

Environmental and Social Data Sheet

Overview

Project Name:	Lower Usuthu Smallholder Irrigation II
Project Number:	2012-0545
Country:	Swaziland
Project Description:	The second phase of the Lower Usuthu Smallholder Irrigation Project (LUSIP II) aims at equipping 5,750 ha with irrigation infrastructure including main conveyance, distribution network and on-farm infrastructure and targets smallholders as final beneficiaries. LUSIP II is the second phase of an investment to establish an irrigation system in the Usuthu River basin in Swaziland to adapt the agricultural production systems to the changing climate while addressing widespread poverty in the region. The project's first phase (LUSIP I), which included building a reservoir, was already financed by the Bank.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The project aims to transform 5 217 ha of marginal rain fed agricultural, pasture and secondary bush land into irrigated agriculture in an area where soil degradation due to excessive grazing and limited water availability, are major constraints in improving the living standard of the rural communities and alleviating the prevailing widespread poverty of the local population. In addition, the project will provide water for 533 ha which are currently being irrigated directly from the Usuthu River.

A project in the EU with similar technical characteristics would fall under Annex II of the EU EIA Directive 2014/52/EU amending the EIA Directive 2011/92/EU and be subject to an environmental screening procedure. Based on the national environmental acquis SEA, the competent authority, demanded a comprehensive Environmental and Social Impact Assessment (ESIA) (Swaziland Environmental Audit, Assessment and Review Regulations, 2000).

In order to address potential cumulative effects with LUSIP I and in line with the provisions of the 2002 Environmental Management Act (EMA), the Swaziland Environment Authority (SEA) required a Strategic Environmental Assessment (StrEA).

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

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The StrEA assessed the environmental impacts (positive, negative, social or economic) associated with the construction, and operationalisation of the project as a whole (LUSIP I and II). This has undergone public consultation for LUSIP I and II. The StrEA has been finalised and approved by SEA on 27 October 2016.

The comprehensive Environmental and Social Impact Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) have been prepared in line with Swaziland's legislation as well as the EIB's and AfDB's standards. It was approved by the Swaziland Environment Authority on February 16th, 2015 and is published on the Bank's website since May 2017.

The ESIA identified low risk impacts on biodiversity and hydrology at the level of the project development area (PDA). The main environmental impacts identified are expected to result from (i) changes in grazing patterns and subsequent increased erosion risks due to higher pressure on the remaining grazing land from displaced herds; (ii) rapid social and economic change due to land reallocation and construction activities; (iii) effects on flora and fauna from construction or other project activities; (iv) effects of surface water abstraction. Specific mitigation actions have been proposed and are detailed in the ESMP.

Moreover, the promoter (Swaziland Water and Agriculture Development Enterprise, SWADE) shall prepare and implement afforestation measures (in compensation of the loss of bushlands and biodiversity), project specific O&M manuals and cropping guidelines including an agrochemical management plan based on principles of good agricultural practice for the farmer companies. Only pesticides based on active ingredients that can be legally used in the EU shall be eligible for application in the project development area. The corresponding disbursement and undertaking condition will be included in the finance contract.

The project is covered by the interim Tripartite Inco-Maputo agreement between RSA, Swaziland and Mozambique signed in 2003 and extended until a new agreement is reached. A new tripartite agreement on water use allocation and priorities for the Lower Usuthu/Maputo River Basin, based on an Integrated River Basin Management Plan (RBMP), is currently under preparation (Progressive Realisation of the Inco-Maputo Agreement, PRIMA). The draft documentation foresees a water allocation for the LUSIP project which is in line with the original tripartite agreement. A detailed integrated water supply and demand analysis has been also carried out in the frame of the PRIMA studies.

Social Assessment, where applicable

The overall justification for the project is the development opportunity it provides for the local vulnerable smallholder population in a deprived region which is expected to be heavily affected by climate change.

The project development area is located on Swazi National Land where land use rights are split under a multitude of homesteads. In order to favour rational infrastructure design and the development of an efficient agricultural production system, the project follows a communal scheme design similar to LUSIP I and other smallholder irrigation projects in the country. Individual homesteads agree to transfer the land use rights to a Farmer Company (FC) in exchange for company shares and according to the Chiefdom Development plans (regional development plans, prepared by and consulted with the affected population).

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The procedure adopted included the re-allocation of land tenure rights by the Chiefs from the individual homesteads to Farmer Companies that are under modern legislative regime framework. In this way, the whole community in each of the affected Chiefdoms is to directly benefit from the project (see consultation below).

