

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC7605

Date ISDS Prepared/Updated: 02-Nov-2014

Date ISDS Approved/Disclosed: 07-Nov-2014

I. BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|--|------------------------------|------------------------------|
| Country: | Nigeria | Project ID: | P148616 |
| Project Name: | Staple Crop Processing Zones Support Project (P148616) | | |
| Task Team Leader: | El Hadj Adama Toure | | |
| Estimated Appraisal Date: | 15-Dec-2014 | Estimated Board Date: | 31-Mar-2015 |
| Managing Unit: | GFADR | Lending Instrument: | Investment Project Financing |
| Sector(s): | Crops (25%), Agro-industry, marketing, and trade (25%), Transmission and Distribution of Electricity (15%), Rural and Inter-Urban Roads and Highways (15%), Public administration- Agriculture, fishing and forestry (20%) | | |
| Theme(s): | Rural services and infrastructure (40%), Rural markets (35%), Rural policies and institutions (25%) | | |
| Financing (In USD Million) | | | |
| Total Project Cost: | 300.00 | Total Bank Financing: | 100.00 |
| Financing Gap: | 180.00 | | |
| Financing Source | | | Amount |
| BORROWER/RECIPIENT | | | 20.00 |
| International Development Association (IDA) | | | 100.00 |
| Total | | | 120.00 |
| Environmental Category: | A - Full Assessment | | |
| Is this a Repeater project? | No | | |

B. Project Objectives

The Project development objective (PDO) is to increase market linkages for farmers and strengthen the institutional framework for inclusive public and private investment in selected agribusiness clusters.

The Project will contribute to the broader objectives of the FGN's SCPZ Program consisting of 'increasing food production and reducing the demand for imports, adding value through processing, reducing cost of doing business for processors, and attracting new investment to create jobs, especially in rural areas, and to drive the economy'. The expansion of the agribusiness- farmer linkage models under the SCPZ program through the right mix of public and private investments will ultimately, improve agricultural productivity, generate shared growth and substantially reduce poverty in rural areas.

C. Project Description

The concept of the Staple Crop Processing Zones under ATA as proposed by the Federal Government of Nigeria is based on the following three guiding principles: (i) take an integrated approach to the value chain by addressing critical upstream and downstream bottlenecks and facilitating market linkages; (ii) offer a superior operating environment that reduces the cost of doing business, and (iii) take a private sector-led approach. The Operating Principles are the following: (i) investment-driven strategic partnerships with the private sector; (ii) integrated value chain approach; (iii) Self-sustaining, government-support and private sector managed.

The SCPZ program aims to channel infrastructure investments to facilitate efficient value chain linkages and reduce the cost of doing business, and improve the competitiveness of Nigeria's agro-industrial production. By creating an enabling business environment around selected value chains clusters, the FGN and State Governments seek to attract private sector investors to set up processing plants in high food production areas, in order to boost import substitution, create wealth opportunities for farming communities, reduce post-harvest losses, create sustainable employment in agro-production, processing and related activities, and drive rapid rural development.

The proposed Project will support the FGN to implement the first model SCPZ and assist in building blocks for its sustainable expansion. The project approach to the Government's SCPZs Program consists of test running the concept gradually in limited number of sites, as an integrated agribusiness supply chain project, with strong farmers –agribusiness linkages aim to overcome the multiple, interlocking constraints in infrastructure provision and productivity growth along agricultural supply chains. Project will focus its support on Cassava supply value chain in Kogi State (at least 70% of project funding), with an open window for limited support in the form of technical assistance for up to three other sites/States with strong business case, and based on the following minimum criteria : alignment with Government priority value chains and located in one of the SCPZ sites, existing or ready-to-implement private investment project(s) with sizable financing, high potential for improving agricultural productivity and generating benefits for farmers, strong support of state Government and local communities, existence of other Bank assisted project or partnership with other Donors funded project, and possible IFC intervention.

