



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 06/14/2019 | Report No: ESRSA00206



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Zambia	AFRICA	P169384	
Project Name	Public Sector Governance for Service Delivery Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Governance	Investment Project Financing	5/3/2019	7/16/2019
Borrower(s)	Implementing Agency(ies)		
	Ministry of Finance		

Proposed Development Objective(s)

The Project Development Objective is to strengthen the local governments’ institutional capacity, accountability and management of resources.

Financing (in USD Million)	Amount
Total Project Cost	100.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Bank-financed Public Sector Governance for Service Delivery Program (PSGSDP) proposes to support selected key result areas of the Government program on Devolution, including:

- Strengthened planning, implementation and financial management systems of participating local governments for improved local service delivery;
- Strengthened citizen engagement in local governance and service delivery; and
- Improved monitoring and oversight of local government institutions by Central Government.



D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

The proposed Bank financed Public Sector Governance for Service Delivery Project (PSGSDP) is aimed at supporting the Government of the Republic of Zambia in strengthening institutions for accountable local service delivery. The proposed project is aligned with Zambia's Devolution programme aimed at accelerating implementation of decentralization as espoused under the Governance pillar of the Seventh National Development Plan (7NDP). It is further aimed at strengthening financial management systems, improved planning and monitoring, and strengthening citizen engagement in local governance and service delivery. 96 councils will be targeted across the country, covering all 10 provinces (Central, Copperbelt, Eastern, Luapula, Lusaka, Muchinga, Northern, North Western, Southern and Western), however, this will be through a phased approach. Town councils are characterized by poor service provision compared to their urban counterparts. This is largely due to (i) limited policy and guidance provided from the central government, (ii) limited resources for capital expenditure, and (iii) limited capacity in fulfilling their basic administrative mandates such as planning, budgeting, procuring, monitoring of service delivery, and engaging with citizens.

The targeted town councils operate in rural areas that are characterized by low income, low levels of education and sparsely populated communities. There is limited service infrastructure and communities are left without access to basic services, a situation that exacerbates the impact of poverty in these areas. Economic activities in the areas are further hampered by the absence of key infrastructure such as markets for trading and the lack of maintenance of feeder roads to facilitate transportation of goods. Community members, in particular vulnerable groups such as women and disabled persons are rarely involved in the identification and implementation of key services. This is largely attributed to existing cultural norms and power relations that prescribe the role and position of such groups and could affect proposed support aimed at advancing citizen engagement.

In terms of physical characteristics, the project will be implemented in areas consisting of wide plateau, with scattered mountains. The major river system is formed by the Zambezi and its tributaries the Luangwa and Kafue Rivers that cut into the plateau forming deep valleys and waterfalls across the country. Zambia has vast swampy basins surrounding Lake Bangweulu and the savanna grasslands, with miombo woodlands covering a large part of the country. These are, however, under threat from increasing demand for land by the growing population. The major lakes include Bangweulu, Mweru and Tanganyika.

The project will put in place a performance-based framework that will incentivize institutional performance and accountability of local governments from the bottom up. In accordance with the Government's intergovernmental fiscal architecture, the project will introduce a "Performance Grant" to local governments under Component 2 on Performance Grant for Service Delivery that will reward superior institutional performance as measured through an Annual Performance Assessment (APA). Councils will receive grants (\$50 000) to invest in capital investments specific to the needs of each area. The grants will be utilized to enhance service delivery in the beneficiary councils and the funds are likely to be used for the rehabilitation and construction of small infrastructure works that will involve markets, public toilets and bus stations.

D. 2. Borrower's Institutional Capacity

The project will be implemented by Ministry of Finance (MoF) in collaboration and partnership with the Devolution Secretariat and the Ministry of Local Government (MoLG). MoF is familiar with World Bank financed projects, having successfully implemented the Public Financial Management Reform Programme (PFMRP) Phase 1 which ended in December 2018. The proposed project builds on the PFMRP Phase 1 and will be implemented by the same Project Implementation Unit (PIU). Whilst notable success was registered under Phase 1, the project did not have a



safeguards component. The Devolution Secretariat and MoLG have also not implemented Bank financed projects that have safeguard requirements. Engagement of communities in advancing service delivery requires specific skills which are currently missing within the PIU. The PIU will be based in Lusaka, whereas works will be undertaken at town council level. The Environmental and Social Officer will be charged with the responsibility of having oversight of risk management and will coordinate focal persons identified at town council level. Under the Performance Grants component, town councils will receive grants to finance small capital investments which will be limited to a threshold of approximately \$50,000, thus resulting in minor works such as rehabilitation of market stalls and bus stops. It is anticipated that the environmental and social risks arising from these works will be minimal and easily managed by the town councils. However, the institutional assessment revealed town councils' inexperience in managing environmental and social risks as prescribed by the Bank's Environmental and Social Framework (ESF).

