

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA21463

Project Name	LVEMP APL-1 Additional Financing (P153466)
Parent Project Name	Lake Victoria Environmental Management Project Phase II (P100406)
Region	AFRICA
Country	Africa
Sector(s)	Agricultural extension and research (70%), General water, sanitation and flood protection sector (30%)
Theme(s)	Water resource management (30%), Other rural development (30%), Other environment and natural resources management (20%), Biodiversity (10%), Micro, Small and Medium Enterprise support (10%)
Lending Instrument	Investment Project Financing
Project ID	P153466
Parent Project ID	P100406
Borrower(s)	East Africa Community, MINISTRY OF FINANCE, The National Treasury
Implementing Agency	Lake Victoria Basin Commission (LVBC), Ministry of Water, Ministry of Environment, Water and Natural Resources
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	23-Mar-2015
Date PID Approved/Disclosed	23-Mar-2015
Estimated Date of Appraisal Completion	23-Mar-2015
Estimated Date of Board Approval	26-May-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

Lake Victoria, with a surface area of about 68,800 km², is the second largest freshwater body in the world. It is a transboundary resource shared by Kenya, Tanzania, and Uganda. Rwanda and Burundi are a part of the upper watershed that drains into Lake Victoria through the Kagera river. Its catchment area of 194,000 km² is shared by five countries: Burundi (7 percent), Kenya (22 percent), Rwanda (11 percent), Tanzania (44 percent), and Uganda (16 percent). The Lake is also part of the Nile River basin system, shared by ten countries: Burundi, the Democratic Republic of Congo, Egypt, Ethiopia, Eritrea, Kenya, Rwanda, Sudan, Tanzania, and Uganda. The population of

the Lake Victoria Basin (LVB) is about 35 million people, and it represents approximately 30 percent of the total inhabitants of the East African Community (EAC) Partner States – Burundi, Kenya, Rwanda, Tanzania and Kenya.

Lake Victoria is a major population and poverty center in AFR, and a trans-boundary natural asset of global importance. The Basin is home to around a third of those below the poverty line in the East African Community, living on around a ninth of its land surface. The Lake supports the world's largest freshwater fishery, with a total annual landed catch value estimated at around US \$0.5 billion, supporting the livelihoods of 3 million people, providing roughly 0.5 million tons of fish to local markets and generating US\$0.25 billion in export revenues. The establishment of the Nile Perch fishery in the 1980s and 1990s provided a resource boom that drew in poor and disadvantaged people from the neighboring countries. Large rural poor populations are also dependent on the degraded lands in the upper basin, particularly in Burundi, Rwanda and the Kenya highlands. In addition, the waters of the Lake and its catchment provide 90% of Uganda's hydro power, most of the hydro power for Rwanda and Burundi, and the water supply to major urban centers including Kampala and Entebbe. Protected areas cover 25% of the Basin's land area and include some of the most renowned wildlife attractions in Africa – Serengeti and Volcanoes National Parks.

The Lake Victoria Basin has also become a global example of environmental degradation. Historically, the introduction of the Nile Perch was associated with a mass extinction of native fish species, but Perch stocks have now themselves declined to probably less than half of their peak levels due to increased fishing efforts and other environmental stresses. Environmental degradation within the Basin increasingly poses broader threats to livelihoods and welfare. Erosion of soils has chronic impacts on agricultural productivity as well as acute impacts where gullies destroy land, property and even lives. The flow of sediments and other pollutants into the Basin's rivers and ultimately the Lake reduces the supply of potable water, and causes algal blooms that are unpleasant for lakeshore communities and limit the tourism potential of the region. One of the most striking indicators of poor ecological health is the rapid colonization of the Lake by water hyacinth. Infestations of this invasive floating plant periodically block access to kilometers of lakeshore, preventing use of the Lake for transport and fishing, as well as posing serious health and safety risks to local inhabitants.

LVEMP aims to tackle the environmental challenges of the Lake Victoria Basin over the long-term and basin-wide, to improve the welfare of its inhabitants. It was designed as a regional Series of Projects (formerly APL) with three envisioned phases and informed by the studies and lessons generated from the original Lake Victoria Environmental Management Project (LVEMP I), financed by the GEF and implemented from 1996 to 2005. APL-1 (now SOP-1), covering the three riparian states (Kenya, Tanzania and Uganda) as well as a regional coordination and policy component (through the EAC's Lake Victoria Basin Commission, LVBC), is due to close at the end of FY15, having already received a 2-year extension. APL-2 (SOP-2), covering Rwanda and Burundi, started later and is due to close at the end of FY17. APL-3 (SOP-3) was envisaged to extend the program beyond the end of the first project of the series.

The Additional Financing of the LVEMP is for implementation of additional or expanded activities that scale up the project's impact, i.e. additional watershed management subprojects in existing focal areas, construction of sanitation and sewerage facilities that were designed but not implemented under the original project due to funding constraints, and expansion and deepening of

cleaner production programs. The additional Additional financing Financing represents roughly 20% of the original project financing, but is expected to increase most of the key quantitative results by around 30-40%. Under the Additional Financing Kenya and Tanzania will each receive US\$10 million IDA credits, and a US\$2 million IDA grant for regional activities under LVBC: Credit Nos 4530-TZ, 4531-UG, 4532-KE; GEF grant TF-94205, SIDA grant TF-95196). Pending donor approval, an additional grant of US\$ 0.5 million from the Cooperation in International Waters in Africa trust fund is anticipated, of a total Additional Financing amount of US\$ 22.5 million.