Project activities will be clustered around the following areas of intervention :

- (a) Support to public infrastructure development for the model SCPZ in Kogi State (around 75% of project total cost) : consists of support to Government to develop off-site infrastructure and subsequently identify and attract private sector investors willing to invest in on-site development, operations and maintenance of the zone. The Project is also considering to support part of the on-site infrastructure to guarantee minimum utility services (internal roads, water, gas, power) for up to 3 private investment projects (covering up to 40% of the 250 hectares of the core zones).
- (b) Support to farmers-agribusiness linkage and to economic opportunities along the value

chains (around 15% of total project cost). In coordination with FADAMA III Additional Financing (FADAMA III AF) and other relevant operations in the portfolio, the project will provide support to link farmers, SMEs and communities in the catchment areas with the processing units as follows: (i) Improving Farmers productivity: the project will work with agro-processors to develop off-take agreements with farmers , aimed at structuring their organizations, and facilitating their access to inputs and services, such as financing, extension, mechanization, land clearing, equipment and small scale production and marketing infrastructures, grading, quality and standards, as well as skills development. Project will partner with Fadama III Additional Financing which will provide on-farm support to assist farmers deliver on the contracts; (ii) Promotion of economic opportunities for the community: The Project will establish a matching grants scheme to support activities aim at strengthening agribusiness farmers linkages which could create jobs and increase income for the communities, thus contributing to reducing poverty in the project intervention areas. This will include support to women and youths and their groups, promoting development of mechanization services, transport, application of chemicals, business planning for SMEs, training , financial literacy, and ancillary activities of the value chains.

(c) Institutional development in SCPZ (around 10% of total project cost): (i) Structuring of PPP for zone development, operation and maintenance: project will provide support for the establishment of a Specific Purpose vehicle (SPV) with a Board inclusive of all relevant stakeholders (Federal Government, State Government, Local Government, Developer, and Tenants). It is envisioned that the PPP transactions will result in specific contracts between the SPV and private investors; (ii) Land and safeguards management: for appropriate management of farm land allocation to the nucleus farms and for coordinated implementation of the SCPZ Master Plan in the catchment areas, the project will assist the State Government in developing responsible land allocation and management procedures following World Bank and international guidelines and standards, as well as adequate instruments and M&E system for environmental and social safeguards; (iii) Technical assistance to FMARD: The proposed Project will provide institutional support to FMARD and the SCPZ-Authority being established to regulate the SCPZs, in terms of technical assistance (TA), training, and experience sharing of best practices from across the world, and for scaling up the program to other sites based on lessons learnt from the pilot SCPZ in Kogi State; (iv) Technical assistance selected States for development of agribusiness clusters: Specific TA might include market assessment, SCPZ detailed feasibility studies, attracting private investor and structuring PPP, promotion of the program within the country and abroad, etc. The project will also support FMARD to support selected States, and upon their request, in developing their SCPZ projects.

(d) Project coordination: dedicated project management and coordination structure will set up and early as before negotiations, to initiate the implementation of the project and until the SCPZ institutional framework is established and fully operational.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The SCPZs will be located in States across Nigeria. However, the proposed World Bank support will focus on the Alape SCPZ, in Kogi States.

E. Borrowers Institutional Capacity for Safeguard Policies

The country has the capacity to satisfactorily implement World Bank Safeguard Policies. Specifically, the borrower is familiar with World Bank Safeguard Policies and their implementation. In particular the Bank has a long history of engagement in the Agricultural Sector of Nigeria. Currently World Bank funded projects in the sector include: FADAMA III, CADP, and WAAPP 1B

with satisfactory safeguards performance to date. The proposed project will benefit from the lessons learned in the implementation of the above referenced projects.

F. Environmental and Social Safeguards Specialists on the Team

Amos Abu (GENDR)

Edda Mwakaselo Ivan Smith (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
|--------------------------------------|-------------------|---|
| Environmental Assessment OP/ BP 4.01 | Yes | The creation of the SCPZ, the anticipated agro-industrial processing activities in the zones, and the public and ancillary infrastructure such as access roads, water and gas pipelines and transmission lines have the potential for significant adverse impacts that will require careful mitigation. Since the precise locations are not known at this point, an Environmental and Social Management Framework (ESMF) will be prepared and disclosed by the borrower prior to appraisal. In addition, for those activities whose scope and locations are known, site specific ESIA and ESMP will be prepared and disclosed country-wide in Nigeria and World Bank InfoShop prior to Appraisal. |
| Natural Habitats OP/BP 4.04 | TBD | Based on the available information on the SCPZ project, Natural habitats are not expected to be impacted. However, since the exact locations of some of the critical infrastructure (routing of roads, water, gas pipelines as well as transmission lines for electricity are not known in sufficient details, further due diligence is required in this regard in the course of preparing the project to determine whether or not OP/BP 4.04 is triggered. |
| Forests OP/BP 4.36 | TBD | Based on the available information on the SCPZ project, Forest lands are not expected to be impacted. However, since the exact locations of some of the critical infrastructure (routing of roads, water, gas pipelines as well as transmission lines for electricity are not known in sufficient details, further due diligence is required to determine whether or not OP/BP 4.36 is triggered. |
| Pest Management OP 4.09 | Yes | Development of processing activities in the SCPZ would lead to intensification of agricultural production system in the catchment areas. The adoption of agricultural |

