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INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: ISDSA1366

Date ISDS Prepared/Updated: 15-Jan-2016

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Tanzan	ia	Project ID:	P125728	3	
Project Name:	Southern Agricultural Growth Corridor of Tanzania Investment Project (P125728)					
Task Team Leader(s):	Oliver	Braedt				
Estimated	19-Jan-	-2016	Estimated	03-Mar-	2016	
Appraisal Date:			Board Date:			
Managing Unit:	GFA13	}	Lending	Specific	Investment Loan	
			Instrument:			
Sector(s):	_	Itural extension and rese sector (25%)	arch (75%), Ger	neral agric	ulture, fishing and	
Theme(s):		narkets (50%), Rural ser m Enterprise support (20		tructure (3	0%), Micro, Small and	
Is this project pr	cocesse	d under OP 8.50 (Em	ergency Reco	very) or	OP No	
8.00 (Rapid Resp	ponse t	o Crises and Emerge	ncies)?			
Financing (In US	SD Mil	lion)			·	
Total Project Cos	t:	75.00	Total Bank Fir	nancing:	70.00	
Financing Gap:		0.00		<u>'</u>		
Financing Sou	rce	•			Amount	
BORROWER/F	RECIPIE	ENT			5.00	
International De	Development Association (IDA) 70.00					
Total 75.00						
Environmental A - Full Assessment						
Category:						
Is this a	No					
Repeater						
project?						

2. Project Development Objective(s)

To support the adoption of new technologies and improved market access by small-holder farmers through expanding and creating partnerships between small-holder farmers and agribusinesses in the Southern Corridor of Tanzania.

3. Project Description

The Southern Agricultural Growth Corridor Investment Project ("the Project") will support specific activities of the Government of Tanzania's (GoT) larger Southern Agricultural Growth Corridor Program ("the Program"). The Project will be implemented over a periodof 5 years and will comprise three components:

Component 1: Strengthening of SAGCOT Support Institutions (total USD14.33 million, IDA USD5.95 million). This component will strengthen the capacity of SAGCOT Support Institutions in order to pursue their functions of information and data provision, support of investment planning and guidance, government/private sector intermediation, business enabling environment and investment promotion. The component will support two institutions:

- (i) SAGCOT Centre (total USD11.83 million, IDA USD3.45 million): The Project will support the SAGCOT Centre, which was established as a public private partnership entity in 2011 to: (a) facilitate agri-business and partnership development; (b) ensure inclusive and sustainable investment and development; and (c) facilitate an improved enabling environment for investors. The Project will support the Centre by providing financing for staff and operational costs, studies and consulting services to be contracted by the Centre.
- (ii) Tanzania Investment Centre (Government institution) (total USD2.50 million, IDA USD2.50 million): The Project will support the TIC which was established as a public sector entity in 1997 and designated as the first point of call and a "one-stop facilitation centre" for all potential investors coming into the country. The Project will support TIC to reform its processes with the aim to: (a) strengthen its capacity to attract high quality, responsible, inclusive and sustainable commercial investments (national and international private sector); (b) provide a competitive framework for tendering; and (c) monitor and evaluate investments. The Project will finance equipment, technical assistance and consultancies.

Component 2: Strengthening Smallholder Business Linkages (total USD85.76 million, IDA USD55.65 million): The objective of this component will be to link smallholder farmers to agricultural value chains. The component will: (a) expand the number of smallholders linked to agribusinesses in successful commercial partnerships; and (b) improve the benefits derived by smallholders and rural communities from these partnerships in the form of growth in agricultural productivity, income and employment. This component will comprise two sub-components:

- (i) Fund Management (total USD7.79 million, IDA USD7.79 million): Under this sub-component the Project will support a management structure responsible for the implementation of the Catalytic Trust Fund (including Board, Secretariat and Fund Manager). Project support will include fees and salaries, goods and equipment, office operational costs, meetings and workshops, communications, and technical assistance.
- (ii) Matching Grants (total USD77.98 million, IDA USD47.86 million): Matching Grants (MG) of USD250,000 up to USD1.5 million with a matching contribution of 30 percent (national businesses) and 40 percent (international business operators) will be awarded to agribusiness companies with undisputed land rights who apply in partnership with smallholder groups or associations, following a defined process of application, evaluation and competitive selection. The grants can be used for capital and operational costs directly related to expanding smallholder participation in competitive agricultural supply chains.