Sectoral and institutional Context

The Lake Victoria and its ecosystems support a number of sectors important for economic and livelihood development in the Lake Victoria Basin: Fisheries - the Lake fishery contributes to the GDP of the riparian countries and provides employment for about 197,000 fishers and approximately 600,000 fish traders; Transport - the marine transport provided by the Lake is very important for supporting the trade and economic development of the LVB countries; Energy - the Lake is the source of hydropower in Uganda generating power exceeding a value of US\$350 million per annum; Water - Approximately five million people living in the major cities and towns around the Lake, depend on Lake Victoria for their domestic and industrial water supply.

Governance of the Lake occurs at the regional scale through the East African Community and Lake Victoria Basin Commission (LVBC) under the auspices of the Protocol on Sustainable Development of the Lake Victoria Basin, and at the national scale by the country governments of the LVB through implementation of respective national strategies. Accordingly, the project implementation arrangements are based on a two-prong institutional set up provided in the Protocol on the Sustainable Development of the LVB, i.e. at the EAC/regional and at national levels.

The Regional Policy Steering Committee (RPSC) - comprising permanent secretaries of various line ministries - serves as the EAC coordination committee for LVEMP II (and other regional projects in the Basin), and the LVBC serves as the secretariat for the RPSC. National Policy Steering Committees (NPSCs) are responsible for the sectoral coordination at the national level and for providing operational policy guidance in each country. National Focal Point Ministries (NFPMs) in each of the LVB countries serve as the secretariat for the NPSCs. NFPMs are accountable for the overall project implementation, which is carried out by National Project Coordination Teams in partnership with multiple key ministries and local government authorities.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The objectives of the Project are to contribute to: (i) the improvement of the collaborative management of the trans-boundary natural resources of the LVB among the Partner States; and (ii) the improvement of environmental management of targeted pollution hotspots and selected degraded sub-catchments for the benefit of communities who depend on the natural resources of LVB.

III. Project Description

Component Name

Strengthening institutional capacity for managing shared water and fisheries resources

Comments (optional)

Activities under this component will focus on strengthening the existing institutions to improve the cooperative management of shared transboundary natural resources of the LVB. Its objectives are to: (i) improve the effectiveness of key regional and national institutions through harmonization of national policies, legislation, and standards; (ii) develop options for sustainable financing of the natural resources management interventions; and (iii) develop regional frameworks for the management of key transboundary natural resources – water and fisheries. The focus here is on capacity building of the regional, national, and local institutions responsible for coordination, research, management of resources, and enforcement of environmental standards.

Component Name

Point source pollution control and prevention

Comments (optional)

The main objective of this component is to reduce environmental stresses within the Lake and littoral zone, through the implementation of mitigation and prevention measures. It will finance investments aimed at reducing point sources of pollution in priority hotspots, identified during LVEMP I. These investments will complement on-going activities supported by other Bank-funded projects in water and sanitation. Major activities include (i) rehabilitation and improvement of wastewater treatment facilities; (ii) promotion of cleaner production technologies; and (iii) pollution risk management and safety of navigation.

Component Name

Watershed management

Comments (optional)

This component seeks to reduce environmental stresses from the Lake basin, through the implementation of non-point sources pollution mitigation and prevention measures. The reduction of the non-point sources of pollution (sediment loads, nutrients, and agro-chemicals) by scaling up successful models of watershed management practices piloted under LVEMP I and other related national projects will improve water-use efficiency, and generate positive downstream externalities. Watershed management is being implemented through community-driven investments as a means of scaling up management efforts, and also building capacity and ownership at the local level for watershed management.

Component Name

Project coordination and management

Comments (optional)

This component will provide resources necessary for the effective coordination and communication, and monitoring and evaluation of the project activities. At the regional level, these tasks will be carried out by the RPCT mainstreamed in the LVBC, while at the national level they will be the responsibility of the National Project Coordination Teams (NPCTs). Activities under this component are divided into (i) project coordination and communication; and (ii) monitoring and evaluation.

IV. Financing (in USD Million)

Total Project Cost:	22.50	Total Bank Financing:	22.00
Financing Gap:	0.00		

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	20.00
IDA Grant	2.00
Cooperation in International Waters in Africa	0.50
Total	22.50

V. Implementation

The implementation arrangements for the project will remain as they are, with National Project Coordinator Teams under the guidance of their respective ministries in each country, a Regional Project Coordination Team under LVBC, and the Regional Policy Steering Committee providing overall guidance to the program.

As the scope of investment activities will be the same, there will be no changes in environmental category of the project or additional safeguard policies triggered. The existing safeguards documents have been reviewed and remain fully relevant (see Social and Environment Analysis below).

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36		x
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37	x	
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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