INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC5005

Date ISDS Prepared/Updated: 26-Jul-2013

Date ISDS Approved/Disclosed: 28-Jul-2013

I. BASIC INFORMATION

A. Basic Project Data

Country:	Uganda		Project ID	: P1450	5037		
Project Name:	Agric	Agriculture Cluster Development Project (P145037)					
Task Team	Rasit Pertev						
Leader:							
Estimated	11-N	ov-2013	Estimated	27-Fe	27-Feb-2014		
Appraisal Date:			Board Dat	e:			
Managing Unit:	AFT.	A3	Lending Instrumen	t: Speci	Specific Investment Loan		
Sector(s):	Crop trade Gene	Crops (25%), Irrigation and drainage (25%), Agro-industry, marketing, and trade (25%), Public administration- Agriculture, fishing a nd forestry (15%), General agriculture, fishing and forestry sector (10%)					
Theme(s):	Rural policies and institutions (20%), Rural markets (20%), Global food crisis response (20%), Rural services and infrastructure (20%), Other rural development (20%)						
Financing (In US	SD M	illion)					
Total Project Cost	t:	150.00	Total Bank F	inancing:	150.00		
Total Cofinancing:			Financing Ga	ap:	0.00		
Financing Sour	ce				Amount		
BORROWER/R	RECIP	IENT		0.00			
International Development Association (IDA)				150.00			
Total				150.00			
Environmental	B - Partial Assessment						
Category:							
Is this a	No						
Repeater project?							

B. Project Objectives

The PDO is to raise the quantity and quality of agricultural productivity and production to meet both unmet domestic demand and to expand exports to the EAC and COMESA. This will be achieved through increased productivity, value addition and export rates of selected commodities, namely

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maize, beans, rice and cassava. This is in line with the government objective of focusing on increasing food exports to East Africa, rather than focusing on exclusively on those commodities which cannot simultaneously contribute to national food security, such as tea and coffee. Selected commodities are those that figure highest in Government's own strategy and are the major internationally traded food crops grown by Uganda. While bananas are one of the most important food crop for Uganda, its consumption is mostly domestic.

C. Project Description

For the purpose of focusing on required services in the upstream and downstream of production, twelve (12) production clusters will be established for selected strategic commodities/crops (maize, beans, rice and cassava) as growth poles within targeted agro-ecological zones. A commodity cluster is a coherent area comprising of 2-3 districts, where there is already a proven potential for a specific commodity/crop, as well as the presence of value chain actors (e.g., producers, traders, processors and service providers), a multi-stakeholder innovation platform (MSIP) and basic market infrastructure. The cluster approach enhances delivery of essential services, exploitation of economies of scale, development of required infrastructure, bulking of produce, agro-processing and reduction of transaction costs. The project will target maize, beans, rice and cassava as strategic commodities for export to the regional markets.

Through a value-chain approach, the project will support access to and utilization of yield enhancing technologies (improved seeds, fertilizers, mechanization and water for agricultural production) as well as infrastructure for marketing and value addition. The capacity of private sector actors, including farmers' organizations and cooperatives, will be strengthened to improve stakeholders' access to the required inputs, marketing and agro-processing services. Supporting improved input use to complement research and advisory services is a cost-effective response for increased productivity and farm income, but also a means to prevent potential risks from climate change and land degradation. Broader access to adapted varieties and seeds, integrated soil fertility management and timely land preparation will also help farmers to move towards sustainable agriculture and overcome climate risks. Gradual adoption of appropriate mechanization technologies for production and post-harvest operations will not only increase rural labor productivity but also attract young entrepreneurs in the sector.

The project will comprise of the following components:

Component 1: Irrigation and access Roads.

