



REVIEW BY THE U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT (USAID)
OF ASSISTANCE PROJECTS
CONSIDERED BY MULTILATERAL
DEVELOPMENT BANKS

DECEMBER 2020

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Introduction

The United States International Financial Institutions Act¹ directs the United States Government (USG) to strengthen the environmental and social performance of each multilateral development bank (MDB) in which the United States is a shareholder. To this end, the U.S. Agency for International Development (USAID) leads pre- and post- approval² field reviews of selected MDB projects.³ The teams that perform these reviews comprise technical specialists from USAID's Missions and headquarters and, in some cases, from other Federal Departments and Agencies.

USAID's pre- and post-approval field reviews yield findings and recommendations intended to improve the environmental and social performance of MDB-funded projects. Post-approval reviews also evaluate the incorporation and effectiveness of any previous USG recommendations and/or assess an MDB's implementation of its safeguard policy.

USAID's pre- and post-approval field reviews are distinct from, but related to, the USG loan reviews and other Congressionally mandated MDB-oversight functions led by the U.S. Department of the Treasury. Both pre- and post-approval field reviews can inform USAID's input into future USG reviews of MDBs' safeguard policies and guidance.

USAID publishes the resulting reports on our public website⁴ and distributes them to stakeholders. USAID also translates the executive summaries of reports into local languages, as appropriate.

The U.S. International Financial Institutions Act further directs USAID to report semiannually to Congress on our reviews of MDB projects. This report covers the period from April through September 2020. During this time, USAID advanced our review of a multinational project in the United Republic of Tanzania and the Republic of Kenya and initiated a review of a project in the Independent State of Samoa. USAID is considering three projects for future reviews.

¹ Relevant sections of Title XIII of the U.S. International Financial Institutions Act are available at: https://www.usaid.gov/our_work/environment/compliance/title13.

² Here, "approval" refers to a vote to approve financing by a Board of Executive Directors at an MDB. USAID can conduct a pre-approval field review any time prior to a vote by an MDB Board, and a post-approval field review any time after approval by an MDB Board.

³ Here, "projects" includes any type of MDB investment (e.g., project loan, technical assistance, development policy loan, risk or loan guarantee, and grant) at any phase of the investment cycle: from identification to closure.

⁴ USAID's repository of project review reports and summary reports to the U.S. Congress is available at <https://ecd.usaid.gov/mdb.php>. Please note that as of September, this site is down for long-term maintenance.

Process of Conducting Field Reviews

USAID conducts reviews on a subset of MDB projects that are “particularly likely” to have “substantial” adverse environmental or social impacts, including on natural resources, public health, or Indigenous Peoples.⁵ USAID selects MDB projects for review following consultation with our Bureaus in Washington, D.C.; our field Missions; the Offices of the U.S. Executive Directors to the MDBs; the U.S. Departments of the Treasury and State; and other stakeholders, such as civil-society organizations, subject-matter experts, and the staff of the MDBs.

Generally, USAID collects information from, and frames its analysis by, the following:

- Relevant U.S. legislation;
- Previous USG recommendations on a project or MDB safeguard;
- MDBs’ safeguard policies and guidance;
- International best-practice standards;
- Publicly disclosed MDB project documents;
- Reports by civil-society organizations, academic institutions, and others;
- Site observations;
- Meetings with stakeholders and experts; and
- Meetings with people affected by a project.

USAID’s reviews can address any component of the assessment and management of environmental and social impacts, including the following:

- Capacity of the borrower(s);
- Screening;
- Definition of the project’s area of influence;
- Scoping;
- Analysis of alternatives;
- Baseline data;
- Assessment of direct, indirect, and cumulative impacts;
- Assessment of impacts from associated facilities; and
- The design and implementation of mitigation measures.

USAID’s reviews often focus on environmental and social issues formally raised to MDBs by the USG through periodic reviews of their safeguard policies or other processes. Unless specified, USAID’s review findings and recommendations

⁵ This language is provided for in Title XIII of the U.S. International Financial Institutions Act, Section 1303(a)(3), available at https://www.usaid.gov/our_work/environment/compliance/title13.

apply to specific cases, and are not generalizable. Reviews can highlight good practices as well as areas for improvement.

