Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/02/2020 | Report No: ESRSA00485
### 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>Gambia, The</td>
<td>AFRICA</td>
<td>P166695</td>
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**Project Name**
GAMBIA FISCAL MANAGEMENT DEVELOPMENT PROJECT

**Practice Area (Lead)**
Governance

**Financing Instrument**
Investment Project Financing

**Estimated Appraisal Date**
1/27/2020

**Estimated Board Date**
4/30/2020

**Borrower(s)**
Ministry of Finance and Economic Affairs

**Implementing Agency(ies)**
Directorate of Public and Private Partnership and Public Enterprises - DPPP&PE

**Proposed Development Objective(s)**

*The Project Development Objective is to increase fiscal space and improve effectiveness of public resources management.*

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>40.00</td>
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#### 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 operation is a five-year grant seeks to improve Government effectiveness in fiscal management for better service delivery. This will be achieved by: (a) enhancing GRA’s compliance management, revenue risk analysis, and enforcement capacity, for broadening the tax base and improving voluntary compliance; (b) introducing electronic Government procurement (e-GP) and leveraging on technology to promote transparency and public accountability for better service delivery, and (c) improving financial and operational performance of SOEs and reducing the telecom-related fiscal burden through human resource right sizing of GAMTEL and GAMCEL. The two
interlinked components seek to address core challenges currently hampering fiscal management. Component 1 aims at increasing fiscal space and improving effectiveness of public resources management. Component 2 provides incentives for achieving results in two distinct areas: staff rightsizing in GAMCEL and GAMTEL and cost-cutting measures for state expenditures in the telecommunications sector as well as technical assistance (TA) to reinforce Government oversight and public accountability of the SOE sector.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] The project will be implemented at the national level. The project will support the fiscal management and service delivery by (a) enhancing GRA’s compliance management, revenue risk analysis, and enforcement capacity, for broadening the tax base and improving voluntary compliance; (b) improving financial and operational performance of SOEs and reducing the telecom-related fiscal burden through restructuring of GAMTEL and GAMCEL, their human resources in particular and (iii) introducing electronic government procurement and leveraging on technology for better service deliver. The restructuring plans of key SOEs that have the potential of presenting the greatest risk or actual burden on public finances. The project will target interventions in critical reform areas in GAMTEL/GAMCEL and Social Security and Housing Finance Corporation (SSHFC) that are fundamental to strengthen their financial viability, improve their operational and financial performance, and thereby eliminate or minimize the need for public financing of their operations from the national budget. GAMTEL and GAMCEL employ about 56% of all individuals employed in the Gambia’s telecom sector and about 1,550 employees. At the request of the government, a Bank-executed Trust Fund Options Study was completed in December 2018, informing the Government of the viable options for restructuring and possible divestiture or privatization of the companies, some of which may potentially lead to retrenchment of employees. While the project will affect many SOEs, there are no salient geographic, environmental characteristics as the project will have no direct investments.

The environmental and social risk classification for the Project which is to support the restructuring plans of key SOEs that have the potential of presenting the greatest risk or actual burden on public finances is substantial under the World Bank ESF.

D. 2. Borrower’s Institutional Capacity

The borrower has an acceptable legal and regulatory environmental and social framework. The National Environment Agency (NEA), under the leadership of the Ministry in charge of Environment, will be responsible to monitor the implementation of environmental and social safeguards measures. The project will be implemented by the Ministry of Finance and Economic Affairs (MoFEA). It will comprise:
(a) The Steering Committee: As the SOE reform involves multiple stakeholders and addresses cross-cutting issues, adequate oversight of the project will require an effective cross-ministry and agency coordination and implementation mechanism. To this end, a steering committee would be created in the MoFEA to coordinate stakeholders, provide overall guidance to the project management team and ensure oversight of the implementation. The steering committee consists of the key institutions including the government, representatives from SOEs.
(b) The Project Coordination Unit (PCU): As the implementing unit of the SOE Reform Program, the Department of Public Private Partnership and Public Enterprise (DPPP & PE) will be the PCU and manage the day-to-day operations of the project as part of their work program. An environmental and social due diligence of the institutional arrangements will be carried out to assess any gaps in capacity and the need for procuring an environmental and social development specialist dedicated to managing and monitoring the environmental and social risks and impacts of the project, once the project implementation arrangements have been finalized between the Bank and MoFEA.
II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

The environmental risk classification for the Project is low under the World bank ESF. The project objective is to enhance domestic revenue mobilization and improve the use of public resources by strengthening revenue collection systems, fiscal management of state-owned public enterprises, public procurement and digital services. The expected environmental impacts will be generally negligible as the project will not finance civil engineering works that usually can induce risks and/or negative environmental impacts. No loss of vegetation, soil erosion, interruption of natural waterways or drainage systems or the destruction of natural habitats for various fauna, generation of all manner of solid and liquid wastes are expected.