Component 3: Project Management and Monitoring and Evaluation (total USD8.41 million of which USD3.80 million were provided by two Project Preparation Advances, IDA USD8.41 million): The

component will establish project management and M&E systems and provide financing for salaries, office equipment, transportation and technical assistance services. Complementarities will particularly be sought with other IDA funded programs such as the Private Sector Competitiveness Project and the Agricultural Sector Development Program.

The Project's direct beneficiaries will be smallholder farmers and agribusiness operators in the SAGCOT area. Indirect beneficiaries will be smallholder farmers not directly supported by the Project, and other agribusiness in the value chains (e.g., input suppliers, transporters and traders). These indirect benefits will materialize through rural growth effects and spillover effects from new technologies, investment, employment, incomes and new market opportunities introduced by the Project.

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

The Southern Corridor covers approximately one third of mainland Tanzania and is aligned east-west along a backbone of transport and energy infrastructure - the TANZAM highway, the TAZARA railway and transmission lines from various hydropower plants. Within the corridor it is intended that investment will be focused in "clusters" to achieve synergies and economies of scale.

The SAGCOT area covers a wide variety of landscapes, agro-ecological zones of exceptional national and global ecological importance with large areas under some form of conservation designation. In addition to sheltering unique plants and wildlife and supporting a major tourism industry, the protected areas provide natural resources critical to the surrounding rural populations (wood, grazing, bushmeat) and ecosystem services essential for downstream agriculture, fisheries, hydropower and urban areas (water, flood regulation).

5. Environmental and Social Safeguards Specialists

George Campos Ledec (GEN01)

Mary C.K. Bitekerezo (GSU07)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The SAGCOT Investment Project is creating and expanding partnerships between smallholder farmers and agribusinesses leading to adoption of new technologies and improved market access by smallholders. While direct impacts of subprojects financed through the Catalytic Fund are expected to be modest and site-specific, the Project is classified as a Category A given the scale of the Project, and its location within an area supporting environmentally sensitive habitats with high biodiversity. However, the categorization stems less from direct impacts, and more from the Project's linkages with the overall SAGCOT Program, which may entail large-scale, cumulative impacts across the SAGCOT Corridor as a whole, and which includes environmentally sensitive locations including areas of high biodiversity and proximity to Critical Natural Habitats. A Strategic Regional Environmental and Social

		Assessment (SRESA), and an Environmental and Social Management Framework (ESMF) have been completed, disclosed and discussed in a public consultation event. The SRESA looks at potential environmental and social impacts associated with the broader SAGCOT Program, while the ESMF set forth the mandatory procedures to be applied to World Bank investments supported through the SAGCOT Project.
Natural Habitats OP/BP 4.04	Yes	There are numerous critical natural habitats and natural habitats (mainly forests and wetlands) in the SAGCOT corridor. However, sub-projects likely to result in the conversion of critical natural habitats will not be supported by the SAGCOT Investment Project. The screening form and E&S guidelines developed as part of the ESMF seek to avoid impacts to Critical Natural Habitats and provide mitigation measures to identify and offset impacts to other non-critical habitats.
Forests OP/BP 4.36	Yes	There are numerous natural forests and critical forest areas within the corridor. Project-related activities have the potential to affect the health and quality of these forests and the rights and welfare of local residents dependent on forest resources. The screening form and E&S guidelines developed as part of the ESMF seek to avoid impacts to critical forest areas and provide mitigation measures to identify and offset impacts to other non-critical forest areas.
Pest Management OP 4.09	Yes	Some of the project activities are likely to promote intensive commercial agriculture in tropical and subtropical environments with significant pest and disease control challenges. The GoT has therefore consulted upon and disclosed an Integrated Pest Management Plan (IPMP). The PMP sets out the specific pest management safeguard measures and advisory support expected to be included in Matching Grant sub-projects for: (i) integrated pest management (which involves working to control pests in ways that minimize the need for pesticides) and (ii) when pesticides are still used, the measures to ensure their safe use, storage, handling, and disposal.
Physical Cultural Resources OP/BP 4.11	Yes	The corridor covers about one third of Tanzania's land area and therefore likely contains physical cultural resources, including culturally significant natural sites. However most remain undocumented. Some Project activities may involve significant earthworks and land use change and therefore have the potential to directly affect Physical Cultural Resources. All sub-projects involving earthworks must include an approved Chance Finds