The objective of this component is: (i) to expand and develop lowlands gravity irrigation infrastructure/schemes and promote sustainable water management practices for increased productivity of the selected commodities within the clusters (mostly rice), and (ii) to rehabilitate access roads for increased access to farms and markets. The component will expand about 1,000 ha, develop about 5,000 ha of lowlands irrigated agriculture, and rehabilitate 1,700 km of access roads. Performance indicators include the acreage developed/expanded for irrigation, the recovery ratio of operation and maintenance (O&M) costs by Water Users Associations (WUAs), and the length of access roads rehabilitated and maintained. Watershed management aspects will benefit from the World Bank assisted Watershed Management and Development Project (WMDP - P123204) whose implementation has just started. In areas that may not be covered by WMDP, their watershed management needs shall be identified during conduct of ESIAs and technical feasibility studies, and incorporated into the project design for implementation. This is in recognition of the fact that sustainability of the lowlands gravity irrigation schemes will much depend on sound management practices in the watersheds.

This component will finance the following sub-components: (i) expansion of existing and

development of new low-lands gravity irrigation schemes; (ii) creation and capacity strengthening of WUAs; and (iii) rehabilitation of access roads. WUAs will cover the full O&M costs while districts will maintain the roads.

Sub-component 1.1: Expansion and Development of Low-lands Irrigation Schemes The sub-component will prioritize expansion of existing medium schemes and the development of new small and medium scale irrigation schemes that will be identified in the other targeted Districts (for 5,000 ha in total). All the schemes will be irrigated by gravity and will be within the small and medium scales, thus minimizing the environmental impacts. In general, the irrigation infrastructure will be composed of diversion weir from the river, main canal from the weir to the irrigated area, drainage network, internal road, protection dykes (in case of flooding risk), and land leveling. Other amenities/equipment required for the irrigation infrastructure will be part of irrigation infrastructure. Dams are not required because the irrigation schemes will target permanent streams/rivers with enough water for irrigation and downstream use.

Under African Development Bank (AfDB), the rehabilitation of four irrigation schemes have been launched, including Doho in Butaleja District, Agoro in Lamwo District, Olwenyi in Lira District, and Mubuku in Kasese District. ACD project is envisaged to finance the following (i) expansion of Mubuku system (100 ha), (ii) expansion of Doho rice irrigation scheme (Bwirya and Lwoba sectors which total 900 ha and currently cultivated by out-growers). For Mubuku, the expansion area is Phase IIB which will be irrigated with existing diversion weir (on Sebwe River) and main canal. The project will cover the costs associated to the secondar y irrigation and drainage network. For Doho scheme (Bwirya and Lwoba sectors), the diversion weir already exist and the project will construct the irrigation and drainage networks and possibly a protection dyke against the flooding from Manafwa River.

Irrigation related investments will be demand-driven and will meet essential technical, costeffectiveness (both in terms of expansion/development and O&M costs), and environmental and social selection criteria. Final selection of new irrigation scheme sites will be made using the following criteria (i) stakeholder interest, (farmers and District Council) determined by the existence of lowland agricultural activities, with or without existing irrigation infrastructure, and a strong demand for improvement. In these cases, the project will complement existing farmer-initiated investments by developing complementary irrigation infrastructure. Willingness to contribute to rehabilitation/development costs and pay for O&M costs will be gauged as an additional confirmation of farmer interest. Interest of districts is determined by the willingness of districts to play an active role in providing guidance and leadership to WUAs in the organization of scheme O&M and in enforcing compliance with the WUA's internal rules and regulations (ii) technical readiness for investment, determined by the availability of detailed feasibility and participatory design studies. The project will initially focus on those schemes where these are available, and where development costs appear reasonable; (iii) proximity to market and district roads, (iv) environmental and social sustainability, and (v) economic rate of return. A team of MAAIF and respective Districts/ Local Governments will undertake a reconnaissance mission to select sites for expansion/ development following the stated criteria.

The irrigation sub-component investment will also include rehabilitation/development of the road network and other amenities/equipment required for the irrigation infrastructure.

Sub-component 1.2: Stakeholder mobilization and capacity strengthening.

The project will finance costs associated with ensuring sustainability of irrigation investments through stakeholder mobilization and capacity strengthening. This will include (i) support for establishment of WUAs; (ii) capacity strengthening of stakeholders; (iii) operational equipment for stakeholders; and (iv) establishment of participatory M&E. WUAs' Capacity strengthening will include training in: (a) water management and maintenance; (b) environmental sustainability and catchment management (c) management and administration of the WUA; and (d) legal documents.