Social Risk Rating

The social risk rating is substantial on account of risks related to the project-supported retrenchment. The project activities at this stage of the project preparation is already intensive after the consultation with the stakeholders. The findings of the Trust Fund Options Study, the social risk classification raised that the project should pursue the restructuring option to retrench GAMTEL/GAMCEL employees (especially on a large-scale basis). The draft Retrenchment Plan (RP) and the Stakeholders Engagement Plan (SEP) reveal that direct job losses is estimated at 1000 people and a significant number of vulnerable people including older workers, unskilled workers, widows, people with chronic diseases who are unable to work, illiterate workers, people with physical disabilities, workers with work related injuries that has lowered their earning abilities. The Borrower will prepare a Social Management Plan (SMP) and will implement any mitigation measures prior to implementing the RP.

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:

Overview of application of ESS1: The project objective is to enhance domestic revenue mobilization and improve the use of public resources by strengthening revenue collection systems, fiscal management of state-owned public enterprises, public procurement and digital services. The expected environmental and social impacts of the project will be generally positive. The Project will not finance civil engineering works that usually can induce risks and/or negative environmental and social impacts. Environmental risks are expected to be minor, and their mitigation will be guided by national and local laws and procedures. However, the implementation of the activities of component 1 of this project could include social risks, which could become substantial if the Government pursues the option which involves retrenchment of GAMTEL/GAMCEL employees. The social impacts on the retrenched GAMTEL/GAMCEL
workers will have to be mitigated and appropriately managed e.g. with a retrenchment plan. The overall risk classification is substantial because the social impacts likely to be generated from the project activities because of the potential retrenchment of at least 1,000 direct employees of Gamtel/Gamcel. A Social Management Plan (SMP) will be prepared by the client and implemented prior to the RP being implemented.

A near-final version of the Environmental and Social Commitment Plan is available and will be disclosed by the end of project appraisal. If needed, the finalized ESCP will be re-disclosed before Bank Board Approval.

The project has prepared a draft Stakeholder Engagement plan (SEP) and a Grievance Redress Mechanism (GRM).

ESS10 Stakeholder Engagement and Information Disclosure

Stakeholder engagement is a critical tool for social and environmental risk management, project sustainability and success. In consultation with the Bank, the client prepared an inclusive draft Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project and associated risks and impacts. A draft of the SEP is available and will be disclosed prior to completion of Appraisal. The client will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format and location) and through channels that are suitable in the local context. If major changes are made to the SEP, a revised SEP should be publicly disclosed. At the current phase, the key stakeholders are the Ministry of Information & Communications Infrastructure (MOICI), the Ministry of Finance and Economic Affairs (MoFEA), the Department of Public Private Partnerships and Public Enterprise (DPPP & PE), GAMTEL/CEL management, the Staff Association, the workers, the HR of GAMTEL/CEL, the Social Security and Housing Finance Corporation (SSHFC) management, the Ombudsman Office, The Gambia Revenue Authority (GRA), The Gambia Public Procurement Authority (GPPA) and Non-Governmental Organizations (NGOs), vulnerable stakeholder groups include GAMTEL/CEL chronically ill employees, widows, the family members of deceased staff, workers with physical disabilities; and disadvantage groups include illiterate workers. The Borrower will engage in meaningful consultations on policies, procedures, processes and practices (including grievances) with all stakeholders throughout the project life cycle, paying particular attention to the inclusion of the SOEs employees (including the elderly, persons with disabilities, and women who head households). Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them regularly.

A project-wide grievance redress mechanism (GRM), proportionate to the potential risks and impacts of the project is prepared and included in the SEP. As approximately 1,000 employees will be potentially retrenched, the GRM will also deal with claims that any provisions in the retrenchment plan are not followed. The GRMs will be established by the project effectiveness date.

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
The PCU is expected to be staffed by around 6 direct workers and possibly, civil servants. As direct workers performing critical project functions, requirements under ESS2 will be applicable to both the PCU and the Central Ownership Unit (COU) for SOEs. (The COU will be created to improve the monitoring of the SOEs, including a closer assessment of financial and operational performance and SOE-related fiscal risks, and will comprise around 20 persons). Key issues to be addressed in the Labor Management Procedures include terms and conditions of employment, nondiscrimination and equal opportunity, worker’s organizations. Due diligence is also needed to ensure that the Borrower meets requirements on child labor, forced labor and occupational health and safety. Civil servants will be bound by their public sector contracts, unless their contract has been transferred to the project. Provisions regarding forced and child labor and occupational health and safety will also apply to civil servants.