| | | |
|--|-----|--|
| | | intensification technologies could lead to increased use of fertilizer, and pesticides with potential negative impacts on the environment and human health. The project will prepare an Integrated Pest and Pesticide Management Plan (IPMP) to identify the potential risks and ways to adequately mitigate them. The IPMP will build on the existing IPMP developed for the Bank-funded projects in Nigeria, as well as on the lessons learned from experience in implementing the IPMP in the country. The proponent will disclose the IPMP in Nigeria and at InfoShop before appraisal and 120 days before Board date. |
| Physical Cultural Resources OP/BP 4.11 | Yes | The project will involve considerable excavation and earth works and could impact movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance in the project area. Thus Physical Cultural Resources (OP/BP 4.11) is triggered. The proponent will address the impacts on physical cultural resources in the SCPZ project area as an integral part of the environmental assessment (EA) process; the ESMF will include guidance on handling physical cultural resources.. |
| Indigenous Peoples OP/BP 4.10 | No | There are no Indigenous Peoples in the project area. |
| Involuntary Resettlement OP/BP 4.12 | Yes | Land would be expropriated both for the SCPZ and the ancillary facilities such as access roads, transmission line, and water and gas pipelines right of way. Specifically, the total land area that would be occupied by the Kano and Kogi States core SCPZ activities is estimated to be 250 hectares that would be buffered by a catchment area spanning 30 km radius (approximately 280 000 hectares). Since the precise location of the SCPZ zone especially the ancillary facilities are not fully determined yet, a Resettlement Policy Framework RPF would be prepared and disclosed by the proponent before appraisal. However, for activities whose exact location and right of way are known, site specific Resettlement Action Plan (RAP) will be |

| | | |
|--|-----|---|
| | | prepared and disclosed by the borrower prior to appraisal. |
| Safety of Dams OP/BP 4.37 | Yes | The SCPZ project activities might lead to the intensification of agriculture including the construction of weirs, farm ponds, local silt retention dams, low embankment tanks and small dams or extraction of water from existing dam especially the SCPZ in Kano and Kogi States. Specifically only small dams of less than 15 meters in height are envisaged in this regard. Accordingly, generic dam safety measures designed by qualified engineers will be used to ensure their safety as required by OP/BP3.37. |
| Projects on International Waterways OP/BP 7.50 | No | The project does not involve or take place on international waterways. |
| Projects in Disputed Areas OP/BP 7.60 | No | N/A |

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Aug-2014

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: The QER is tentatively scheduled for July 24, 2014

B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS: Not applicable.

C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage ISDS:

While the activities that would be supported by the World Bank are broadly recognized, however, the exact locations of the SCPZ and in particular the infrastructure and ancillary activities such as the routing of roads, transmission wires, water and gas pipelines are not known at this point.

However, there are some first mover investments whose activities and locations are known. Thus an overarching Environmental and Social and Management Framework and Resettlement Policy Framework (RPF) that will outline the principles, process and procedure to be followed when any activity that will be financed by SCPZ has the potential to trigger any of the World Bank safeguard policies. Both the ESMF and the RPF will be consulted upon and disclosed prior to appraisal. In addition, site specific safeguard instruments such as ESIA's and Resettlement Action Plans will be prepared for those activities whose scope and locations are known and disclosed in Nigeria and InfoShop by closing of negotiations. Finally, an IPMP will be prepared, consulted upon and disclosed before appraisal.

The safeguards approach of the SCPZ project is informed by the genre of activities that would be financed, the myriad of potential actors including the One World Bank Group (IDA IFC and MIGA). To this end, for such activities and investments that are private sector led, WB /IFC Performance Standards will apply. However, for public sector investments activities that will be financed by the Federal and or State governments, World Bank Safeguard Policies will apply.

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

IV. APPROVALS

| | | |
|----------------------------------|------------------------------------|-------------------|
| Task Team Leader: | Name: El Hadj Adama Toure | |
| <i>Approved By:</i> | | |
| Regional Safeguards Coordinator: | Name: Alexandra C. Bezeredi (RSA) | Date: 02-Nov-2014 |
| Practice Manager/ Manager: | Name: Martien Van Nieuwkoop (PMGR) | Date: 07-Nov-2014 |