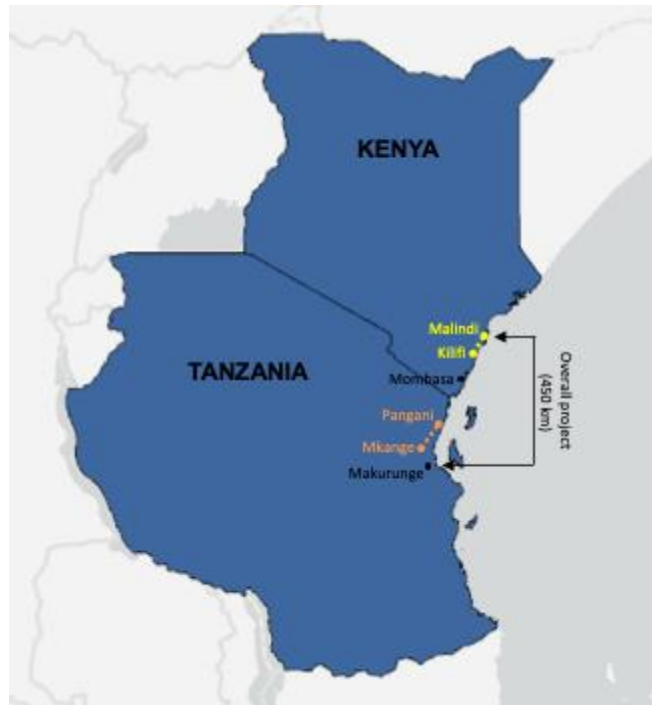
Annex I – Current and Recent Reviews

1. Multinational – East African Coastal Corridor Development Project (African Development Bank)

On December 12, 2019, the Board of Executive Directors of the African Development Bank (AfDB) approved Phase 1 of the East African Coastal Corridor Development Project. The total cost of Phase 1 of the project is \$450.51 million, and its implementation timeline is five years: 2020–2025.

Phase 1 consists of the following:

- i) A loan of \$178 million to the Government of Tanzania (GoT) to pave a largely existing earthen road that stretches 121 kilometers (km) from the coastal town of Pangani to an inland town called Mkange; and
- ii) A loan of \$178 million to the Government of Kenya (GoK) to widen an existing tarmac road that stretches 54 km from the coastal town of Kilifi south to Mombasa, Kenya's second largest city.



Phase II (for which financing is to be determined) consists of the following:

- i) A loan to the GoT to pave a largely existing earthen road that stretches 125 km between Mkange and Makurunge; and
- ii) A loan to the GoK to widen two sections of an existing tarmac road:
 - Northern section: Malindi to Kilifi (48 km; the yellow dotted line on the map above);
 - Southern section: Mombasa to the border with Tanzania (106 km).

In August 2019, USAID conducted a pre-approval field review of a section of Phase 1 in Tanzania: the Pangani-Mkange Road (the orange dotted line on the

map above). In February 2020, USAID conducted a pre-approval field review of a section of Phase 2 in Kenya: the Malindi-Kilifi Road (the yellow dotted line on the map above). This report includes draft findings and recommendations from both reviews. USAID will provide final findings and recommendations in two forthcoming project reports, which we will publish in our [public online repository](#).

Review of a Tanzanian Section of Phase 1: The Pangani-Mkange Road

The Tanzania National Roads Agency (TANROADS) will implement the Pangani-Mkange Road project. It is primarily intended to support fisheries and subsistence and commercial agriculture by improving access to markets, and to spur tourism to Saadani National Park and nearby beaches.

A multidisciplinary review team of technical specialists from USAID and the U.S. Department of the Treasury visited Dar es Salaam and the project area from August 1–15, 2019. A literature review, more than 50 interviews with project stakeholders and experts, and observations in and around the project area informed the review. The review team triangulated its methods as much as practicable.

The following are *draft* findings and recommendations:

Finding 1: Communities keenly anticipate the improved road and expect it will bring diverse development benefits.

Recommendation:

- a) Ongoing, inclusive consultations with the communities affected by the project are necessary to maintain alignment between local development needs and the project's design.

Finding 2: The Assessment of Environmental and Social Impact (ESIA) for Phase 1 of the project in Tanzania, published in July 2019,⁶ is not consistent with the AfDB's [Operational Safeguard 3](#) (biodiversity, renewable resources, and ecosystem services) and associated [Guidance Materials](#) regarding the i) definition of natural and critical habitat within the project area; ii) the incorporation of the best-available science; and, iii) the involvement of internationally recognized biodiversity experts in developing and implementing mitigation measures.

⁶ Otieno Odongo and Partners Consulting Engineers for Tanzania National Roads Agency. Phase 1 ESIA for Upgrading Tanga - Pangani - Saadani - Makurunge Road. July 2019. 156 pages plus annexes. Accessed at: https://esa.afdb.org/sites/default/files/KENYA%20AND%20TANZANIA-EAST%20AFRICAN%20COASTAL%20CORRIDOR%20DEVELOPMENT%20PROJECT-ESIA_0.pdf.

Recommendations:

- a) The project should immediately collect additional baseline information on habitat and biodiversity to strengthen the ESIA so it aligns better with the AfDB's [Operational Safeguard 3](#);
- b) Prior to construction, the project should revise its environmental and social management and monitoring plans to be proportionate to the findings of the proposed additional baseline survey (Recommendation "a" immediately above) and include mitigation measure based on the best-available science; and
- c) The project should ensure the designation of internationally recognized biodiversity as key personnel on the team(s) that will conduct the proposed additional baseline survey (Recommendation "a" immediately above) and develop and implement strategies for the mitigation and management of adverse effects.

Finding 3: The road will facilitate (legal and illegal) access to, and thus the ability to extract and transport, forest and marine resources. Project-induced extraction of natural resources at a commercial scale likely will threaten the sustainability of residents' consumption of such resources for their own use.

Recommendations:

- a) The project, in consultation with the GoT and relevant civil-society organizations, should strengthen community-based governance (to include planning, sustainable management, and conflict-resolution) of forests and fisheries in the project area; and
- b) The project should consider including a livelihood component to advance ecotourism.

Finding 4: Local communities expressed a need for sensitization about HIV and voiced concerns over the consequences of gender-based violence—especially forced pregnancies—within a weak health system.