		procedure in the construction contracts, to cover the possibility of discovering physical cultural heritage in the course of excavation.	
Indigenous Peoples OP/ BP 4.10	No	A board waiver of this OP will be sought.	
Involuntary Resettlement OP/BP 4.12	Yes	Despite the social and economic benefits expected to accrue to the local communities and the country at large, as a result of project activities, it is anticipated that the various infrastructure development and productive investments may entail land acquisition, or affect access to common assets/resources and/or livelihoods of the surrounding communities. These impacts cannot be fully determined until applications are submitted by investors to the Catalytic Fund for specific subprojects, and the ESMF includes screening criteria for these types of impacts. The subproject types that potentially could result in resettlement, include:	
		 support to the expansion of contract farming; resolving small infrastructure bottlenecks in the supply chain such as: fixing drainage problems blocking rural feeder roads; the refurbishment of a warehouse facility required for product assembly. 	
		A Resettlement Policy Framework (RPF) has been prepared which includes principles and procedures for resettlement and compensation for project affected people, and establishes standards for identifying, assessing and mitigating negative impacts. The RPF will be the basis for the preparation of subproject specific Resettlement Action Plans (RAPs) which will be prepared and included in the proposals for funding if a given subproject will trigger the policy.	
Safety of Dams OP/BP 4.37	Yes	The Project will not finance any constructions of new dams. However, project activities might rely on the performance of an existing dam or a dam under construction. The ESMF includes specific screening criteria to identify whether subprojects will rely on the performance of an existing dam or a dam under construction. In such cases, the ESMF contains guidelines for the assessment and preparation of the Dam Safety Measures Report.	

Projects on International Waterways OP/BP 7.50	No	Project activities will not be located in a river, canal, lake or similar body of water that forms a boundary with another state.
Projects in Disputed Areas OP/BP 7.60	No	Project activities will not be located in disputed areas.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The GoT's SAGCOT Program as a whole carries the main objective of promoting agribusiness investment which integrates larger numbers of smallholder farmers into internationally competitive supply chains. Much of this effort will concentrate on the commercialization of smallholder production systems. This is to be achieved, in large part, by linking these smallholders with agribusinesses seeking commodity products for trade and processing. These agribusinesses may include traders and agro-processors. The SAGCOT Program design assumes many will have nucleus estates linked with outgrower operations in priority geographic clusters. The expansion of commercial agribusiness operations both by smallholders and by nucleus estates is expected to have significant cumulative (and induced) environmental and social impacts primarily on: (i) water, (ii) land, (iii) biodiversity and (iv) community systems. The challenge is to support the pursuit of income and employment gains linked with the development of commercial agriculture, while protecting, and fairly allocating, environmental services.

In contrast, the potential environmental and social impacts of the World Bank-supported SAGCOT Investment Project ("the Project") are expected to be small-scale and localized, for which mitigation measures can be readily developed. Specifically, a majority (75%) of the World Bank's loan will be directed to support of the SAGCOT Catalytic Fund. While the specific investments are unknown at the present time, activities eligible for Matching Grants Fund financing are expected to include investments such as extension support, the provision of agricultural inputs, the provision of new technologies (such as new seed or plant or animal varieties), improved grades and standards, and improved commodity assembly systems. There may also be investments in small-scale infrastructure, such as rural road upgrading or small warehouses to ease bottlenecks in the supply chain. Such investments are expected to be small scale and with limited potential for negative social or environmental impacts. The ESMF includes measures to address these localized negative environmental and social impacts (in relation to, e.g., land acquisition, livelihoods, water and wildlife).