As the retrenchment of GAMCEL/GAMTEL employees will be effective, care is taken to ensure early, comprehensive and responsible retrenchment planning to mitigate this apparent social risk, proportionate to the scale of retrenchment. The retrenchment process is carried out in accordance with certain principles of ESS 2. The retirement plan includes formulating and communicating objective, transparent and fair dismissal criteria; examining the profile of workers to be retrenched and their employability; assessing alternative livelihood options; as well as the appropriateness of complementary assistance programs and timely severance payments. Poor design and implementation of the retrenchment plan may run the risk of a loss of productivity, low morale and decreasing economic performance, undermining the goals of the SOE reform. Extensive retrenchment may present significant social risk to the broader telecommunication sector (given that GAMTEL/GAMCEL comprise around 56% of the sector); and wider consultation with relevant stakeholders (e.g. private sector). The Gambia Fiscal Management Development project identified and consulted the following key stakeholders during the initial project preparation phase and their point of view is included in the Labor Management Plan (LMP):

- The Ministry of Information & Communications Infrastructure (Permanent Secretary);
- The Ministry of Finance and Economic Affairs (Department of Public Private Partnerships and Public Enterprises);
- The Ministry of Information & Communications Infrastructure (Permanent Secretary);
- The GAMTEL and GAMCEL personnel;
- The GAMTEL and GAMCEL management;
- The GAMTEL and GAMCEL Staff Association;
- The Social Security and Housing Finance Corporation (SSHFC) management;
- The Labor Commissioner;
- The National Environment Agency (NEA);
- The Board of Directors of GAMTEL and GAMCEL;
- The Public Service Commission (PSC);
- The Public Management Office (PMO);
- The Ombudsman Office
- The Gambia Revenue Authority (GRA).

The Borrower will develop a Social Assessment and Plan (SA) either as part of the Retrenchment Plan or as a stand-alone document, in consultation with affected persons and have it reviewed and cleared by the Bank prior to the implementation of the Retrenchment Plan, and implement with the Retrenchment Plan. The Borrower will report on the implementation of the SA Plan as part of regular reporting. The TORs will be prepared before the Project Board date.
Finally, the project has prepared a GRM, drawing on the labor laws in The Gambia, which will enable project staff and those participating in the retrenchment process to address labor-related grievances.

ESS3 Resource Efficiency and Pollution Prevention and Management
Not relevant at this stage, as the project will not finance activities that involve energy efficiency or pollution prevention and management.

ESS4 Community Health and Safety
Not relevant at this stage, as the project will not finance activities that involve construction and civil works.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
The project is not financing activities that involve land acquisition, restrictions on land use, or involuntary resettlement.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
Not relevant at this stage, as the project does not involve biodiversity conservation and sustainable management of living natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
There are no Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities in the project area of influence.

ESS8 Cultural Heritage
Not relevant at this stage, as the project will not finance activities that will affect cultural heritage.

ESS9 Financial Intermediaries
This project is not an FI operation.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No
The project will not finance activities that will affect International Waterways OP 7.60 Projects in Disputed Areas

The project will not finance activities that will be in Disputed Areas

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

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<tr>
<th>DELIVERABLES against MEASURES AND ACTIONS IDENTIFIED</th>
<th>TIMELINE</th>
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<tbody>
<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>05/2020</td>
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**MANAGEMENT TOOLS AND INSTRUMENTS:** Any activity likely to generate environmental and social risks will be subject to the national environmental and social procedures and, in accordance with the World Bank ESF, in order to put in place appropriate and adequate mitigation measures and instruments.

Preparation and validation of the Social plan TORs prior to the project Board approval.

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<thead>
<tr>
<th>ESS 10 Stakeholder Engagement and Information Disclosure</th>
<th>01/2020</th>
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<tr>
<td>The Project has prepared a Stakeholder Engagement Plan that will be disclosed before project appraisal.</td>
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<thead>
<tr>
<th>ESS 2 Labor and Working Conditions</th>
<th>01/2020</th>
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<tbody>
<tr>
<td>LABOR MANAGEMENT PROCEDURES: The project has developed a Labor Management Plan (LMP) in accordance to ESS 2.</td>
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<thead>
<tr>
<th>ESS 3 Resource Efficiency and Pollution Prevention and Management</th>
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<th>ESS 4 Community Health and Safety</th>
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<th>ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources</th>
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<th>ESS 8 Cultural Heritage</th>
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Mar 02, 2020
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:
The project will not use Borrower framework but will comply with national laws and regulations.

IV. CONTACT POINTS

World Bank
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Contact: Naomi J. Halewood               Title: Senior Digital Development Specialist
Telephone No: 473-5667 Email: nhalewood@worldbank.org

Borrower/Client/Recipient
Borrower: Ministry of Finance and Economic Affairs

Implementing Agency(ies)
Implementing Agency: Directorate of Public and Private Partnership and Public Enterprises - DPPP&PE

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s): Maimouna Mbow Fam, Naomi J. Halewood
Practice Manager (ENR/Social)  Aly Zulficar Rahim Cleared on 28-Feb-2020 at 09:45:59 EST
Safeguards Advisor ESSA  Hanneke Van Tilburg (SAESSA) Concurred on 02-Mar-2020 at 14:31:47 EST