To address this gap, the Client has been advised to recruit or identify (through secondment of staff from participating ministries) a Communications/Community Liaison Officer and Environmental and Social Officer as key experts in the PIU. The level of effort for the proposed positions is included in the draft Environmental and Social Commitment Plan (ESCP). Technical assistance for institutional capacity building has also been factored into the project design and specific training needs will be listed in the Capacity Building plan.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

The environmental risk classification is moderate because the project activities are not anticipated to have significant adverse impacts on the receiving environment or public health. The environmental risks and impacts are related to Component 2, which involves giving councils performance grants to enhance service delivery. Anticipated environmental risks and impacts related to use of proceeds of the grants are expected related to community health and safety, occupational health and safety of workers, and disposal and management of waste generated during works. These risks and impacts are site specific and readily managed with mitigation measures.

Social Risk Rating

Moderate

The social risk is rated moderate. The project is not anticipated to result in adverse social impacts on communities in the target areas. While rehabilitation works will be undertaken on existing facilities, the activities will not involve complex or large scale civil works that may cause harm to people within the project areas. Land acquisition or physical and economic displacement is not likely to arise due to the nature of activities to be implemented. The planned works will be undertaken by Council staff as part of their mandate to provide services to local communities, thereby reducing the risks associated with labour influx. Potential risks include; (i) temporal disruptions in access to selected public spaces and services, resulting in loss of income (ii) community exposure to project related traffic and road safety risks, as well as disease caused by hazardous waste from construction or rehabilitation works, (iii) project workers not paid regularly as per acceptable labour management procedure and (iv) possible exclusion of vulnerable groups in participating in the project. To address these risks, an Environmental and Social Management Plan (ESMP) and Labour Management Procedure (LMP) have been prepared, as part of the current draft Environmental and Social Framework (ESMF). A Resettlement Policy Framework (RPF) will also be prepared prior to Board approval and where land acquisition is likely to occur, the Borrower will prepare a Resettlement Action Plan (RAP). Furthermore, a draft



Stakeholder Engagement Plan (SEP) has been developed to ensure inclusive participation of key stakeholders. The Client has disclosed the draft ESMF, SEP and ESCP.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Capital investments by town councils from the performance grants will include small infrastructure works limited to construction and rehabilitation of public services within well defined publicly owned land and assets such as markets, public toilets and bus stations. Potential social and environmental risks arising from these works include disruption of access to public spaces and services, community health and safety, occupational health and safety of workers, disposal and management of waste generated during works, non-inclusion of project affected parties, particularly women, youths and persons with disability, leading to unequal distribution of opportunities to participate in the project and potential risks of weak grievance redress mechanisms and poorly coordinated community communication process. To ensure the environmental and social risks associated with the development of small infrastructure are managed, a draft ESMF has been prepared to manage environmental and social risks because beneficiary town councils and specific activities to be undertaken by each town council have not yet been defined. The draft ESMF will be finalized prior to Board Approval. The Client has committed to prepare site specific Environmental and Social Management Plans (ESMPs) in line with requirements of the Environmental and Social Standards (ESSs) and Zambia Environmental Management Agency (ZEMA) EIA regulatory requirements once activities have been decided upon. The draft ESMF includes a screening mechanism to exclude any Substantial or High risk activities.

An assessment of Gender Based Violence (GBV) risk on the project was conducted in line with the World Bank's Good Practice Note for addressing GBV risks and the project has been rated as low risk. GBV awareness has been included in the SEP and a detailed GBV action plan will be developed as part of ESMP. The risk will be monitored during project implementation and rating revised should circumstances change. As a mitigation measure, workers engaged on the project will be required to adhere to the code of conduct that will be developed with provisions on how to address GBV and sexual exploitation. Community members in target project areas will be sensitized on the need to prevent GBV risks and on available procedures for handling GBV related complaints.

Draft Grievance Redress Mechanism (GRM) and Stakeholder Engagement Plan (SEP) have been prepared. The draft SEP has been disclosed on the MoLG, websites as well as the Bank website. Final documents will be subject to Bank review, approved and disclosure as per timeline indicated in the ESCP.

ESS10 Stakeholder Engagement and Information Disclosure

Various stakeholder consultations have been held with government ministries and departments, donor agencies engaged in the decentralization sector and council officials in selected districts. The consultations have been focused on (i) collecting information to advance project development, (ii) assessing possible implementation structures (iii) identifying key stakeholders and (iv) to disclose information on timelines for project preparation. Stakeholder identification (particularly in the town council districts) will be critical as a means of ensuring broader participation in project design, as well as enhancing project acceptability. The project will be implemented in rural areas where participation of women and other vulnerable groups in decision making is limited. To promote community



participation in the project cycle, a draft SEP has been prepared outlining the process of consultations and disclosure of relevant project information that will be shared with key actors during project preparation and implementation. The draft SEP will be disclosed prior to project appraisal. A draft GRM has been developed by the Client to serve as a channel for stakeholders to register their complaints, as well as receive feedback from the implementing agencies.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

A draft LMP as an integral part of ESMF has been prepared in line with national laws that govern labor and working conditions of civil servants and includes consideration for Occupational Health and Safety for all town council staff that will be involved in implementing project activities. As works will be undertaken by staff from designated town councils, it is not envisaged that the project will attract externally recruited workers, limiting the risks associated with influx of labor. A separate workers grievance redress procedure will be developed as part of the LMP for workers to register grievances. This will be anchored on existing complaint handling procedures within the civil service.

