Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 06/02/2020 | Report No: ESRSC01386
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>AFRICA</td>
<td>P174097</td>
<td></td>
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</tbody>
</table>

Project Name: South Africa: Wildlife Conservation Bond

<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment, Natural Resources &amp; the Blue Economy</td>
<td>Investment Project Financing</td>
<td>1/12/2021</td>
<td>6/30/2021</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Borrower(s)</th>
<th>Implementing Agency(ies)</th>
</tr>
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<tbody>
<tr>
<td>National Treasury</td>
<td>The Eastern Cape Parks and Tourism Agency (EPTCA), South African National Parks (SANParks)</td>
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</table>

Proposed Development Objective(s)
To create an outcome-driven structured bond that channels private sector funds to increase black rhino populations in target protected areas in South Africa.

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>15.00</td>
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</tbody>
</table>

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 project is focused on addressing major challenges for financing conservation and proposes an innovative financing model to unlock and direct private finance for the conservation of the black rhino in South Africa. The Project aims to catalyze the world’s first Wildlife Conservation Bond (WCB) that links the coupon payments of an institutional SDG-related bond issuance to conservation performance. This innovative transaction enables private/institutional bond investors to participate in a market which has historically been focused on donors and...
philanthropic investors that look beyond typical financial rates of return to guide investment decisions. Through the proposed model, financing from the coupon payments of the WCB will be directed to two priority sites for rhino conservation: Addo Elephant National Park and Great Fish River Nature Reserve. Project investments will be used to enhance management of these protected areas to secure and increase black rhino populations, and increase benefits realized by local communities. Funding will be directed to these two project sites to implement conservation and adaptive management activities that seek to maximize net rhino growth rates over five years. The WCB will draw-in US$13.76m funding from the GEF’s non-grant instrument (NGI) window to pay the WCB bond holder a final success payment based on independently verified rhino growth (“Contingent Success Payment”).

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The project’s geographical focus is on two priority protected areas in the Eastern Cape Province of South Africa. Proceeds generated from the coupon payments from the WCB will be used to fund enhanced conservation activities at two priority black rhino populations, the AENP and the GFRNR. The sites host two priority black rhino populations and are collectively responsible for protecting around 80% of the Eastern Cape’s black rhino, 18.5% of South Africa’s black rhino population, and 6.8% of the global black rhino population.

AENP is an approximately 1639.46 sq-km park and contains five of South Africa’s seven biomes (Savanna, Thicket, Grassland, Forest, Fynbos, Nama Karoo, Succulent Karoo and Desert) and includes fauna and flora representative of these biomes, including species - in addition to game - that are highly endemic and supportive of key ecological processes.

GFRNR is a 450 sq-km protected area located approximately 120 km due west of the city of East London that has been operational since 1994. The 644 km Great Fish River bisects the reserve whose biome is mostly subtropical thicket. As compared to the full complement of mega herbivores at AENP, large wild game populations at GFRNR have been reduced through historical exploitation.

On the social side, the project design includes targeted interventions for generating better jobs at both sites - AENP and GFRNR. The number of jobs created will likely; a) reduce the rate of unemployment, b) increase household income and, c) improve social outcomes in the project areas. The number of direct beneficiaries will be disaggregated by gender as co-benefit to project beneficiaries, particularly at community levels, is a key indicator that will be monitored and reported on for the project performance. The project plans to incorporate social inclusion and gender competency development in its activities, including development of a project gender strategy/action plan. This will provide detail on permanent and temporary employment at both AENP and GFRNR sites, and direct community benefits will be disaggregated by gender at each site.

The sites, under component 1a and 1b, will use the Social Assessment of Protected Areas (SAPA) methodology as a best practice tool which follows Free and Prior Informed Consent (FPIC) standards. The SAPA assessment works with target communities to understand the positive and negative impacts from living alongside the PA, and the perception of well-being. The assessment uses five broad themes to interrogate further: Rights, Participation, Transparency, Mitigation of Negative Impact, Benefit Sharing. Assessments are conducted in at baseline in Year 1 with feedback of results to the community. This participatory process supports development of a SAPA action plan to address identified
needs through targeted interventions from Year 2 – Year 5. Repeating the SAPA assessments in Year 5 provides an opportunity to evaluate change in results and perceptions, but also informs the development of the next SAPA Action Plan, ensuring an adaptive management process. The assessment of this outcome will feed in into the project’s SEP and the outcome shall be publicly disclosed.