Recommendations:

- a) The project should expand the reach and improve the capacity of existing community-based initiatives to provide education and sensitization about HIV; initiatives funded by the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) could be a useful model; and

- b) The project should increase access to women’s health facilities along the road—including those that offer screening and treatment for HIV in conjunction with prenatal, delivery, and postpartum care—and improve the quality of the care they provide.

Finding 5: The Phase 1 ESIA for Tanzania published in July 2019 does not assess the potential adverse gender impacts of the project adequately, including those that could arise from the anticipated influx of laborers and users of the road.

Recommendation:

- a) The project should revise its plan for environmental and social management accordingly and conduct due diligence in relation to gender during procurement.

Since the approval of Phase 1 of the project by the AfDB’s Board of Executive Directors, USAID has continued our engagement on these draft findings and recommendations, including by monitoring their consideration by the AfDB’s staff involved in preparing Phase 2 of the same project.

Review of a Kenyan Section of Phase 2: The Malindi-Kilifi Road

The Kenya National Highways Authority (KeNHA) will implement the Malindi-Kilifi Road project. It is primarily intended to reduce the time and cost of travel, increase access to goods and services, and create economic opportunities.

A multidisciplinary review team of technical specialists from USAID and the U.S. Department of State visited Nairobi and the project area from February 12–26, 2020. A literature review, more than 50 interviews with project stakeholders and experts, and observations in and around the project area informed the review. The review team triangulated its methods as much as practicable.

The following are *draft* findings and recommendations:

Finding 1: The AfDB and relevant GoK institutions might not be committing the human and financial resources necessary to do impact-assessments proportionate to the environmental and social risks of the Phase 2 project.

Recommendations:

- a) The AfDB should hire or assign additional specialists swiftly to cover all safeguards topics, as the Bank committed in the Board-approved Environmental and Social Safeguards Strengthening Action Plan 2020–2025;

- b) The AfDB should deliver periodic training on its [Policy Statement and Operational Safeguards](#) and [Guidance Materials](#) to safeguards specialists and operations staff involved in the Phase 2 project and, ideally, to all relevant staff at KeNHA and TANROADS;
- c) KeNHA should swiftly hire or assign additional specialists to cover all safeguards topics so that the Authority can implement its own Policy on Environmental and Social Standards (ESS) and the AfDB's Integrated Safeguards System more fully (for AfDB-funded projects); and
- d) The GoK's lead agencies—including the Kenya Wildlife Service (KWS), the Kenya Forest Service (KFS), and the National Museums of Kenya (NMK)—should improve the frequency and quality of communication between their headquarters and county offices, given the value of local knowledge for the decision-making of the National Environment Management Authority regarding applications for licenses after an ESIA.

Finding 2: KeNHA's safeguards policy and practices apparently focus on assessing direct impacts within the road reserve during construction. This approach is incongruent with the AfDB's safeguards requirements and international good practice, which require assessing direct, indirect, and cumulative impacts across the area of influence throughout the life of the project.

Recommendation:

- a) According to the AfDB's [Operational Safeguards 1 and 3](#) and associated [Guidance Materials](#), the AfDB and KeNHA should ensure that the ESIA for Phase 2 defines the project's area of influence broadly in space and time, namely by encompassing direct, indirect, and cumulative impacts up to 25 km from the road throughout the life of the project. According to peer-reviewed research and analysis of local data, the ESIA for Phase 2 should account for variability within the recommended 25-km area of influence by adopting distance-based thresholds, as follows:
 - Zero to five km from the project road (higher-impact);
 - Five to ten km from the project road (medium-impact); and
 - Ten to 25 km from the project road (lower-impact).

The mitigation measures in the project's Environmental and Social Management Plan should align with these impact thresholds.

Finding 3: Local livelihoods directly or indirectly depend on natural resources. The Phase 2 project is expected to spur additional use of limited land and resources. To help avoid overuse (exploitation), supporting locally led conservation

enterprises could be an effective and sustainable approach to restoring livelihoods disrupted by the project.

Recommendations:

- a) The AfDB and KeNHA should consider scaling up existing, locally led sustainable livelihoods, such as mangrove nurseries, the production of honey, and butterfly-rearing;
- b) Where no locally led sustainable livelihoods currently exist, the AfDB and KeNHA should consider funding new, locally led sustainable livelihoods or enterprises; plantation forestry and archeological survey and restoration are two ideas suggested to the review team by local communities; and
- c) Whether existing or new, the AfDB and KeNHA should choose which livelihood-restoration activities to fund in coordination with local communities and the relevant natural-resource institutions of the GoK, and should explicitly state how they aim to benefit women equally.

Finding 4: Regarding *other* recent road projects in the area, local communities report limited information disclosure, no identification of vulnerable groups, and no or limited compensation. This context likely will affect outreach and engagement for the Phase 2 project.

Recommendation:

- a) The AfDB and KeNHA should disclose information on the Phase 2 project to the public as soon as possible and initiate meaningful consultations with project-affected people to introduce the project and seek their views on how to avoid and mitigate possible adverse risks and impacts, as specified below:
 - i) Inclusive surveys of stakeholders to identify any “vulnerable groups” (as defined by the AfDB) should precede consultations to engage these populations as soon as possible, as directed in the Bank’s [Operational Safeguard 1, Guidance Material on Consultation, and on Vulnerable Groups' Identification and Inclusion in Development](#); KeNHA and the AfDB should be sensitive to the possibility that the groups themselves might not welcome or assume the label “vulnerable”;
 - ii) KeNHA and the AfDB should advertise the consultations through locally appropriate communication channels, and conduct them in appropriate local languages; and
 - iii) The consultations should start soon, to allow enough time to consider communities’ views in the Terms of Reference for the ESIA and the

ESIA itself; they should continue throughout the implementation of the project, consistent with the AfDB's [Operational Safeguard 1](#).

