

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC11051

Date ISDS Prepared/Updated: 09-Jul-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Uganda	Project ID:	P153679
Project Name:	Uganda Clean Cooking Supply Chain Expansion Project		
Team Leader(s):	Jan Friedrich Kappen		
Estimated Date of Approval:	21-Sep-2015		
Managing Unit:	GEE01	Lending Instrument:	Lending Instrument
Sector(s):	Forestry (10%), Health (30%), General energy sector (60%)		
Theme(s):	Other rural development (20%), Pollution management and environmental health (20%), Injuries and non-communicable diseases (20%), Other Private Sector Development (20%), Urban Economic Development (20%)		
Financing (in USD Million)			
Total Project Cost:	2.2	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Energy Sector Management Assistance Program			2.2
Environment Category:	C - Not Required		

B. Project Development Objective(s)

17. The Project Development Objective is to expand both access to and adoption of cleaner and more efficient cooking technologies.

C. Project Description

20. With its focus on commercial distribution at scale, the proposed approach is moving away from the mainstream of clean stove interventions. Through its distinctive design, the project will not “buy temporary behavior change” through subsidies, nor make top-down prescriptions of a certain product or technology. Instead, the project will help the GoU define minimum stove performance levels and a roadmap for their adoption as a direct function of the government’s health, social and environmental objectives for the cooking sector. Then, by incentivizing distributors to progressively make different tiers of suitable cleaner and more efficient stoves available, the project leaves the decision of (local vs. imported) product and component sourcing to the sales intermediaries, and the final product choice to the consumer.

21. Through the “catalytic” design of the intervention, market growth will be driven by the creation of an even and competitive playing field between project beneficiaries, and by freeing up manufacturers’ and distributors’ resources for investment in building economies of scale and efficient distribution channels. Therefore, compared to the “traditional approach” of providing direct subsidies, sales are expected to grow and prices are expected to drop more drastically and sustainably.

22. An earlier initiative with a similar project focus and design was developed in 2013 as additional financing to the second phase of the Energy for Rural Transformation WB lending project (ERT2). However, due to a disproportionately short remaining implementation time frame imposed by the funding source, Bank management had to cancel the project at the post-appraisal stage and encouraged the task team leader to identify a more suitable source of long-term funding.

A. Description

23. The proposed project will focus on: (i) building and expanding the distribution supply chain for qualified stoves, (ii) facilitating the integration of the stove supply chain through “matchmaking” between manufacturers and distributors, (iii) developing and field testing high-impact marketing and consumer finance schemes; and (iv) the roll-out of a rigorous quality assurance and technical support program in support of manufacturers.

24. Component 0 – Project Preparation: This component will comprise 2 activities, namely (i) the collection of baseline data on cook stove availability and adoption, performance, household spending on cooking fuels, as well as household pollution including GHG and black carbon to provide a sufficiently robust basis for measuring the above results indicators; (ii) Willingness to Pay (WTP) and Consumer Acceptance (CA) trial of shortlisted products that will potentially become eligible under the program (see Annex 3 in the doc version of the PCN); and (iii) the development of synergistic partnerships in the form of joint ventures or consortia of manufacturers, distributors and retailers. This “matchmaking support” will entail: (a) mapping of distribution chains and identification of strategic players positioned well in the market through distribution of other household products, and (b) facilitating market linkages among these different supply chain actors and with consumer groups, cooperatives and institutions. Both preparatory activities will be implemented and funded through the Bank’s ongoing Africa Clean Cooking Energy Solutions (ACCES) umbrella project.

25. Component 1 – “Distribution Challenge Fund (DCF)”: Under this component, the Private Sector Foundation Uganda (PSFU) will provide working capital and transaction cost support in the form of competitive grants to help both existing and new commercial distributors expand distribution supply chain of improved cookstoves eligible under the program, carry out high-impact marketing and sales campaigns (including user-trials for selected products), build partnerships with international manufacturers and leverage further growth finance from financial intermediaries. The competitive grants and incentives will reduce working capital cost and risk for manufacturers, including stove importers and local assemblers of internationally sourced components. This will boost market penetration and free up manufacturers’ resources to expand and upgrade their production capacity. The grant support will only be available to distributors of approved stove models that comply with minimum performance levels to be determined by MEMD. The exact structure of the grant mechanisms, including eligibility criteria of beneficiaries, will be developed in close cooperation with MEMD, PSFU, the Uganda National Alliance for Clean Cookstoves (UNACC) and relevant local and industry stakeholders. Considering the Ugandan sector landscape, the grant will be

targeting a small number of domestic distributors and incentivize (i) the development of partnerships between distributors and international and local manufacturers as well as (ii) technology transfer through investment in local assembly and production by international industry leaders.