D. 2. Borrower’s Institutional Capacity
The executing agencies and partners - South African National Parks (SANParks), which is formed under the national government, and Eastern Cape Parks and Tourism Agency (EPTCA), which is formed under the provincial government, are established public sector agencies, with depth of technical expertise and a good track-record for conservation management. The Wilderness Foundation Africa (WFA) is a non-profit conservation organization which has been involved in the project preparation phase. However, these agencies have not had active involvement with World Bank funded projects and thereby are not familiar with the new Environmental and Social Framework. This will require extensive capacity building to ensure the ESF requirements are adequately and satisfactorily met.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating
The environmental risk rating is considered Moderate at this time. Potential adverse risks and impacts on the environment are mainly linked to civil works to support wildlife management and may include environmental, health, and safety (EHS), occupational health and safety (OHS), community health and safety, and pollution due to solid waste, dust, noise, and vibration and liquid effluent. In addition, there is the potential for risks and impacts are expected related to dam safety and management of water resources. These risks and impacts are expected to be managed through application of appropriate mitigation measures.

Social Risk Rating
The social risk rating is considered Substantial at this time. The proposed project will undertake conservation related activities within areas legally designated for this purpose referred to as protected areas (PAs). The PAs are Addo Elephant National Park and the Great Fish River Nature Reserve. There is no land acquisition or loss of livelihoods and assets. The project will support security interventions to improve capability to react to poaching incidents and enforce the law. Although the support to security personnel and law enforcement is intended to target and reduce criminal poaching, this support has the potential to result in violent altercations with suspected poachers, which is the primary driver of the social risk rating. In addition, the construction for bore holes, fences, etc., is expected to have small footprint and therefore limited labor influx is expected as some workers will be hired from the communities that live along the PAs. However, there is potential for Sexual Exploitation and Abuse/ Harassment (SEA/H) related risks and impacts as a limited number of both community and contract workers may be engaged. There is also potential for restriction of community access to Great Fish River Nature Reserve and if determined/relevant, a process framework (PF) will be prepared, consulted upon and disclosed. The communities living alongside these
protected areas will be engaged so as to better understand both the positive and negative impacts of living in the relevant areas as well as the benefits of this proposed project.

All the above risks and impacts are predictable and reversible, with possibilities of either avoiding or reversing them, but with substantial investment and time, and will be managed through the ESF instruments that will be prepared for this project and include the following: Environmental and Social Management Framework that includes both a Labor Management procedure and a Security Risk Assessment (as part of ESMF), Stakeholders Engagement Plan (SEP), Process Framework (PF) and their relevant plans.

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:_

The scope of the project is limited to rhino population management and does not include management and operations of AENP and GFRNR for tourism, including any related environmental and social (E&S) risks and impacts.

Component 1 and Component 2 includes activities to be supported by the project with particular relevance to the ESSs. These activities include civil works such as: capture and transportation of rhinos between managed sites; increased distribution of water through installation of boreholes; removing some existing dams (created under the previous livestock farming era) in high-risk poaching areas; upgrading of rhino holding areas and fences; construction of elephant exclusion fences and of operations control room. Support for maintenance of roads, fences and infrastructure. Recruitment, equipment and training of security personnel for anti-poaching.

Key E&S risks and impacts related to project activities include those resulting from civil works like labor management, occupational health and safety (OHS), community health and safety, and the use of security. E&S risks and impacts will be managed through preparation and implementation of an Environmental and Social Management Framework (ESMF), its embedded Labour Management Procedures (LMP) as well as assessment of Security Risks and those related to Sexual Exploitation and Abuse/Harassment (SEA/H). In addition, the project will prepare a Stakeholders Engagement Plan (SEP) and a Process Framework (PF) during project preparation as well as conduct a standalone Social Assessment of Protected Areas (SAPA) during project implementation.

The ESMF will describe the typology of subprojects and define screening mechanisms and monitoring procedures for the identification and management of potential adverse environmental and social impacts and provide a grievance redress mechanism with guidance on the reception, recording, handling, and reporting of complaints that may be encountered during project implementation. In addition, the ESMF will clarify: (i) the environmental and social context in the targeted areas of intervention of the project; (ii) the policy context, as well as the institution and legal frameworks; (iii) the environmental and social impact assessment system in South Africa, including the review and approval mechanism; (iv) an evaluation of the environmental and social institutional capacities; and (v) an estimate of the budget needed to implement the framework.

The ESMF will identify, assess and propose mitigation measures related to OHS risks and impacts which will include documented in labor management procedures (LMP) that will be included in the ESMF to protect workers from injury, illness, or impacts associated with exposure to hazards encountered in the workplace or while working. The
ESMF will also assess the potential risk posed by security arrangements to those within and outside the project site. The mitigation measures for OHS will incorporate the World Bank Group’s General Environment, Health, and Safety (EHS) Guidelines. The ESMF will also include sections on EHS, including specific instruments such as EHS checklists, Codes of Conduct including measures to prevent SEA/H, safety training materials, that will need to be prepared prior to commencement of civil works.