District staff will be trained and involved in providing active support to WUAs and water users. Sub-component 1.3: Access roads

The project will provide investment for rehabilitation of 1,700 km of farm access roads in total, to contribute to the strengthening of the competitiveness of targeted commodities, facilitating the input supply of production basins and improving the volume and access to markets. The project will not support opening up of new roads but rather concentrate on improving existing access roads. Access roads are under the responsibility of Local Governments (Decentralized). The priorities for road investment at district level will be based on the size of agricultural production for respective commodities. However, priority will be given to the access roads in irrigation/rice areas/clusters. Access roads will connect villages to village/parish/District and are characterized by temporary circulation periods because of the lower ratio of structures per kilometer; the reference speed is 40 km / h. In this regard, works will include reshaping (slight earthworks), provisions for culverts and small bridges and limited lateritic lining to treat critical points as needed. The total width will remain around 5 to 6 m to allow trucks crossing. Roads design could include drainage ditches where longitudinal slopes are accentuated. Before the Project Appraisal Mission, MAAIF will provide support to Districts to identify access road priorities (level 1 and 2) taking into account the needs of linking production basins and markets. Consultants will be hired to undertake preliminary feasibility studies of the selected sites including conducting environmental and social impact assessment, economic justification and investment costing.

Component 2: Agricultural inputs (seeds, planting materials and fertilizers).

The objective of this component is to increase farmers' access to and utilization of improved seeds, fertilizers and mechanization services for sustainable growth of productivity and production of the selected commodities in focused districts. These activities will complement knowledge advisory services (NAADS) in support of the intensification of smallholder farming systems. Main challenges to be overcome are: (i) farmers awareness on input use efficiency; (ii) availability of improved inputs adapted to needs of local farming systems; (iii) farmers' access to quality inputs at the right time, including financial facilities; and (iv) improved management and mitigation of climatic and market risks. The approach is to strengthen input supply systems to respond to enhanced farmers demand for technologies supporting productivity and farmer income growth: investments will be focused on selected commodities (maize, rice, beans and cassava) and start in high potential district clusters (growth poles). The project activities will be organized in four subcomponents: (i) strengthen public regulatory services of MAAIF which will involve development of fertilizer & agricultural inputs quality control mechanisms, and development of strategy for sustainable farm mechanization and agricultural engineering; (ii) upscale use of improved seeds and planting material; (iii) integrated soil fertility management through enhanced soil fertility knowledge management, improved availability of appropriate fertilizers, and Increasing farmers demand and use of adapted inputs; and (iv) increase farmers' access to sustainable mechanization services in order to enhance labor use and efficacy, provide greater precision and timeliness in farm operations, reduce agricultural losses due to climate change and in post-harvest handling when properly managed, and contribute to adding value to products with secondary processing and packaging (see Comp 3).

Component 3: Value addition and Marketing.

This component seeks to put in place measures to ensure more efficient linkage of farmers to market opportunities in a manner that increases the share of final price received by the farmers. The aim of subcomponent 3.1 is to promote and strengthen the momentum of farmer institutional development, i.e. building of farmers' organizations from primary level to ACE level, and other key stakeholders of the project. Subcomponent 3.2 will provide investment support for critical infrastructure important to the value chain process. This will include processing facilities for cassava, feeder and ACE level

warehouses - for maize beans and rice. Subcomponent 3.3 will improve access to financial services.

Under investment support for value addition, the project will provide: (i) cooperative facilities for bulking and processing of crops which will include warehouses, with handling, cleaning, drying, grading and trading facilities and smaller feeder warehouses to be co-funded or rehabilitated/ upgraded through provision of buildings and run by cooperative societies; (ii) matching grants for equipment in market-oriented cooperative enterprises which will entail provision of upgrade equipment in targeted value chains, for example equipment for grading of maize, processing of cassava and rice. In addition, demonstration processing units will be supported to act both as a business incubation unit as well as a training center for farmers' associations and entrepreneurs in enterprise development. For example for cassava, demonstration units could be financed for following niche markets: (i) cassava flour as glue extender for the plywood industry (hammer mill); (ii) high quality cassava flour for the food industry, including bakeries (mechanical chipper, press, flash drier, hammer mill); (iii) cassava chips and pellets for the animal feed industry (chipper, pelletizer); (iv) high quality cassava for supermarkets and the formal economy. Investment support will be combined with the required training on management and technical issues, mentoring of cooperatives to develop business plans, technical assistance on quality assurance, capacity building of public services.