Potential impacts of the Project include air, soil and water pollution associated with the construction and operation of facilities, environmental and human health risks associated with increased pesticide use, typical construction impacts (e.g. dust, noise, construction waste management), and possibly, modest resettlement.

Most of the remainder of the World Bank's loan (22%) will be directed towards support for two key SAGCOT Program institutions. The project will (i) finance the core functions of the SAGCOT Centre which is tasked with facilitating the entire SAGCOT Program, and (ii) support core functions at the Tanzania Investment Centre, including its ability to attract responsible agribusiness investment. These two organizations are central to the operations of the SAGCOT

Program, and by building capacity for improved environmental and social management, the Project will contribute to improved management of those issues for the overall SAGCOT Program.

While direct impacts of subprojects financed through the SAGCOT Catalytic Fund (the core aspect of the World Bank-financed Project) are expected to be modest and site-specific, the Project is classified as a Category A operation. The categorization stems less from direct impacts, and more from the Project's linkages with the overall SAGCOT Program, which may entail large-scale, cumulative impacts across the SAGCOT Corridor as a whole, which includes environmentally sensitive locations including areas of high biodiversity and proximity to Critical Natural Habitats.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

As mentioned, the World Bank-supported SAGCOT Investment Project is not expected to lead to any significant negative indirect or long-term environmental impacts. However, there are important potential negative induced impacts associated with overall SAGCOT Program across the SAGCOT Corridor as a whole, which includes environmentally sensitive locations including areas of high biodiversity and proximity to Critical Natural Habitats. Such issues are not unique to the SAGCOT Program, and in fact are challenges faced by many development initiatives in Tanzania given the rich diversity of sensitive ecosystems across the country.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The World Bank-supported SAGCOT Investment Project focuses on the Matching Grants window of the Catalytic Fund, but complements this with capacity building for the SAGCOT Center and TIC, including support to strengthen monitoring of environmental and social impacts and improvement of associated due diligence systems.

Regarding the overall SAGCOT Program design, the SRESA evaluated several development scenarios, including 1) the "no project" alternative, 2) SAGCOT high growth, and 3) SAGCOT "green" model including mandatory programs to promote environmental and social sustainability. This assessment highlights that the existing situation (e.g. the "no project" alternative) is likely to have significant negative large-scale environmental and social impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

To address these challenges and strengthen awareness and understanding of the broader environmental and social risks in the SAGCOT areas, and build capacity to address these risks, the GoT has prepared three documents to address environmental safeguards issues: AStrategic Regional Environmental and Social Assessment (SRESA); an Environmental and Social Management Framework (ESMF); and an Integrated Pest Management Plan (IPMP). The SRESA looks at potential environmental and social impacts associated with the broader SAGCOT Program, while the ESMF and IPMP set forth the mandatory procedures to be applied to World Bank investments supported through the SAGCOT Project (focusing on the Matching Grants Facility). To address social safeguards issues GoT has prepared Resettlement Policy Framework (RPF) and a Vulnerable Groups Planning Framework (VGPF), annexed to the ESMF, Rapid Social Assessment (VGRSA), which will be the basises for the preparation of subproject specific Vulnerable Groups Plans. In light of the ongoing discussion with the Government of Tanzania on applying the Indigenous Peoples Policy (OP 4.10), the Bank will seek a waiver to the policy at Board. The VGPF sets out a proposed approach for preparing social assessments to analyze needs

of vulnerable groups, including measures for engagement and participation in project supported sub-projects. This approach ensures that vulnerable groups (e.g., those that may be below the food poverty line, lack access to basic social services—including those that are geographically isolated, and are not integrated with society at large and its institutions due to physical, or social factors) participate in informed consultations and benefit from sub-projects under the project in appropriate ways. Vulnerable groups in the project area include women-headed households, the elderly, disabled, youth, children, refugees, persons with HIV/AIDs and disadvantaged communities. The mandatory safeguards procedures set forth in the ESMF (including the VGPF), IPMP, and RPF and VGP are applicable to the subprojects of the Matching Grant window of the Catalytic Fund. Such procedures will be overseen by the Fund Manager who will be selected, in part, based on their capacity to ensure adequate environmental and social management.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

While the Project primarily supports the Catalytic Fund, it provides direct support to the Tanzania Investment Centre (TIC), and the SAGCOT Centre in their efforts to encourage agribusiness investment and mitigate environmental and social risks. These, in turn, are expected to interact with several other coordinating and oversight agencies, including the Prime Minister's Office, the Vice President's Office and National Environmental Management Council (NEMC) and the Ministry of Lands, Housing and Human Settlement Development (MLHHSD). However, it is important to note that the Catalytic Fund is a new entity and the administrative structures for environmental and social management will require monitoring to ensure that safeguard instruments are properly implemented.