The ESMF will establish the type of site-specific instruments to be prepared for subprojects to meet ESS1 requirements that will be prepared during implementation prior to the realization of E&S risks and impacts related to project activities and potential sub projects, such as Environmental and Social Impact Assessment/Environmental and Social Management Plans (ESIA/ESMPs). The ESIA/ESMPs will be prepared and disclosed prior to the realization of E&S risks and impacts from those sub projects and commencement of any construction/rehabilitation works. EHS specifications and SEA/H relevant mitigation measures will be reflected in the bidding documents and contracts with contractors and supervising firms for relevant civil works.

The borrower’s commitments to prepare and implement safeguard instruments throughout the life cycle of the project will be outlined in the ESCP.

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

None

**ESS10 Stakeholder Engagement and Information Disclosure**

Stakeholder engagement is a principal tool for environmental and social risk management and successful implementation of the project. An inclusive draft Stakeholder Engagement Plan (SEP) will be prepared by the relevant agencies - The Eastern Cape Parks and Tourism Agency (EPTCA) and South African National Parks (SANParks) (including a GRM ensuring inclusion and non-discrimination of vulnerable groups). The SEP will be submitted to the Bank for concurrence. The SEP shall identify all key existing and potential stakeholders, and will describe, among others, their level of interest, influence and support to the project and in its planning and implementation. It will describe means, timelines and frequency of communication with each stakeholder/stakeholder group, grievance mechanisms to be deployed, monitoring and reporting. The SEP will be prepared and publicly disclosed prior to project Appraisal. The project will ensure meaningful consultations with various stakeholders including the communities living alongside the PAs as well as other interested agencies like NGOs, etc. The project will provide stakeholders with accessible and inclusive GRM to raise issues and grievances, that will allow both EPTCA and SANParks to receive, respond to, facilitate resolution of concerns and manage grievances. The Parks agency will ensure that all stakeholder consultations are accessible and inclusive (in format and location), and that these consultations will be appropriate for the local context. The agency will subsequently provide stakeholders with timely, relevant and understandable information in a culturally appropriate format. As part of the environmental and social assessment the agency will maintain and disclose documentation of stakeholder engagements, which will describe the stakeholders consulted, summary of issues discussed and their responses. For communities living alongside the PAs, the project will apply the SAPA methodology as a best practice tool which follows comprehensive community engagement with direct stakeholders, especially vulnerable groups and provide a mechanism for these people to raise concerns, provide feedback, or make complaints about any activity related to the project. The SAPA assessment works with target communities to understand the positive and negative impacts from living alongside the PAs, and the perception of well-being. The assessment uses five broad themes to interrogate further: Rights, Participation, Transparency, Mitigation of Negative Impact, Benefit Sharing.
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

This ESS is considered relevant. This is due to the construction activities to be undertaken by both community and contracted workers, and also because of project support to strengthening capacity of security personnel that are engaged in antipoaching related interventions as well as other SANParks and EPTCA staff. The capture and transportation of rhinos could be dangerous to personnel, if not well managed. The ESMF will incorporate the LMP and will help in the management of these risks. OHS risks and impacts will be managed by EPTCA and SANParks through measures identified in LMP. Due to the nature and scale of proposed construction works, labor influx is limited, and the project ESMF will include clauses to avoid, minimize, manage and mitigate any workplace related SEA/H risks. Additionally, SEA/H risks will be monitored throughout the project cycle. Should there be any construction of water and sanitation facilities, these may expose the neighboring communities to noise and dust pollution, increased traffic and road accidents (if there are unusual movement of transport of materials) as well as impacts on workers some of who may come from the communities.

ESS3 Resource Efficiency and Pollution Prevention and Management

This ESS is considered relevant. Construction activities, particularly the installation of boreholes and dismantling of small dams are anticipated to present risks and impacts related to pollution, including air emissions, dust, erosion and runoff, and construction wastes. These risks and impacts and their management will be included in the ESMF and addressed in any subproject instrument. During project preparation, the project will assess water use for conservation purposes to determine applicability of relevant ESS3 requirements for resource conservation.

ESS4 Community Health and Safety

This ESS is considered relevant. The communities as well as staff of EPTCA and SANParks living alongside the parks could be impacted during the transportation of rhinos and control of possible poaching activities. Security risks are associated with the project activities to support the recruitment, equipping, and training of security personnel to support law enforcement activities for anti-poaching.