Component 4: Stakeholder Coordination and Project Management.

The aim of this component is to: (i) improve on the existing policies and regulations of direct relevance to this Project; (ii) to ensure stakeholder coordination at national and cluster level; and (iii) ensure project management and coordination.

A policy environment, conducive for enabling cooperative and private sector investments and PPPs is essential for the success of the Project. For each value chains, sub-sector production and marketing policies need to be put in place or completed to enhance the competitiveness of Uganda's produce in domestic and regional markets. The development of enabling policy frameworks will be spearheaded by MAAIF and MTIC, with full participation of national farmers' organizations and private sector organizations. The Project will support the review, development, enforcement and monitoring of regulatory frameworks. Relevant regulatory frameworks include: (i) the grading and packaging standards; (ii) standards for processing and handling, and (iii) registration and quality assurance including for cross-border trade.

Project management and coordination will include the following functions: (i) project administration and coordination; (ii) procurement; (iii) financial management; (iv) monitoring and evaluation; and (v) implementation of a Governance and Anti-Corruption (GAC) action plan. The Project will provide the required capacity building, equipment, as well as short-term technical assistance and contractual services as required for effective implementation.

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

The project is proposed to expand and develop selected gravity irrigation schemes in lowlands totaling 6,000 ha of irrigated land in the 10 targeted Districts in cluster 2 (Iganga, Bugiri and Namutamba), cluster 3 (Pallisa, Tororo and Butaleja), cluster 5 (Soroti and Serere), cluster 6 (Amuru and Nwoya), cluster 7 (Lira), and cluster 10 (Hoima). The exact locations for the new irrigation schemes have not yet been selected, though they are expected to fall within the above-listed 10 districts for rice commodity. In some cases, a scheme could lie astride two districts. The project will prioritize expansion of existing schemes (about 1,000 ha) and the development of small (about 3,000 ha) and medium (about 2,000 ha) scale schemes, and will not support construction of large scale irrigation structures in order to minimize extent of environmental and social impacts. In general, the

development of lowlands gravity irrigation schemes will be composed of the following infrastructure: diversion weir from the river, main canal from the weir to the irrigated area, distribution network canals, drainage network, internal road, protection dykes (in case of flooding risk), and land leveling. Other amenities/equipment required for the irrigation infrastructure will be part of irrigation infrastructure. Dams are not required because the irrigation schemes will target permanent streams/rivers with enough water for irrigation and downstream use.

The following works are envisaged in the existing schemes: (i) expansion of Mubuku irrigation scheme (100 ha) in Phase IIB expansion area with existing diversion weir (on Sebwe River) and main canal, will entail establishment of the secondary irrigation and drainage network. (ii) expansion of Doho rice irrigation scheme (Bwirya and Lwoba sectors which total 900 ha and currently cultivated by out-growers), will entail construction of the irrigation and drainage networks from the existing diversion weir and if deemed necessary construct a protection dyke against the flooding from Manafwa River. Water for irrigation will be abstracted from the Nile basin watershed which is shared by 10 countries namely, Burundi, Democratic Republic of Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, and Uganda. On the basis of maximum 35,000 M3/ha/yr as gross water requirements for rice production, the impact would represent 210 M3/yr or 0.5% of the total renewable water resources (39 KM3/year). Therefore the water abstraction volume is expected to be minimal.