Finding 5: Additional safety-oriented design measures, behavior change among the users of the road and the surrounding communities, and stricter enforcement of traffic laws are needed to improve road safety.

Recommendations:

- a) To build on KeNHA's good practice of conducting in-house and independent road-safety audits of the design of each project, the Authority should include safety measures, such as those [recommended for rural roads by the World Health Organization](#), throughout the Detailed Engineering Design; priority measures include structures to prevent overtaking (passing) in hazardous stretches and shoulders and footpaths for slower-moving road users;
- b) KeNHA should partner with an African non-governmental organization focused on road safety to fulfill the AfDB-recommended measure to "collaborate with local communities and authorities to improve road safety and increase traffic awareness"; the review team's consultations suggest that [Amend](#) (an organization that works across East Africa, including in Kenya) is well-positioned for such a partnership; and
- c) KeNHA should involve relevant GoK institutions (including the Kenya National Highways Police Unit and the National Transport and Safety Authority) in the development of the AfDB-recommended Emergency Response Plan, and should encourage these institutions to staff the road corridor with additional, well-qualified police and emergency personnel to respond accordingly.

Finding 6: Project-affected people reported that typical modes of conflict-resolution are discriminatory, corrupt, and ineffective. Thus, they are skeptical about the effectiveness of a mechanism for redressing grievances during the Phase 2 project. Significant outreach and education might mitigate this challenge to redress. However, this appears beyond the resources of the AfDB's [Independent Review Mechanism](#) (IRM), at least in recent years in Kenya.

Recommendations:

- a) In designing the project-level mechanism for redressing grievances, the ESIA team or specialized consultant should anticipate, and attempt to mitigate, ways in which consulting community leaders/arbiters might perpetuate inequities or ineffective advocacy for the views and specific needs of women, girls, boys, and people with disabilities; and

- b) The project's proponents should establish awareness, and continually build diverse groups' capacities to access, both the project-level mechanism and the AfDB-wide IRM.

Finding 7: The Phase 2 project road passes near or through numerous terrestrial and marine parks and reserves and thus is likely to have potentially adverse impacts on natural and critical habitat for vulnerable, threatened, endangered, restricted-range, and migratory species, among other species.

Recommendations:

- a) The AfDB and KeNHA should write the Terms of Reference for the Phase 2 ESIA to yield data and information that will help the project prioritize avoiding impact, rather than relying on mitigating impact or providing compensation:
- b) These data and information should include, but not be limited to, the following activities:
 - i) *A general baseline survey of biodiversity* conducted by qualified and independent experts in mammals, birds, amphibians/reptiles, plants, and other appropriate fields; this survey should begin as soon as possible to allow time for field observations and sampling over multiple seasons and in different areas, which should span the project's area of influence;
 - ii) *An animal movement / migration baseline assessment* conducted by a qualified and independent road ecologist. This assessment should identify foreseeable project-related impacts on large and small animal movement / migration and recommend specific, actionable avoidance and mitigation measures, especially where the road crosses near or through protected areas per the recommended proximity-based thresholds following Finding 2. This assessment should be informed by existing, public roadkill data collected by the GoK and local environmental conservation organizations; peer-reviewed scientific research on road-related behavior of animals in coastal East Africa; and other relevant data and information.
- c) If, after exhausting avoidance and mitigation approaches, the project expects a need to compensate for residual impacts with a biodiversity offset, then KeNHA or its contractor should do the following:
 - i) Conduct meaningful consultation with local communities regarding the siting, management, and monitoring of the offset; and
 - ii) Seek ways to connect the offset with existing protected areas, especially the Arabuko-Sokoke Forest Reserve, consistent with the

[Global Guidelines for Conserving Connectivity through Ecological Networks and Corridors](#) of the International Union for Conservation of Nature.

Finding 8: KeNHA will implement the Phase 2 project in an area affected by rising sea levels, and where two related ecosystem services (the recharge of groundwater recharge and the control of erosion) highly influence the ecotourism-based economy; as a result, data-based mitigation measures are necessary to help maintain these ecosystem services and promote the project's climate resilience.

Recommendations:

- a) KeNHA should hire an independent expert to conduct an Ecosystem-Services Review that assesses, at a minimum, the following:
 - i) Risks related to rising sea levels between Kilifi and Malindi;
 - ii) Groundwater-recharge around Mida Creek; and
 - iii) The control of erosion in the Galena/Sabaki River area;
- b) The Ecosystem-Services Review should identify and define any priority ecosystems services and prescribe measures to avoid and mitigate impacts on them throughout the life of the project;
- c) The Ecosystem Services Review should cover, as much as possible, ancillary facilities (such as quarries, borrow pits, crusher plants, asphalt plants, water bore holes, labor camps, and dumpsites), as the scope and location of such facilities can profoundly affect the integrity of an ecosystem; and
- d) The Ecosystem-Services Review should inform the Detailed Engineering Design, and relevant documents (e.g., the Environmental and Social Management Plan, the Bill of Quantities in the construction contract, etc.) should budget for any avoidance and mitigation measures.

