

**INTEGRATED SAFEGUARDS DATA SHEET
CONCEPT STAGE**

Report No.: AC6258

Date ISDS Prepared/Updated: 05/04/2011

I. BASIC INFORMATION

A. Basic Project Data

Country: Tanzania	Project ID: P125728
Project Name: Tanzania - Southern Agriculture Growth Corridor Investment Project	
Task Team Leader: Michel Noel	
Estimated Appraisal Date: December 12, 2011	Estimated Board Date: March 22, 2012
Managing Unit: AFTFE	Lending Instrument: Specific Investment Loan
Sector: Micro- and SME finance (75%);General agriculture, fishing and forestry sector (25%)	
Theme: Rural services and infrastructure (50%);Small and medium enterprise support (50%)	
IBRD Amount (US\$m.):	0.00
IDA Amount (US\$m.):	60.00
GEF Amount (US\$m.):	0.00
PCF Amount (US\$m.):	0.00
Other financing amounts by source:	
<u>BORROWER/RECIPIENT</u>	<u>5.00</u>
	5.00

B. Project Objectives [from section 2 of PCN]

The proposed Project Development Objective (PDO) is to expand investment in agribusiness leading to income growth among smallholders and employment generation across agribusiness value chains in the Southern Corridor.

C. Project Description [from section 3 of PCN]

The Project contains three components: (i) Support to the SAGCOT Secretariat; (ii) Support to the Kilimo Kwanza Catalytic Fund; and (iii) Support to access to finance by MSMEs in agribusiness value chains.

Support to SAGCOT Secretariat

The objective of the SAGCOT Secretariat is to support competitiveness partnerships between the private and public sector along selected agribusiness value chains in the Corridor. Under this concept, the public and the private sectors agree to work together to systematically remove the policy, regulatory, administrative, access to infrastructure and access to finance constraints

facing the value chain with the objective to drive the value chain to international competitiveness.

The SAGCOT Secretariat will provide an institutionally neutral, professionally competent platform for SAGCOT planning, coordination, facilitation and monitoring and evaluation. The Secretariat will have six primary functions: (i) promoting the SAGCOT partnership; (ii) identifying business opportunities; (iii) assisting access to finance; (iv) promoting public-private partnerships; (v) facilitating the resolution of policy constraints; and (vi) monitoring and evaluation. The proposed draft terms of reference of the Secretariat are presented in Technical Annex 3.

The Project will support the Secretariat through a grant for (i) administrative and management costs; (ii) diagnostic studies; (iii) technical assistance; (iv) training; and (v) monitoring and evaluation.

Support to Kilimo Kwanza Catalytic Fund

The objective of the Kilimo Kwanza Catalytic Fund is to provide social venture capital to support the establishment and expansion of commercially viable agribusinesses in the Southern Corridor - particularly those building commercial relationships with smallholder out growers.

The Fund will be established as a new private company limited by guarantee. The Fund will be led by a Board of Directors appointed by the Kilimo Kwanza Executive Committee. The Board of the Catalytic Fund will be strictly independent of the Board of the Secretariat and its members subject to a fit and proper test administered by a specialized company. The Project will support the Catalytic Fund through a grant.

The support of the Catalytic Fund to agri-businesses in the corridor will be channeled through three possible windows:

- # start-up equity for new small to medium size agribusinesses;
- # capital grants to new and established agribusinesses to help expand and strengthen links with larger numbers of out growers;
- # capital grants for infrastructure to strengthen out grower links with agribusiness value chains; and
- # support to access to finance for MSMEs in agribusiness value chains

The Bank of Tanzania (BOT) will provide as Apex institution long-term lines of credits and/or partial credit guarantees to the Tanzania Investment Bank (TIB) and to participating commercial banks to extend (i) short-term loans backed by warehouse receipts; (ii) medium-term leasing finance; and (iii) medium and long-term loans to MSMEs in agribusiness value chains.

The Project will support BOT through a long-term line of credit and through a partial credit guarantee facility that will allow it to refinance its loans and counter-guarantee its partial credit guarantees to TIB and participating banks.