ESS3 Resource Efficiency and Pollution Prevention and Management

Best practices that relate to resource efficiency and pollution prevention has been incorporated in the ESMF. Taking into consideration that the project will finance small infrastructure works for local authorities through a performance based grant. These infrastructural works are likely to result in the generation of waste, discharge of effluent and public health risks. The operation of these facilities will require the efficient use of water, especially in areas where the local water supply is erratic. The ESMF will screen against and no activities will be supported that would be expected to be a significant user of water, use or procure pesticides or produce significant greenhouse gas emissions.

ESS4 Community Health and Safety

No major civil works are anticipated that will pose a risk to the health and safety of communities. Activities will be localized as rehabilitation works will be undertaken on already existing town council infrastructure. Based on MoLG capital threshold for local Councils (approximately \$50,000), activities to be implemented under component 2 (Grant Performance for Service Delivery) will not be complex. However, communities may be affected by traffic related safety risks caused by movement of machinery as well as exposure to hazardous waste generated from construction and rehabilitation works. In the event of incidences occurring during project implementation, the Environment and Social Incidents Response Toolkit (ESIRT) will be used to report on the incident and actions taken to mitigate future occurrences on Bank financed projects. This report will not substitute the Client's responsibility to prepare incident reports as part of ESMP implementation.

To safeguard the community against GBV risks, a code of conduct for workers will be developed with provisions for addressing GBV and sexual exploitation, as well as a procedure handling GBV related complaints. GBV Action Plan will be prepared in line with the GPN and embedded in the ESMP. Site specific ESMPs will be prepared once eligible town councils select specific activities for their areas which could have an impact on the health of community members. Preparation of site specific ESMPs is listed as a commitment in the ESCP and will be monitored accordingly.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Project activities are not envisaged to result in land acquisition or physical displacement. Disbursement of funds for capital investments under component 2 will be identified and agreed upon with Client counterparts. Eligible expenditures will include capital investments and asset maintenance listed in the approved annual plan for local governments and subject to a "negative list" of expenditure. The negative list includes activities likely to result in land acquisition, restrictions of land use and involuntary resettlement will not be considered eligible for financing under the scope of this project. The risk of physical and economic relocation on this project is negligible, however, should selected sub-project activities result in impacts of physical or economic displacement, the Implementing Agencies will be required to prepare a Resettlement Action Plan (RAP). Preparation of the RAP will be guided by the principles set out in the Resettlement Policy Framework (RPF), which will be prepared before Board approval to address potential resettlement impacts. Costs of resettlement will be borne by the Client. The project will also benefit from local councils' experience in undertaking periodic maintenance of public facilities. In doing this, the general public and stakeholders operating from these facilities are provided with advance notice (print and electronic media) of pending works in order to minimise disruptions, and provide alternative sites for continued operations of markets and bus stations. A notable gap in this process has been the limited consideration of persons with disability when determining alternative spaces. Support to town councils on mainstreaming social inclusion (including disability access) in planning processes has been considered as part of institutional capacity building.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The ESMF and ESMP has provided mitigation measures to minimize vegetation loss and restrict any construction work to the project footprint. The project will finance construction and rehabilitation works to be undertaken by town councils in various districts with distinct ecological systems. Increased risks to biodiversity and living natural resources are more likely to be encountered by local authorities located in rural areas. Activities with impacts to critical habitat and legally protected areas will not be supported and excluded through the screening mechanism in the ESMF.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Based on currently available information, this standard is not relevant. This will be further assessed/verified during project preparation.

ESS8 Cultural Heritage

The standard is not currently relevant as the project activities will be implemented in jurisdictions that fall within the developed local authorities or planned areas.

ESS9 Financial Intermediaries

This standard is not relevant as the project will not include financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No



OP 7.60 Projects in Disputed Areas

No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
Final Environmental and Social Management Framework (ESMF) Final Grievance Redress Mechanism (GRM)	07/2019
ESS 10 Stakeholder Engagement and Information Disclosure	
Final Stakeholder Engagement Plan	07/2019
ESS 2 Labor and Working Conditions	
Final Labour Management Procedure (LMP)	07/2019
ESS 3 Resource Efficiency and Pollution Prevention and Management	
Final Environmental and Social Management Framework	07/2019
ESS 4 Community Health and Safety	
Final Environmental and Social Management Framework	07/2019
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
Draft Resettlement Policy Framework	07/2019
Final Resettlement Policy Framework	08/2019
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Final Environmental and Social Management Framework	07/2019
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	
ESS 8 Cultural Heritage	
ESS 9 Financial Intermediaries	

Public Disclosure



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B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?

No

Areas where “Use of Borrower Framework” is being considered:

Bank Standards will apply.

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Implementing Agency(ies)

Implementing Agency: Ministry of Finance

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

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Public Disclosure



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