Some of the associated negative environmental and social impacts include water abstraction on downstream users, loss of wetland habitat as a result of the irrigation infrastructure needed, point and non-point pollution of water sources, soil erosion and siltation, acquisition of land for development of irrigation infrastructure, water and land-use related conflicts. Most of these impacts are minor or of low-intensity, site-specific and thus relatively straight forward to manage, with participation of the Local Governments and WUAs. Infrastructures like dams will not be considered as they could lead to flooding properties, settlement and affect biodiversity ecosystems. In Northern Uganda, where land ownership issues are currently hotly debated, land ownership sensitivity analysis will be required. The project will support rehabilitation of 1,700 km of farm access roads in total. The project will not support opening up of new roads but rather concentrate on improving existing access roads. The priorities for road investment at district level will be based on the size of agricultural production for respective commodities. Access road works will include reshaping (slight earthworks), provisions for culverts and small bridges and limited lateritic lining to treat critical points as needed. Roads design could include drainage ditches where longitudinal slopes are accentuated. The likely environmental and social impacts are expected to be minor given the low mechanized road works that will be involved, the labor influx during construction will be small and the roads may not be expanded beyond the already existing width.

The market infrastructure under component 3 will includ e rehabilitation and/or construction of storage facilities/structures (network of warehouses and feeder stores) mainly at the Area Cooperative Enterprises (ACE) level of 500 metric tons each. At this moment in time, it has not yet been determined whether central warehouses of a larger capacity (5000 tons) may be needed.

The targeted crops are not the traditional cash crops. These crops make the bulk of the food crops and women managed crops in communities where they are produced. It is therefore important that the project recognizes the balance between trade and home consumption as well as the role of women in production of the strategic commodities for export. In addition, 70% of the agricultural labour is by women; however, they are disproportionately disadvantaged in respect to controlling assets of production and productivity in agriculture. Some of the associated negative social impact this project may include increased gender inequality and equity gap. Gender sensitivity analysis in the project

will be beneficial to the communities and will be undertaken during the compilation of the ESMF. Designing interventions that bring women on board for equitable empowerment and poverty reduction through affirmative actions on all project activities is important to address this salient issue.

Project implementation will therefore be spread throughout the Country, specifically covering the following districts: Masaka, Mpigi, Rakai, Iganga, Bugiri, Namutumba, Pallisa, Tororo, Butaleja, Kapchorwa, Bukwo, Mbale, Soroti, Serere, Amuru (including Nwoya), Gulu, Apac (including Kole), Oyam, Lira (including Dokolo), Kabarole, Kamwenge, Kasese, Kyenjojo (including Kyegwegwa), Mubende, Kibaale, Hoima, Masindi, Kiryandongo, Ntungamo, Kabale, Bushenyi, Isingiro, Nebbi, Arua (including Nyadri), and Yumbe.

E. Borrowers Institutional Capacity for Safeguard Policies

The Ministry of Agriculture, Animal Industry and Fisheries - MAAIF will be the main implementing unit of this project at national level, working in liaison with local governments in the respective districts. The Ministry does not have Environmental and Social management specialists. Given the fact that agricultural activities contribute cumulatively to environmental degradation in Uganda, there should be residential in-house capacity in MAAIF for environmental management. It is therefore recommended that MAAIF creates in-house positions of Environmental and Social Development Specialists to handle safeguard issues as well as integrate its Gender Focal person on the ACDP project team within the ministry. The Local Governments have District Environment Officers, District Agricultural Officers, District Community Development Officers and District Gender Officers, some of whom are involved in the current Bank Financed ATAAS and NUSAF-2 Projects. Sub-county extension staff shall also be involved in the implementation of safeguard policies. However, the capacity development of both the National Level Steering Committee and the respective District and Sub County staff needs to be strengthened through a hands-on training on safeguard requirements as part of the preparatory phase of the proposed project. In the design stage, the impact of agricultural production for trade/export versus agricultural production for consumption in relation to food security and nutrition should be defined to safeguard beneficiaries. The MAAIF will undertake an assessment to guide the project in safeguarding the communities from the negative impact of the project. The safe guard performance and experience of the private sector partners who may participate under the PPP arrangement in the project be assessed and any arising strengths and gaps incorporated into the design

F. Environmental and Social Safeguards Specialists on the Team

Herbert Oule (AFTN3)

