coordinate with these projects on a regular basis and will adapt its design based on their findings. The project team will also leverage the study conducted by TradeMark East-Africa (TMEA) on the priority niches for exports, as well as a similar exercise carried out by the Chamber of Commerce.

Component 2: Support for public infrastructure (USD 6.5 Million)

The objective of this component is to catalyze private investments along Lake Tanganyika in Bujumbura by leveraging public investments in upgrading key infrastructure and public areas. The WBG team will work closely with our colleagues in IFC to leverage private sector investment in conjunction with project activities.

Sub-component 2A (\$6 Million): Public infrastructure investments in Waterfront Zone Rehabilitation

The Waterfront Zone in Bujumbura has been identified as a transformational project by the National Strategy for Sustainable Tourism Development and the Bujumbura 2045 plan, as well as through consultations with a wide range of public and private stakeholders. Burundi has many touristic assets, but lacks the structures and activities that would help target domestic, regional and international investors and markets. The World Bank ST-PTPGU project, in its final year, has produced a preliminary lakefront zoning and development plan for this waterfront, validated in April 2015 by a 17 member inter-ministerial steering committee. The CCJP aims to build upon this study to implement a section of this waterfront rehabilitation plan, which will serve as the city's flagship zone attracting private investments, both domestic and foreign, in hotels, convention centers, housing and commerce.

Financing the rehabilitation of Bujumbura's 1km long waterfront (see Annex 3) into a tourism zone would require the rehabilitation of public spaces, which includes promenades, park space, observation decks, a jetty, a lake interpretation center, event spaces, and kiosks to activate the area for micro and small entrepreneurs. The project will also consider financing the rehabilitation of a 1km bypass road that would enable efficient flow of traffic around the lake side area and improve access to the site. In order to ensure the sustainability of investments, the financing of the lake front development site will be undertaken in a way that ensures that the actual sites will be fully functional with adequate services (e.g. drainage, sanitation, electricity and water). As part of project preparation, an assessment of the economic, technical, financial, environmental and social viability of the lakefront development plan will be undertaken to ascertain whether it would be viable for support under the project.

Sub-component 2B (\$0.5 Million): Operationalization of a waterfront zone management and coordinating entity

International best practices show that in order for public investments to add value to and catalyze public investment in a sector, a discrete management unit or entity is required for the waterfront zone. This sub-component will finance the operationalization of such an entity, whose main tasks are to ensure operations & maintenance, stakeholder organization, investment generation and activation through events, expositions and cultural shows. The PTPCU study provides several options on the choice and setup of this entity, which could be i) an existing public entity such as the SIP or

ECOSAT, ii) the creation of a Société d'économie mixte d'aménagement, iii) the competitive allocation of duties to a private master developer, iv) operation through a public-private partnership. These options will be evaluated during project preparation in order to select the best and most feasible entity and mechanism. This sub-component will also finance technical assistance towards the creation of a special tourism zone, thus providing a legal framework within which to operate.

This entity will coordinate with API in order to carry out targeted private sector investment generation in key properties in the zone, including the Cercle Nautique and the bus station, both public properties. The project team will leverage the Investment Climate project and the IFC's Investment team, and for SMEs, whose activities are related to tourism and to the waterfront, may also receive direct technical support through the activities carried out in Component 1 .

The interventions in this component will build upon and leverage ongoing WBG, development partner and government initiatives; the most relevant are: i) The Investment Climate Project (for targeted investment promotion) and C3P (PPP Department of IFC – for structuring public-private partnership deals with identified investors) would partner with this project to provide support through investment promotion for the redevelopment of the defunct Cercle Nautique marina, which comprises the southern pole of the core waterfront development plan, ii) IFC's investment arm has signaled interest to invest in a mall and convention center in Bujumbura, the potential land for which has been identified within this tourism zone by the PTPCU study; iii) TradeMark East Africa is undertaking a 1-year project (US\$700k) to enhance institutional capacity and improve the competitiveness and marketability of the Burundian tourism sector. The project will lay the groundwork and pilot a number of interventions both in institutional strengthening as well as product development, which the CCJC Project will then be able to scale up and institutionalize; By partnering with a variety of institutions and initiatives, the project can leverage each members' core competencies to create a vibrant flagship tourism zone and sector in Bujumbura.