26. Component 2 - Implementation of a Quality Assurance & Technical Support program: The project will help establish a framework for enhancing market transparency and consumer confidence through: (i) the provision of technical support to Ugandan manufacturers and distributors, and (ii) product testing at the Centre for Research in Energy and Energy Conservation (CREEC) to determine whether minimum performance requirements are met and ensure the consistent quality of stoves manufactured by beneficiaries of the DCF throughout the duration of the project.

27. Component 3 - Institutional Development and Operational Support: This activity will entail the following financial and technical support to the implementing entity and key stakeholders through the provision of (i) support for coordination and integration with existing MEMD efforts, particularly focusing on promotion of institutional cookstoves, and (ii) outreach to institutional consumers, specifically schools, through advocacy and demonstration. The selection and screening of appropriate technologies for demonstration will be detailed in the project operations manual.

28. The required budget for operational and procurement expenses by PSFU and MEMD administration will be detailed during the project appraisal stage. Assistance to PSFU and MEMD may include the appointment of a Senior Sector Advisor with extensive experience in the clean cooking sector and/or a Procurement Specialist to support and accelerate the processing of competitive grant processes and disbursements.

29. Implementation arrangements and Flow of Funds: The proposed project will be led by the Ministry of Energy and Mineral Development (MEMD) and implemented by the Private Sector Foundation of Uganda (PSFU), which has also served as one of the implementing agencies for the Uganda Energy for Rural Transformation (ERT) phases I and II. PSFU consists of over 160 business associations, corporate organizations and government agencies. The PSFU established the Business Uganda Development Scheme (BUDS) as a specialized department/unit that implements matching grant programs for a variety of donors and government.

30. The grant financing will be provided to GoU which will transfer the funds to PSFU (project implementing unit) through a subsidiary agreement between PSFU and MoFPED and to MEMD as the lead overseeing agency. A separate designated account will be created for PSFU to manage the funds. The funds include provision for operational expenses for PSFU and MEMD to carry out the project.

31. Preparatory technical assistance will be provided through ACCES umbrella project: ACCES strives to design and pilot a set of tools and mainstreaming approaches to best reflect the priorities of different client countries and sector policies and help build the momentum and economies of scale needed for market transformation. Within this context, ACCES provides technical support for project design and implementation and leverages funding from the World Bank project operations to maximize impact of clean cooking energy components.

32. ACCES follows a sequenced approach to address key barriers to sector development. Under each of the ACCES support lines, the Bank team will coordinate a succession of (i) Project design and mainstreaming activities: Bank-executed technical support, directed towards the design and mainstreaming of large-scale country-executed clean cooking interventions, and (ii) Roll-out of clean

cooking programs: Government-executed clean cooking interventions consisting of large-scale country-wide programs prepared and designed with ACCES support.

33. Uganda was selected as an ACCES pilot country based on a rigorous selection process considering need, potential impact, and ongoing complementary World Bank energy activities in the country. The Bank and the Global Alliance for Clean Cookstoves (Alliance) organized a stakeholder consultation workshop in Uganda during November 28 and 29, 2012. The consultation was organized in close coordination with the Uganda National Alliance for Clean Cookstoves (UNACC) which is coordinating sector activities and the Uganda Country Action Platform (CAP). The consultation was designed to provide a framework for the stakeholders to discuss the draft Uganda CAP and provide input on the specific barriers and strategic interventions identified for the sector. The proposed project focus is based on the outcomes of these consultations.

34. Next steps: In preparation of this project, and in close cooperation with MEMD and PSFU, the Bank team will provide the data needed to narrow the initial set of eligible cookstoves and manufacturers with the most promising technologies, best reflecting the cooking needs and preferences of Ugandan households through a Willingness to Pay (WTP) and a Social Acceptance (SA) assessment featuring in-home product trials. The assessment will provide the basis for MEMD and PSFU to define minimum performance thresholds and determine key target consumer segment(s) according to geography, fuel use, income level, etc. and will further help elaborate the support activities outlined above.

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

The Distribution Challenge Fund (DCF) will benefit a select number of cookstove distributors and distributors of other consumer durables in order to enhance the reach of households and deliver more advanced cooking products. While grants will be supporting building and expanding the distribution supply chain, they will not be supporting construction / expansion of physical distribution infrastructure. The eligible expenditures for the grants will be defined in the operations manual for project implementation and linked to the disbursements triggers of the DCF.

E. Borrower's Institutional Capacity for Safeguard Policies

Capacity of borrower on the safeguard issues is not relevant considering that the project does not trigger any safeguard policies.

F. Environmental and Social Safeguards Specialists on the Team

Martin Fodor (GENDR)

Paivi Koskinen-Lewis (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	

Physical Cultural Resources OP/ BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Jan Friedrich Kappen	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 28-Apr-2015
Practice Manager/ Manager:	Name: Lucio Monari (PMGR)	Date: 30-Apr-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.