Finding 9: While the AfDB's safeguards address cultural heritage, the GoK's ESIA process addresses cultural heritage inconsistently. This difference likely will create challenges for GoK institutions as they assess the project's possible impacts on tangible and intangible cultural heritage and develop a Cultural-Heritage Management Plan for Phase 2.

Recommendations:

- a) The AfDB should work with KeNHA and NMK to develop a Heritage-Impact Assessment and a Cultural-Heritage Management Plan for both tangible and

intangible cultural heritage for Phases 1 and 2: the assessment and management plan should define and broadly address cultural-heritage terms; provide an overview of previously documented heritage sites in the project's area of influence; determine low- and high-risk archaeological areas; and create implementation timelines, estimates of resources, and other relevant content within the AfDB's [Operational Safeguard 1](#) and associated [Guidance Materials](#);

- b) The NMK should develop written policies and guidance for the management of cultural heritage for the AfDB and KeNHA for Phase 2: these policies and guidance should specify cultural-heritage definitions for the project; discuss when it is necessary to conduct survey, mitigation, and salvage excavations; and align salvage-excavation methodologies with legal requirements and cultural-heritage policy, consistent with international best practice;
- c) KeNHA should establish links with other institutions to provide as-needed capacity in project-level safeguards capacity; our review suggests that the NMK and Kenyan and international academic institutions might appropriately assist KeNHA with in-field archaeological monitoring to identify chance finds; and
- d) The AfDB should create a new, separate Operational Safeguard on cultural heritage; doing so would highlight and promote understanding by borrowers and clients of issues of cultural heritage within the AfDB's [Integrated Safeguards System](#) and each country's laws for protecting cultural heritage.

Finding 10: Individuals from diverse groups in the Phase 2 project area are concerned about risks and impacts associated with labor, particularly sexual exploitation and abuse and associated health outcomes, and decreases in school attendance.

Recommendations:

- a) The AfDB and KeNHA should develop and implement an Influx/In-Migration Management Plan in coordination with community leaders and representatives of "vulnerable groups": this plan should set forth the rights of project-affected persons, as well as establish a means of reporting inappropriate conduct through the project-level mechanism to redress grievances and the Bank-wide [Independent Review Mechanism](#);
- b) To help prevent labor-related sexual exploitation and abuse and child marriage, and to promote access to high-quality maternal and child health care:

- i) The AfDB and KeNHA should require the contractor and any sub-contractors to hire unskilled and skilled laborers from local communities as much as possible; in addition, the AfDB and KeNHA should require the contractor and any sub-contractors to offer job training and both unskilled and skilled jobs to women via outreach with womens' groups; the project's proponents should not rely exclusively on chiefs or the local government administrator for this purpose;
 - ii) The AfDB and KeNHA should encourage the contractor and any sub-contractors to combat stigma against victims of sexual exploitation and abuse, including pregnant women, for example, by funding activities to improve the quality of care at health facilities near the project's labor camps; such activities should adopt [international standards](#) for respectful maternal and newborn care, and USAID's health programs in Tanzania could be useful in this regard;
 - iii) The AfDB and KeNHA should fund community-based social-protection officers to help prevent project-induced child marriage;
 - iv) The AfDB and KeNHA should provide risk-avoidance education at labor camps, schools, and community centers to help adolescents and youth avoid sexual risk and adopt positive behaviors; relevant content from such education should be part of a mandatory code of conduct and anti-sexual harassment policy for all the project's employees, contractors, and sub-contractors: To help KeNHA fulfill its role in oversight and enforcement, relevant KeNHA staff should receive training on the code of conduct, and the Authority should monitor compliance and track and follow up on any complaints raised; and
- c) To help prevent labor-related decreases in school attendance, the AfDB and KeNHA should do the following:
- i) Require the contractor and any sub-contractors to hire only adults (18 years and over) and widely advertise this practice in camps, schools, and community centers; and
 - ii) Mitigate the risk that project-adjacent businesses might hire or exploit children by pulling them from school to meet project-induced demand for services and goods, such as fuel, water, and food.

Finding 11: Malindi and Kilifi Counties, where the AfDB and the KeNHA will implement Phase 2 of the projects, are well-documented hubs for trafficking in persons, drugs, wildlife, and cultural property. Many illicit goods are imported and exported through the Port of Mombasa, which is a key waypoint on the Phase 1 project road.

Recommendations:

- a) Given that KeNHA currently does not have a policy on trafficking, the AfDB should conduct regular oversight to help ensure that trafficked persons are not a part of the project's workforce, as required in the AfDB's [Operational Safeguard 5](#);
- b) The Kenya National Highways Police Unit should do the following:
 - i) Work more closely with KWS and KFS to understand the illegal extraction of natural resources in the area and to determine key points on the road where the movement of poachers and illegal wildlife products are likely to increase; and
 - ii) Increase the presence of law enforcement along the project road to help prevent and respond to any project-induced illicit trade in drugs, wildlife, and cultural-heritage materials, as well as trafficking in persons; and
- c) Donors and other stakeholders should consider funding or facilitating a locally led capacity-assessment of the Joint Port Customs Unit, Joint Container-Control Program, and Joint Operations Center of the Port Authority of Mombasa, to identify any gaps in technical skills of staff and opportunities for strengthening relevant components of trafficking-related law enforcement and customs: any efforts that result from the proposed capacity-assessment should employ active-learning approaches (e.g., peer-to-peer technical assistance, study tours, mentoring or apprenticeship, and on-the-job training).