Component 3: Institutional support for Public Sector (USD 4.5 Million)

The decade-long conflict resulted in weakening the country's institutions and limiting the government's capability to address private sector needs. The lack of efficiency of public institutions and high cost of compliance around business services are frustrating private sector development. Despite the government's reform enthusiasm, lack of capacity and more than a decade of conflict has undermined trust and dialogue between the Government and the private sector.

The CCJC aims to provide support to public sector institution building and reforms – this would be aimed at API, the Investment Promotion Agency, ONT, the National Tourism Office, and other key stakeholders, including the City of Bujumbura.

Sub-Component 3A (USD 1.5 Million): In relation to activities proposed under Component 1, the project will focus on providing training and equipment to the team of value-chain specialists within API . Thanks to continuous training and coaching throughout the project, they will acquire tools and know how to design and implement market-oriented value-chain development strategies, help SMEs organize among themselves and strengthen their competitiveness. The specialists will also build the capacity of other government officials and private sector stakeholders involved in the targeted value chains. Through regular consultations and working sessions with the value chain, they will transfer the knowledge gained through the training delivered by the CCJC to fast-track the value chain's development. Lastly, they will contribute to identifying with SMEs needs for policy reforms or PPPs and to sharing these needs with the Government of Burundi through PPD platforms and fora.

Investment promotion efforts have been scaled up with the creation in 2010 of the API, the creation of a One-Stop-Shop for Business Registration in 2012 and the amendment of the Investment code in 2014 . Thus, the technical assistance would also aim to increase investment levels more significantly through a focussed strategy that will help API to prioritise sectors for investment promotion and target potential investors to increase the conversion rate from new business registration to actual investments and projects realised. The project team would work with API to design strategies, assign and train designated teams to implement targeted investment promotion efforts.

Sub-Component 3B (USD 1.5 Million): International experience shows that the development stage of Burundi's tourism sector requires sustained investments in building capacities, systems and processes in order for the public sector to plan, regulate, develop and manage the sector. In consultations, the ONT, the Ministry of Commerce, Post and Tourism, private sector stakeholders and sector studies share consensus on three key focus areas; they are i) targeted branding, marketing and promotion; ii) capacity and skills development; and iii) tourism statistics and systems management. The project will finance technical assistance throughout its duration in order to put in place the systems and capacities to sustain programs in these three areas.

Subcomponent 3C (USD 1.5 million) - Support to the City of Bujumbura: Given the focus on capital city, the project will provide support to the municipality of Bujumbura to integrate local economic development aspects in its planning, management, budgeting and implementation. The overall focus of this support is to further enhance the capacity of the city to plan and to effectively play a supporting role in facilitating economic development. A preliminary indication of support provided under this sub component includes (i) support for urban management and planning, (ii) support for integrated land management on the lake front and adjoining areas (Component 2) and any zones associated with the value chains identified as constraints under C1, (iii) training and capacity building for core municipal staff land management and economic development, and (iv) advisory support for preparation for implementation of Bujumbura 2045 Master Plan with focus on integration of activities to support economic development, mainly associated with the areas of support that link with Component 1 and Component 2 (both spatial and sectorial) to ensure systematic integration of these aspects into the development plans and budgets of the city (short, medium and long term). The specific nature of support under this subcomponent will be determined during project preparation and will be based on an assessment of current capacity needs of the municipality.

Component 4: Project Implementation Unit (USD 3 Million)

This component will support the costs of the Project Implementation Unit and will be comprised of a team, including supplemented through external consultants, to manage the following activities, among others: Financial Management, Social and Environmental Safeguards, Procurement and Monitoring & Evaluation. Lessons learnt from Bank operations in several fragile and conflict-affected environments suggest that Bank teams typically tend to under-estimate project implementation costs, and run into associated difficulties. The team will re-visit the estimated costs of implementation during project preparation.

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

The current planning of the project foresees 3 main types of locations: (i) the immediate waterfront area, where development would take place; (ii) the "hinterland" of the waterfront, where traffic infrastructure might be relocated to; and (iii) market areas within the Bujumbura urban area.