Public Consultation and Disclosure: The preparation of the safeguard documents (i.e., ESMF, PMP, RPF and SRSEA) has followed a broad-based and in-depth consultation approach including interviews with relevant stakeholder groups in the public and private sectors and civil society. These included producer organizations, cooperatives and out-growers, key ministries and government agencies, district officials, agriculturalists, fishers, wildlife and tourism stakeholders, pastoralists and active development agencies and conservation organizations. In addition, the SAGCOT Centre has led multiple stakeholder meetings to convey the Program objectives and benefits.

The ESMF, IPMP, RPF, and SRESA have been disclosed in-country, and were presented in a public consultation event held in Dar es Salaam on October 2, 2013. These documents have also been disclosed in Infoshop. The VGPF, PMP and VGRSA will also be disclosed, the latter as an annex to the ESMF and publically consulted.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other				
Date of receipt by the Bank 24-Jul-2012				
Date of submission to InfoShop	26-Aug-2013			
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	24-Sep-2015			
"In country" Disclosure				
Tanzania 27-Jul-2012				
Comments: Redisclosed in Country on August 22, 2013.				
Resettlement Action Plan/Framework/Policy Process				

Date of receipt by the Bank	22-Nov-2013
Date of submission to InfoShop	26-Nov-2013
"In country" Disclosure	
Tanzania	11-Nov-2013
Comments:	
Pest Management Plan	
Was the document disclosed prior to appraisal?	Yes
Date of receipt by the Bank	13-Mar-2014
Date of submission to InfoShop	09-May-2014
"In country" Disclosure	
Tanzania	14-Apr-2014
Comments:	
If the project triggers the Pest Management and/or Physi respective issues are to be addressed and disclosed as par Audit/or EMP.	<u>=</u> · · · ·
If in-country disclosure of any of the above documents is	not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [×]	No []	NA[]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [×]	No []	NA[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [×]	No []	NA[]
OP/BP 4.04 - Natural Habitats			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes []	No [×]	NA[]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes []	No []	NA [×]
OP 4.09 - Pest Management			
Does the EA adequately address the pest management issues?	Yes [×]	No []	NA[]
Is a separate PMP required?	Yes [×]	No []	NA[]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [×]	No []	NA[]
OP/BP 4.11 - Physical Cultural Resources			
Does the EA include adequate measures related to cultural property?	Yes [×]	No []	NA []

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [×]	No []	NA []
OP/BP 4.12 - Involuntary Resettlement				
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×]	No []	NA []
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [×]	No []	NA []
Is physical displacement/relocation expected?	Yes []	No [×]	TBD []
Provided estimated number of people to be affected				
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes []	No [×]	TBD []
Provided estimated number of people to be affected				
OP/BP 4.36 - Forests				
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [×]	No []	NA []
Does the project design include satisfactory measures to overcome these constraints?	Yes [×]	No []	NA []
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?		No []	NA []
OP/BP 4.37 - Safety of Dams				
Have dam safety plans been prepared?	Yes []	No [×]	NA []
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes []	No [×]	NA []
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes []	No [×]	NA []
The World Bank Policy on Disclosure of Information				
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No []	NA []
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×]	No []	NA []
All Safeguard Policies				
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×]	No []	NA []
Have costs related to safeguard policy measures been included in the project cost?	Yes [×]	No []	NA []

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×]	No []	NA []
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×]	No []	NA []

III. APPROVALS

Task Team Leader(s): Name: Oliver Braedt		
Approved By		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 19-Jan-2016
Practice Manager/	Name: Mark E. Cackler (PMGR)	Date: 19-Jan-2016
Manager:		