Finding 12: Amid the pandemic of the novel coronavirus, the risks and impacts the Phase 2 ESIA should seek to identify and manage must change. The project's planning documents and timelines (for Phases 1 and 2, in both countries) will need revision, given guidelines for physical distancing and associated challenges with the disclosure of information and engagement with stakeholders.

Recommendations:

- a) In light of the pandemic, the AfDB and KeNHA should expect the following as part of their environmental and social planning for this project:
 - i) Different or additional risks and impacts, especially on "vulnerable groups";
 - ii) Generally slower and less-predictable timelines;
 - iii) Uncertain, and potentially less, funding from the GoT and GoK, which increases the risk of inadequate or delayed compensation; the proponents of the project should adjust the Terms of Reference for the ESIA and the ESIA itself accordingly and adaptively manage implementation as conditions evolve;
- b) Given that some of the most effective forms of informing and engaging communities are not safe or feasible during the pandemic, the AfDB and

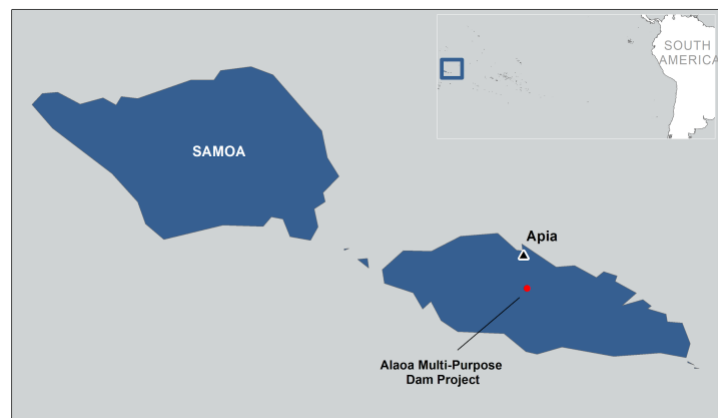
KeNHA should consider and implement (through a Stakeholder-Engagement Plan) relevant practices and lessons from MDB consultations in volatile or restrictive environments, such as fragility, conflict, and violence; moreover, to promote accountability, the AfDB and KeNHA should fund third-party auditors to monitor and report on the implementation of the Stakeholder-Engagement Plan;

- c) During construction, the AfDB should require mitigation measures—such as personal protective equipment and physical distancing, wherever possible—to promote the health and safety of workers;
- d) Given that post-approval site visits to monitor the implementation of the project are also likely not to be safe or feasible in the short-term, the AfDB and KeNHA should initiate planning for virtual site visits: lessons learned from the response to the outbreak of Ebola in West Africa in 2013 suggest that platforms that are already in place, in use, and trusted by local stakeholders are more effective for collecting data:
 - i) Proven low- and moderate-cost platforms include, but are not limited to, the following:
 - 1) Virtual meeting platforms to consult with project-affected people in real-time;
 - 2) Collecting data through mobile phones;
 - 3) Accessing data from institutional monitoring systems; and
 - 4) Analyzing satellite data and geospatial information.

See also Annex 6 for the USAID Guide for Adopting Remote Monitoring Approaches During COVID-19.

2. Independent State of Samoa – Alaoa Multi-Purpose Dam Project (Asian Development Bank)

The proposed Alaoa Multi-Purpose Dam Project (the project), located on the Vaisigano River above the Samoan capital city of Apia, will develop a 60-meter-high, roller-compacted concrete-design dam with an indicative reservoir storage volume of four million cubic meters and a run-of-river type of small hydropower plant with an indicative installed capacity of 0.60 megawatts (MW).



The primary objective of the project is the prevention of flooding and the protection of key infrastructure. The secondary objective is the provision of seasonal water supply during dry periods and the reduction of turbidity during flood periods. The tertiary objective is small-scale hydropower generation, which will support the target the Government of Samoa (GoS) has set of generating 100 percent of the country's electricity through renewable energy by 2025. The Project also includes capacity-building and project-management support.

In consultation with technical staff at other U.S. Federal Departments and Agencies, USAID, through its Washington-based MDB Team, selected the Alaoa Multi-Purpose Dam Project to review for five primary reasons:

- The project requires compliance with the Policy on MDB Investments in Large Dams during Fiscal Year (FY) 2019, a U.S. legal mandate⁷ that requires the U.S. Department of the Treasury, in consultation with USAID and the U.S. Department of State, to apply additional environmental and social due diligence to “large dam” projects;
- The project could have significant adverse effects on natural and critical habitat, including residual effects;
- The project could lead to economic displacement and, potentially, physical displacement of populations in the area;
- Potential legal issues exist regarding the previous acquisition of the land affected by the project; and
- A previous ADB-funded project in Samoa had a documented history of a lack of compliance with the Bank's community-consultation requirements.