The project foresees increased employment opportunities and improved livelihood as well as acquisition of new skills (e.g. commercial irrigation farming, business management, etc.) for vulnerable smallholder groups in the PDA. Riparian homesteads will further benefit from improved supply of drinking water for cattle that will be conveyed by the LUSIP canals. The farming model already put in place for the LUSIP I development has been perceived as highly successful and has generated high level of acceptance among the affected communities.

The project involves physical resettlement and some economic displacement. It has been estimated that 43 homesteads will be resettled due to the alignment of the new canal and the establishment of the new irrigation blocks. These requirements have been well identified and addressed in the Environmental and Social Management Plan (ESMP) developed within the framework of the ESIA study and in the Resettlement Action Plan (RAP), based on the country's resettlement policy framework.

Compensation packages and livelihood restoration activities have been identified and discussed in multiple consultation sessions with the affected communities. In light of the feedback received and in order to address any discrepancy in the compensation regimes to the affected homesteads and to enhance dialogue with the beneficiaries, the promoter will carry out an update of the RAP, in line with EIB standards.

The Government of Swaziland has appointed SWADE as project implementation unit (PIU) to implement and monitor the ESMP and RAP. SWADE, also responsible for the implementation of the previous phase LUSIP I, has demonstrated strong capacities in managing environmental and social risks and implementation of mitigation measures.

Public Consultation and Stakeholder Engagement

The Government of Swaziland (GoS) has adopted a participatory approach since the very early stages of the LUSIP projects. As a result of the extensive consultations with the local communities carried out since 1998, various committees at the community and chiefdom level were established (among them: women's committees, resource users group, water users, zonal planning committee, and neighbourhood committees). Their main mandate was to discuss and propose development solutions on issues pertinent to the project, including resettlement, suitable and preferred crops, identification of livestock grazing area, etc. These committees are actively involved in the project cycle and also involve the traditional authorities within the Chiefdoms.

Chiefdom Development plans for Ngcamphalala, Matsenjwa, Mngometulu have been created as strategic development tools and follow a well-established procedure (including the designation and confirmation of the irrigable areas under LUSIP and reassignment of land to the benefit of all homesteads in the chiefdom).

The promoter has prepared a stakeholder engagement plan (strategy and guide for conflict prevention and management) and it established a project-wide grievance mechanism, monitored and implemented by SWADE.

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Other Environmental and Social Aspects

The LUSIP II project is in compliance with Swaziland's national environmental management policies and legislation. It will be guided by the Swaziland National Development Strategy (1997); National Adaptation Strategy (NAS) 2006; Poverty Reduction Strategy and Action Plan (2007 and 2010).

Conclusions and Recommendations

The project promoter follows a socially responsible investment approach to guarantee the project's long-term success.

The project is considered acceptable for financing by the Bank from an environmental and social perspective. Nevertheless, it will require additional environmental and social monitoring to ensure that mitigation measures are properly implemented in the medium and long term and that investments are in compliance with the EIB's Environmental and Social Standards as well as national law.

Subject to the fulfilment of the below-mentioned disbursement and undertaking conditions, the project is acceptable for EIB financing in E&S terms.

Conditions for the first disbursement:

Shall be submitted to the Bank in satisfactory form and substance:

- The afforestation plan to compensate the losses of wood and bush biomass and biodiversity in the Project development area.

Conditions for all disbursements (including the first one):

Shall be submitted to the Bank in satisfactory form and substance:

- Copies of all Environmental and Social Documents applicable to the Project Subcomponent(s) relating to the proposed Tranche, namely:
 - Updated Resettlement Action Plan,
 - Strategic Environmental Assessment.
 - Chiefdom Development Plans, together with evidence of the transfer of the land use rights to the Farmer Companies (FCs) by the local chiefs and evidence of the consultation events related to this.

Undertakings:

1. The Borrower and the Promoter undertake to finance and implement the afforestation plan.
2. Within the first year of operation, the Promoter will develop together with the extension services of the Ministry of Agriculture and of the Ubombo Sugar Limited:
 - O&M manuals for the farmer companies.
 - Cropping guidelines for each of the food crops other than sugarcane that shall be cultivated under LUSIP II area.
 - Binding agrochemicals management plan, including a positive list of products which shall be based on active ingredients that can be legally applied in the EU.