The design of the line of credit and partial credit guarantee to agribusiness MSMEs will be carried out by BOT in collaboration with the SAGCOT Secretariat and the Bank team before

appraisal. A detailed financial analysis of the LOC/PCG will be carried out by the Team as part of appraisal. A detailed pipeline of possible MSME finance transactions will be developed by the SAGCOT Secretariat before appraisal.

D. Project location (if known)

Dar es Salaam, Tanzania

E. Borrower’s Institutional Capacity for Safeguard Policies [from PCN]

Tanzania has experience with Bank Safeguard Policies through a number of ongoing investments in various sectors, including agriculture. For example, the Agricultural Sector Development Program and the Accelerated Food Security Project both under implementation include comprehensive safeguards management plans (e.g. ESMF, Strategic Environmental and Social Assessment, Pest Management Plans), which have been adequately implemented to-date, and are supported by safeguards capacity building programs. The national legal requirements for environmental management - including EIA -- are considered adequate for large-scale investments, and the National Environment Management Council (NEMC) that is the regulatory agency with oversight of environmental licensing is sufficiently knowledgeable of the Bank’s safeguard policies, and its staff have benefited from training on the bank’s safeguard policies. There is opportunity for improving environmental management within the various related sectoral agencies. In addition, related implementing agencies at the central and local level, including the Sagcot secretariat will be strengthen with regards to the preparation and implementation of needed safeguards polices that are triggered by the project.

F. Environmental and Social Safeguards Specialists

Ms Helen Z. Shahriari (AFTCS)

Ms Ann Jeannette Glauber (AFTEN)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	X		
The project is promoting expanded investment in agribusiness leading to income growth among smallholders and employment generation across agribusiness value chains in the Southern Corridor. Given the project’s scale, and its location within an environmentally sensitive area with high biodiversity and numerous Critical Natural Habitats, the project is proposed as a Category A and a Regional Environmental Assessment (REA) is proposed as part of project preparation. The REA will include an Environmental and Social Management Framework (ESMF), laying out the procedures for ensuring the appropriate due diligence for each subproject proposed under the project.			
Natural Habitats (OP/BP 4.04)	X		
The REA will address Natural Habitats issues, including definition of screening criteria to avoid impacts to Critical Natural Habitats, and mitigation measures to identify and offset impacts to other non-critical habitats.			
Forests (OP/BP 4.36)	X		
The REA will address Forest issues.			
Pest Management (OP 4.09)	X		
In accordance with OP 4.09, and building upon experience of the Africa Stockpiles Project,			

Safeguard Policies Triggered	Yes	No	TBD
the REA will assess Tanzania's capacity for Integrated Pest Management (IPM) and set forth measures to ensure that the project encourages IPM.			
Physical Cultural Resources (OP/BP 4.11)			X
The REA will assess whether the policy is triggered.			
Indigenous Peoples (OP/BP 4.10)	X		
At this stage it is not clear if there are indigenous people living in the project area. As part of the project preparation a social assessment will be undertaken to explore, among other things, whether there are indigenous people in the project area based on the Government definition as well as the WB OP. 4.10			
Involuntary Resettlement (OP/BP 4.12)			X
A number of sub-projects will require land acquisition or even resettlement. A Resettlement Policy Framework (RPF) for the entire project will be prepared which will be the basis for the sub-projects specific Resettlement Action Plans (RAPs) when land or other assets are involved.			
Safety of Dams (OP/BP 4.37)			X
The REA will assess whether the policy is triggered.			
Projects on International Waterways (OP/BP 7.50)			X
The REA will assess whether the policy is triggered.			
Projects in Disputed Areas (OP/BP 7.60)		X	

Environmental Category: A - Full Assessment

III. SAFEGUARD PREPARATION PLAN

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared: 08/31/2011
- B. For projects that will not require a QER, the target date for preparing the PAD-stage ISDS: N/A
- C. 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. The government is currently drafting TORs for the REA and Social Assessment. The studies are expected to be completed by August, 2011 and will be disclosed in the country and at the Bank InfoShop prior to appraisal.

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

<i>Signed and submitted by:</i>		
Task Team Leader:	Mr Michel Noel	05/03/2011
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Ms Alexandra C. Bezeredi	05/04/2011
Comments:		
Sector Manager:	Mr Michael J. Fuchs	05/03/2011
Comments:		