Because of travel restrictions related to COVID-19, this review initially will not include a field component. Otherwise, USAID aims to apply a similar level of rigor to the review as we do to all others, including by reviewing the project's documentation and related technical literature thoroughly; and by identifying and interviewing (via email and teleconference) subject-matter experts, local and international stakeholders, project-affected persons, and staff from the Government of Samoa (GoS) and the ADB.

A multidisciplinary review team of technical specialists from USAID and the U.S. Departments of the Treasury and State, in coordination with staff from USAID's Mission for the Pacific Islands (based in Manila, in the Republic of The Philippines) and the U.S. Embassy in Samoa, is analyzing the following potential themes of review:

Technical design and local capacity: The multi-purpose design of the project and the intention to incorporate climate information continuously into decision-making

⁷ Pub. L. 116-6, Div. F, §7060(c)(3), February 15, 2019.

regarding the management of the dam will require a significant amount of local technical capacity to oversee, monitor, and maintain. Technical capacity in Samoa is limited because of the country's small population (less than 200,000 people) and isolated location. The review team is assessing: a) the technical requirements to manage, monitor, and maintain the multi-purpose dam; and, b) the sufficiency of the capacity-building output of the ADB's project.

Relationship among projects in the Vaisigano catchment: Numerous small hydropower and flood-protection projects are taking place in the Vaisigano River catchment, including a one financed by the Green Climate Fund and implemented by the United Nations Development Programme to promote an integrated approach to manage the risk of flooding. The review team is assessing the impact of, and relationships among, these projects in the context of planning for the management of the river basin.

Improved upland management: Improved management of land in the Vaisigano River catchment above the proposed Alaoa Dam location potentially could increase water infiltration into the soil and reduce surface water flows during extreme events and thus mitigate the risk of flooding. The Alaoa Multi-Purpose Dam project currently does not include any upland-management interventions; the review team is exploring the potential usefulness of including them in this project and/or coordinating with other projects that include such interventions.

Effects on critical habitat and the use of a biodiversity offset: The Project could have significant and adverse impacts on natural and critical habitat for endangered and critically endangered species, including birds, lizards, snails, and palm trees. Thermal also could have an adverse impact on the Apia Catchments Key Biodiversity Area. Avoidance and mitigation measures are expected to address some of these potential impacts, but residual impacts will require a biodiversity offset, the tentative costs of which are anticipated to be \$4–8 million. The project also will alter the flow regime of the East and Middle East Branches of the Vaisigano River, which would affect critical habitat for five migratory fish. The ADB's staff explained that travel restrictions related to COVID-19 has delayed the completion of a Plan for Managing and Monitoring Biodiversity and a Biodiversity-Offset Plan, which further limits the availability of relevant data on biodiversity. The review team is analyzing the project's biodiversity assessments and plans and interviewing relevant local, regional, and international experts in the conservation of biodiversity.

Potential legacy land issues: The project's Resettlement Plan states that: a) the entire Alaoa Multi-Purpose Dam Project area is within government land acquired in 1921 by New Zealand colonial authorities who were operating under a Mandate from the League of Nations; b) the project affects no freehold or customary land; and, c) the project will affect only minor illegal, but customary, uses of the area.

The Resettlement Plan acknowledges, and initial USAID interviews suggest, that there are additional land-rights claims in the project area that might exist related to the colonial government's acquisition of the land in 1921 and subsequent agreements between the land-rights holders and the colonial government and/or the GoS after independence in 1962. The review team is analyzing the processes of the ADB and the GoS and interviewing claimants to assess whether the project is addressing all land-rights claims appropriately.

Engagement with stakeholders: In 2016, the ADB's Compliance Review Panel determined, and the Compliance Review Committee of the ADB's Board of Directors agreed, that evidence suggested that the Bank did not ensure appropriate community consultation in a previous project in Samoa titled, "Promoting Economic Use of Customary Land." Travel restrictions and physical-distancing requirements related to COVID-19 will challenge the ability of the project to engage stakeholders, as will uncertainties regarding the project's timeline. The review team is analyzing previous stakeholder-engagement processes undertaken by the ADB and future plans and interviewing key stakeholders regarding their experiences with the Alaoa Multi-Purpose Dam Project.

Additional themes: The review team could explore additional themes that could include the safety of the dam; base flood-elevation mapping; and construction impact, such as the management of waste and dust and control of mosquitoes.

Annex II – Potential Future Reviews

1. Multinational – Ruzizi III Regional Hydropower Plant Project (African Development Bank)

In December 2015, the Board of Executive Directors of the AfDB approved an investment worth \$148 million to support the Governments of the Democratic Republic of Congo (DRC) and the Republics of Rwanda and Burundi to develop additional hydropower on the Ruzizi River. The project's overall development objective is the annual production of 650–700 gigawatts (GW) of electricity, which could supply approximately 350,000 households.



This Category I (highest-risk) investment would fund the Ruzizi III Hydropower Plant, three sub-stations, and three, 90-km-long transmission lines. The plant is structured as an independent power project based on a build-own-operate-transfer model with a 25-year concession agreement and power-purchase agreements.