The project will prepare a Security Risk Assessment (SRA) as an annex to the ESMF to assess the security context of the project and security risks related to project activities. The security personnel supported by the project are anticipated to be direct workers of both EPTCA and SANParks, which are government entities. Although the personnel are expected to be armed, no proceeds of the project will be used to support the procurement of firearms. Furthermore, the deployment of security personnel will follow the requirements of ESS4, including prior to deploying military or security personnel, the project shall take measures to ensure that security personnel are: (i) screened to confirm that they have not engaged in past unlawful or abusive behavior, including excessive use of force; and (ii) adequately instructed and trained, on a regular basis, on the use of force and appropriate behavior and conduct.
During preparation, project will propose SANParks and EPTCA adopt the Voluntary Principles on Security and Human Rights as the relevant good international industry practice to meet the requirements of ESS4.

The project proposes to remove small dams. The potential for the project to include support for the construction or rehabilitation will be determined during preparation. If such activities are supported, relevant measures to meet the requirements of ESS4 for small dams will be included in the ESMF. No activities related to large dams are anticipated to be supported at this time. In addition, as there might be minimal construction works, labor influx will be limited and the project ESMF will include assessment of SEA/H risks and measures to avoid, minimize, manage and mitigate the identified risks. Additionally, SEA/H risks will be monitored throughout the project cycle. Should there be any construction that may expose the neighboring communities to noise and dust pollution, increased traffic and road accidents (if there are unusual movement of transport of materials) as well as impacts on workers some of who may come from the communities, the ESMF will provide for the management of these risks and impacts.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

All project activities will take place within the confines of the already designated areas referred to as Protected areas. Therefore, there will be no land acquisition or loss of assets and livelihoods and no privately owned land with encumbrances. Therefore, ESS5 is considered not relevant at this time. However, the project will be reassessed during preparation and appraisal to determine if project activities will restrict community access to Great Fish River Nature Reserve and if determined/relevant, a process framework (PF) will be prepared, consulted upon and disclosed.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This ESS is considered relevant. All project activities are anticipated within legally protected areas that are probable critical habitat, however the nature and scale of project anticipates are not anticipated to result in significant adverse impacts to habitat are not anticipated and therefore the project is not anticipated to result in residual impacts or impacts requiring offsets. The ESMF will propose measures to adequately avoid, minimize and mitigate any potential impacts to habitat consistent with ESS6 requirements.

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

This ESS is not considered relevant at this time. There are no identified vulnerable or marginalized groups with identities and aspirations that are distinct from mainstream groups as defined under the ESP’s Indigenous Peoples/Sub-Saharan Historically Under-served Traditional Local Communities standard within the area of the project or anticipated to have direct or indirect impacts from the project. However, this will be reassessed at appraisal to determine whether the communities living around the project sites meet the ESS7 criteria.

**ESS8 Cultural Heritage**
This ESS is not considered relevant. Screening including consultations will be carried out during project preparation to identify physical and intangible cultural heritages if any. All construction contracts will include a “Chance Find” clause which will require contractors to stop construction in the event that cultural property sites are encountered during construction.

ESS9 Financial Intermediaries

The ESS is not considered relevant at this time. Although the project includes the issuance of a bond, the bond is issued by the World Bank itself and does not involve any entities that are considered financial intermediaries (FI) engaged in transactions related to the use of proceeds of World Bank financing.

B.3 Other Relevant Project Risks

None identified

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP 7.60 Projects in Disputed Areas

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

Financing Partners

none

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

Preparation, consultation and public disclosure of
2. Stakeholders Engagement Plan (SEP)
3. Process Framework (PF)

Screening for IPs (ESS7) and determine access restriction to Great Fish River Nature Reserve

Preparation and disclosure of the Environmental and Social Commitment Plan (ESCP)

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):
1. Implementation of the ESMF and preparation of site-specific Environmental and Social Management Plans and Labour Management Plan
2. Implementation of the Process Framework
3. Update and implementation of the SEP
4. Preparation, consultation and public disclosure of the Social Assessment of Protected Areas (SAPA)
5. Capacity Building of the Implementing agencies for ESF Implementation, Monitoring and Reporting

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 18-Jan-2021

IV. CONTACT POINTS

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Borrower/Client/Recipient
Borrower: National Treasury

Implementing Agency(ies)
Implementing Agency: The Eastern Cape Parks and Tourism Agency (EPTCA)
Implementing Agency: South African National Parks (SANParks)

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Nathalie Johnson, Iretomiwa Olatunji
Practice Manager (ENR/Social)  Senait Assefa Recommended on 26-May-2020 at 14:01:41 EDT
Safeguards Advisor ESSA  Nathalie S. Munzberg (SAESSA) Cleared on 02-Jun-2020 at 18:21:58 EDT