The area (i) of planned waterfront development extends from the Bujumbura commercial port to the “Cercle Nautique”, and can be tentatively subdivided into the following sectors:

1. The commercial port with piers, loading equipment, infrastructure etc.; this is entirely converted to an industrial site, and constitutes an existing source of environmental impacts (noise, air and water pollution).
2. A section of ca. 100-200 m of loosely built up area between port and beach, with fortified shoreline (with riprap and stones).
3. A stretch of about 300-400 m of sandy beach, which is publicly accessible, includes some small structures (kiosks, toilets), and is bounded by an access road and restaurants, residences and small enterprises.
4. ca. 500-600 m of more or less unused greenfield of variable width (2-20 m) between the existing 4-lane Avenue de la Plage and Lake Tanganyika; While this sector has been artificially created, shaped and impacted, it has experienced some degree of natural attenuation, and is now covered with grass, shrub and small trees on the terrestrial side, reeds and other aquatic vegetation in the lake. However, the ecological value appears low (which an ESIA would have to confirm) and even total conversion by the project (e.g. reshaping, additional infilling) might well be considered an acceptable impact.
5. The existing “cercle nautique”, which essentially is a compound with dilapidated buildings, a lakeside restaurant, a few piers, boathouses and pavilions. A few small boats are moored at the site. Overall, each of the sections has already experienced significant anthropogenic impacts and been altered from the previous natural state in varying degrees. Together with the ongoing negative impacts from the immediate hinterland, which is used by traffic, small industry, storage facilities and workshops, and suffers from poor waste and sewage management, the waterfront area can be considered significantly degraded in terms of environmental quality and ecological value.

The “hinterland” (ii), where a new traffic corridor would be created to relocate current traffic flows from the Avenue de la Plage, parallel to and about 300-500 m from the waterfront. This area is characterized by a mix of residential and commercial use, with commercial percentage increasing from south to north. There is an existing right of way for most of the new corridor, apart from about 100 m which are occupied by the “Musée Vivante”. The baseline conditions along this corridor are characterized by dense buildup and existing traffic infrastructure. There was considerable pollution observed by workshops, small factories and warehouses, as well as poorly managed waste storage and disposal. Drainage from this area is likely contaminated with oils, heavy metals, organic solvents and other compounds, and flows in open channels through the neighborhood to the Lake.

The location(s) (iii) for market infrastructure development (which were considered during identification mission) are located in dense commercial / residential mix areas, with efficient transport links (roads) and high density traffic and land use. They have basic environmental services (waste collection, drainage), but with scope for improvement.

E. Borrowers Institutional Capacity for Safeguard Policies

The Borrower's safeguards capacity is basic. While the technical knowledge and skills of regulatory and licensing authorities are often adequate, the capacities, resources and processes for oversight and enforcement are weak and often dysfunctional. Also, there is very limited strategic environmental and social input into urban planning, and little experience with applying environmental and social sustainability criteria to project design.

There is a track record of WBG financed urban infrastructure and transport projects, which has

generated a stock of experienced environmental and social specialists, who are able to follow up on environmental and social due diligence processes on project level, and have experience with the planning and oversight arrangements required by WBG safeguards policies.

As early as project identification it was anticipated that the project will need to invest in Environmental and Social Safeguards capacity building to improve compliance, performance and risk management. The recent eruption of political fragility and conflict in Burundi is likely to have had considerable impacts on the capacity of the Client's agencies and institutions to operate. There is information on staff rotations and dismissals, and some experienced and qualified staff may have left Bujumbura for rural areas for security reasons. Once the Bank reengages in Burundi, a thorough capacity reassessment would have to be conducted, and gaps that recently developed would need to be addressed with training and other capacity building measures.

F. Environmental and Social Safeguards Specialists on the Team

Cheikh A. T. Sagna (GSURR)