Constance Nekessa-Ouma (AFTCS)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/	Yes	Component 1 and 3 involves irrigation and
BP 4.01		infrastructure activities (roads, irrigation related
		infrastructure, grain storage and processing
		facilities). These have a potential of causing
		environmental impacts that require assessment
		and mitigation recommendations. Most of the
		environmental impacts from the proposed
		activities will be of low-intensity, minor, site

		specific and relatively straight forward for farmers to manage, with guidance from the respective Local Governments. The specific location/ site and scope of all project components are not yet known. Therefore, an Environmental and Social Management Framework (ESMF) for the whole project will be prepared, consulted upon, and disclosed before appraisal. Depending on the scope and environmental screening criteria in the ESMF, project/site specific Environmental and Social Impact Assessments/Environmental and Social Management Plans will be prepared. Once there is information specific to individual sub- projects, site/project specific Environmental Management Plans will be prepared during implementation. The ESMF will include an examination of potential cumulative and induced impacts.
Natural Habitats OP/BP 4.04	Yes	The watershed related project activities will be carried out in wetlands, rivers and lakes. These habitats may be affected by the proposed project. The project will not support activities that may lead to clearance of any protected ecosystem or critical habitats. All the natural habitats that may be affected will be initially addressed under the ESMF and then subsequently assessed under the ESIAs and management of any potential impacts included in the respective sub-project EMPs.
Forests OP/BP 4.36	No	By design, the project will not support and/or involve any significant forestry conversion/ degradation activities.
Pest Management OP 4.09	Yes	Under the proposed project, improved and increased agricultural activities and production may result in increased use of pesticides and thus the resultant environmental impacts. Therefore, a Pest Management Plan will be prepared, consulted upon, and disclosed prior to appraisal.
Physical Cultural Resources OP/ BP 4.11	Yes	This policy may be triggered by the civil works- related activities and thus the procedure of handling chance finds should be included in the ESMF.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area.

Involuntary Resettlement OP/BP 4.12	Yes	The project may involve land acquisition leading to involuntary resettlement and/or restrictions of access to resources or livelihoods. Since the exact locations and potential adverse localized environmental and social impacts of sub-project activities cannot be determined prior to appraisal, the project will prepare, consult upon, and disclose before appraisal a Resettlement Policy Framework (RPF).
Safety of Dams OP/BP 4.37	TBD	The Safety of Dams (OP/BP 4.37) is to be determinedb. The irrigation schemes component will involve expansion of two existing schemes irrigating 1000 ha and development of new schemes to irrigate 5000ha. Doho irrigation scheme has an excavation water reservoir of volume 400,000M3, 1.6M deep. The project may also finance a protection dyke against flooding from the nearby Manfwa River. An operation and maintenance manual for each irrigation scheme shall be prepared during technical designs. The O&M manual shall include safety issues among others. FAO Manual on irrigation O&M will be used to ensure scheme sustainability . When the team has a better idea of what is happening at Doho, further technical consultations will be held regarding the irrigation scheme structures and safety issues.
Projects on International Waterways OP/BP 7.50	Yes	Projects on International Waterways OP/BP 7.50 is triggered because the project will support expansion and development of irrigation schemes in the Lake Kyoga basin and river tributaries which drain into the Nile, an International Waterway which is shared by 10 countries namely, Burundi, Democratic Republic of Congo, Egypt, Eritrea, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, and Uganda. Notification of the riparian states will be done.
Projects in Disputed Areas OP/BP 7.60	No	The project will not be implemented in disputed areas.

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 30-Oct-2013

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:

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.

Tentative target date for preparing the PAD Stage ISDS is 30 October 2013. The launching and completing the safeguard related studies are expected to take three months. Ministry of Agriculture Animal Industry and Fisheries will prepare an ESMF, RPF, and PMP which would guide the management of environmental and social aspects and handling of fertilizers and pesticides respectively in project supported activities. The ESMF, PMP and RPF will be prepared in close consultation with the respective district local governments and other stakeholders.

IV. APPROVALS

Task Team Leader:	Name: Rasit Pertev				
Approved By:					
Regional Safeguards	Name:	Date:			
Coordinator:					
Sector Manager:	Name: Tijan M. Sallah (SM)	Date: 28-Jul-2013			