The United States abstained from voting at the meeting of the AfDB's Board, and cited its determination that the project is "inconsistent with the content requirements in the Pelosi Amendment and U.S. law relating to large dams and concerns about weak institutional capacity."⁸

In July 2019, IPS, the industrial and infrastructure development arm of the Aga Khan Fund for Economic Development, and SN Power, a Norwegian renewable-energy company, signed project agreements for the plant with the Governments of the DRC, Burundi, and Rwanda. The project's investors expect the deal to reach

⁸ See the record of U.S. votes on MDB projects in December 2015 on the Department of the Treasury Multilateral Development Bank Resource Center, available here: <https://www.treasury.gov/resource-center/international/development-banks/Pages/data.aspx>.

financial close in 2021, and the plant is scheduled to become operational in 2025 or 2026.

USAID identified this project for possible review to evaluate its efforts to address the following points, which we flagged prior to the vote of the AfDB's Board:

- Constant political instability in the DRC and Burundi and limited capacity in the three governments to manage the diplomatic, legal, and regulatory dimensions of a complex, trans-boundary project;
- The economic uncertainty of the power off-take by the utilities involved and the ability to pay (under default) of the three governments;
- Social risk, including insecure land tenure in the project area;
- Environmental risk, including habitat impact on migratory fish species; and
- Seismic risk and the potential for a dam breach to cause uncontrolled release of water from the project's reservoir.

2. Republic of Paraguay – Paraguay Sustainable Production and Conservation Landscapes Project (World Bank)

The World Bank is proposing a \$30 million loan to the Government of the Republic of Paraguay for the Paraguay Sustainable Production and Conservation Landscapes Project to improve the governance and management of Paraguay's forestry sector. The project will build governmental capacity to provide an appropriate enabling environment for sustainable management of forests and support scalable, proof-of-concept field pilots in selected areas to lay the basis for the restoration of forests and improvements in the investment climate in the forest sector.

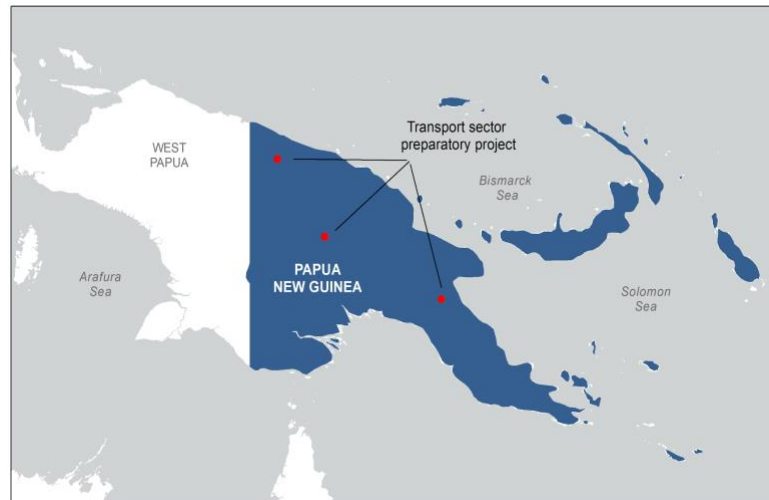


A sub-component of the project will target the sustainable use of forests in the Central Chaco of Western Paraguay. Among other things, it will fund a landscape-wide plan for agricultural producers to compensate their forest deficit with sustainable forest management (SFM) and services in forested areas, support small-to-medium-scale productive forestry-based activities and income-generation activities with Indigenous Peoples, and support SFM research and pilot projects throughout the Dry and Humid Chaco. USAID identified this project for possible review because, while it appears well-designed, it is one of many that potentially could affect a quickly degrading Chaco ecosystem. Cumulative impacts could result from individually insignificant, but collectively significant, detrimental activities that take place over time. This single forestry project is one of several planned in the World Bank's [Country Partnership Framework for Paraguay](#) over FY

2019–2023, worth up to \$1 billion. Hence, USAID is interested in assessing how cumulative the Bank will address impacts across a portfolio of projects in this single threatened landscape to help ensure the conservation of the forests and associated ecosystem services.

3. Independent State of Papua New Guinea – Transport Sector Preparatory Project (Asian Development Bank)

The Asian Development Bank (ADB) will finance the preparation of studies and designs for three projects in the transport sector in Papua New Guinea. The ADB will fund the executing agencies through the preparation of numerous assessments and plans for these projects, including assessments of financing, risk and procurement, financial management, climate-risk vulnerability, gender (including a gender action plan), and poverty and social impact.



The first project will be a northern region road corridor (Momase International Highway) from Wutung to Angoram (\$630 million). It will include 440 km of new road construction from Vanimo to Aitape and the upgrading of the Ports of Vanimo and Wewak ports. The second project is the improvement of the northern region road corridor from Lae to Malalaua via Bulolo (Trans-Island Highway, \$200 million). The 308-km project will include the rehabilitation of the road from Lae to Meniyama and new construction from Meniyama to Malalaua (190 km). Finally, the Transport Sector Preparatory Project will fund Phase 2 of the Highlands Region Road Improvement Investment Program, to upgrade about 500 km of roads in the Highlands Core Road Network (\$800 million).

USAID identified this project for possible review because of the potential negative impact of the construction and expansion of roads in relatively fragile ecosystems, particularly along the northern coastal wetlands. Also, the project likely will visit involuntary resettlement and adverse impacts upon Indigenous Peoples. Finally, USAID’s engagement in the preparatory project will give us time to work with the ADB and the borrower to strengthen the environmental and social performance of the eventual construction, and to explore opportunities for capacity-assessments

and technical assistance to strengthen the national government's management of environmental and social risk.