Wolfhart Pohl (GCFDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project entails a number of investments that will have a relatively significant footprint and relevant E&S impacts. While these will not be irreversible, large scale or unprecedented, they will need to be assessed and managed to avoid unnecessary risks and damage, and improve overall E&S compliance, performance and sustainability of the project. More precisely, since details of the physical footprint of the project intervention area is known at this very juncture, Borrower will therefore prepare an Environmental and Social impacts Assessment (ESIA) during project preparation, which will assess the risks and impacts of the waterfront development, the short bypass road, and the market infrastructure upgrading, and include an Environmental and Social Management Plan (ESMP) with implementable management and mitigation measures for project implementation. The ESIA will include a section on both direct and indirect potential impacts on natural habitats around Bujumbura. The ESIA along with its ESMP will be duly consulted upon, reviewed and cleared by the Bank and publicly disclosed both in-country and at the InfoShop prior to appraisal. As most parts of the project area have already been anthropogenically impacted and often degraded, and a number of negative impacts are currently manifest, a safeguards category B is proposed. With appropriate E&S management measures

		implemented, the net impact of the project may well be positive.
Natural Habitats OP/BP 4.04	No	While there may be indirect impacts on natural habitats (e.g. the Ruzizi Reserve, ca. 10 km from project area) due to increased tourism, their description and quantification would be very vague at this time. Thus their assessment and management will be included under the proposed ESIA, including potential management and enhancement measures.
Forests OP/BP 4.36	No	N/A
Pest Management OP 4.09	No	N/A
Physical Cultural Resources OP/BP 4.11	Yes	The touristic development and upgrading of the waterfront would be contingent on the diversion of through traffic from currently the Avenue de la Plage (right at the waterfront) to a corridor further inland. This would require a small part of the grounds of the "Musee Vivante", which would need to be assessed and managed, with potential compensation of offset measures planned and integrated into project financing. Provision of a comprehensive "Chance-Find" approach will be embedded in both the ESIA/ESMP to ensure compliance with the policy requirement, especially during project implementation.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples living on and nearby of the project intervention areas, nor will the project have any direct and indirect impacts on Indigenous Communities. The policy is therefore not triggered.
Involuntary Resettlement OP/BP 4.12	Yes	The touristic development and upgrading of the waterfront would be contingent on the diversion of through traffic from currently the Avenue de la Plage (right at the waterfront) to a corridor further inland. This would necessitate the construction of a few 100m of new road through industrial / commercial area, where land would need to be acquired and current squatters on the RIW (right of way) compensated. Also planned is the upgrading of secondary roads in the industrial / commercial area (overall about 1.5 km), which could necessitate the compensation for temporary impacts on source of livelihoods, e.g. through reduced / impeded access to businesses. The project would prepare both a Resettlement Policy Framework (RPF) for yet

		unknown areas, and a Resettlement Action plan (RAP) for acquired pieces of land, known assets and livelihoods compensation, that will be impacted by the project during project implementation. Just as the ESIA/ESMP, both the RPF and RAP will be duly consulted upon, reviewed and cleared by the Bank and ultimately disclosed both in-country and at the infoShop prior to project appraisal.
Safety of Dams OP/BP 4.37	No	N/A
Projects on International Waterways OP/BP 7.50	TBD	While part of the project will take place at the lake-front, no hydrological impacts on the lake, nor significant changes to water quality are expected. The project will nevertheless liaise with the Lake Tanganyika Authority (LTA) which will be fully informed about the planned investments. The LTA coordinates the implementation of the Convention on the Sustainable Management of Lake Tanganyika. There is a “Convention on Lake Tanganyika” signed by all 4 riparian states, which includes the requirement to conduct an ESIA for certain types of projects, according to certain requirements. Annex 1, part A includes the “construction of large scale hotels or tourist facilities on or near the Lake”
Projects in Disputed Areas OP/BP 7.60	No	N/A

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 18-Jan-2016

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:

The tentative time-frame for further safeguards preparation is the following:

- * preparation of TOR for ESIA / ESMP and RPF/RAP in September/October 2015
- * launch the EoI invitation in October 2015
- * shortlisting, sending out RfP in October 2015
- * evaluate/negotiate and award of contracts in November 2015
- * production of safeguards instruments Sept 2015-Jan 2016
- * consultations and public disclosure, Feb/Mar 2016
- * finalization of ESIA/ESMP, RAP and RPF in March / April 2016

IV. APPROVALS

Task Team Leader(s):	Name: Megha Mukim, Jonas Ingemann Parby	
Approved By:		
Safeguards Advisor:	Name: Glenn S. Morgan (SA)	Date: 27-Aug-2015

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.

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Practice Manager/ Manager:	Name: Catherine Kadennyeka Masinde (PMGR)	Date: 09-Sep-2015
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