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WORLD BANK

PROGRAM-FOR-RESULTS FINANCING

KADUNA STATE ECONOMIC TRANSFORMATION  
(P161998)

**ENVIRONMENT AND SOCIAL SYSTEMS ASSESSMENT**  
**(ESSA)**

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## **List of Acronyms**

AfDB	African Development Bank
CP	Core Principle
CPS	Country Partnership Strategy
CSO	Civil Society Organization
DFID	(UK) Department for International Development
DLIs	Disbursement-linked Indicators
E&S	Environment and Social
ESSA	Environmental and Social Systems Assessment
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization of the United Nations
FRILIA	Framework for Responsible and Inclusive Land-Intensive Agricultural Investments
GoN	Government of Nigeria
IPF	Investment Project Financing
IGR	Internally Generated Revenues
KADGIS	Kaduna Geographical Information Services
KADIPA	Kaduna Investment Promotion Agency
KADIRS	Kaduna Internal Revenue Services
KEPA	Kaduna Environment Protection Agency
KSDP	Kaduna State Development Plan
LARRF	Land Acquisition and Resettlement Framework
LGA	Local Government Authority
MOE	Ministry of Environment
NAFAC	National Agency for Foods Drugs and Administration Control
NGO	Non-Governmental Organization
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program for Results
SME	Small and Medium Enterprise
SPRP	Systematic Property Registration Program
SESA	Strategic Environmental and Social Assessment

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## EXECUTIVE SUMMARY

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1. The Environmental and Social Management System Assessment (ESSA) for the Kaduna State Economic Transformation Program for Results examines Kaduna State's existing environmental and social management systems. These systems provide the legal, regulatory, and institutional framework guiding the program, and define the measures to strengthen the system, and integrate these measures into the overall program. The ESSA is undertaken to ensure consistency with six core principles outlined in paragraph 8 of the World Bank Policy for Program-for-Results Financing in order to effectively manage Program risks and promote sustainable development.
2. The six core principles are:
  - i. **Environment:** Promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program's environmental and social impacts
  - ii. **Natural Habitats and Cultural Resources:** Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program
  - iii. **Public and Worker Safety:** Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards
  - iv. **Land Acquisition:** Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards
  - v. **Vulnerable Groups:** Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups
  - vi. **Social Conflict:** Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.
3. **The ESSA considers the consistency of the Program systems with these principles on two levels:** (i) as systems are defined in laws, regulations, and procedure; and (ii) the capacity of Program institutions to effectively implement the Program's environmental and social management systems.
4. **Overall, the Program has the potential to have a number of benefits, particularly social benefits from increased economic growth.** The PforR is a multi-faceted Program aimed at improving *systems* connected to the Kaduna State Development plan. Ultimately the Kaduna State Development Plan is aimed at increasing social spending through increased tax revenues and economic growth, as well as direct and indirect job creation through increased levels of private investment. Most of the Program's Disbursement Linked Indicators are linked to

government systems that improve transparency and fiscal sustainability such as tax collection, processes for registering a business, and procurement. The ESSA concludes that most of these systems will have minimal negative environmental and social effects.

5. There are no physical works directly supported by this Program and therefore there are no adverse impacts from construction. The enabling activities associated with PPP investments supported under the Program, such as feasibility studies and an ESIA for 1 transaction completed to commercial close, will be required to meet criteria for low E&S risk.
6. **Land acquisition and the associated impacts are among the key social risks identified by the ESSA.** A major thrust of the PforR program is support to the Systematic Property Registration Program (SPRP), administered by the Kaduna Geographical Information Service (KADGIS) and currently focusing on urban areas. The Government recognizes that land management is central to achieving its objectives and has focused significant budget and resources towards fundamental land reform including systematic property registration programs. Issuance of Certificates of Occupancy (CofOs) to people who currently lack them will enhance their security of tenure and the economic value of their land and assets. The SPRP will reduce uncertainty and disputes by clarifying boundaries and providing a transparent mechanism by which disputes may be resolved outside costly and lengthy court processes. Removal of uncertainty on boundaries will allow land parcels to be more fully developed. CofOs will also facilitate tax collection, and thus increase government revenue.
7. While the SPRP has many benefits, if poorly implemented it may lead to elite capture, or increased conflicts. While disputes regarding property boundaries or assets are typically between private citizens, there is a risk that the process of obtaining CofOs may lead to a process of resolving conflicting property boundaries or asset ownership involving government entities that could ultimately lead to eviction
8. **The SPRP program has undergone a Rapid Assessment by a Land Specialist commissioned by the World Bank, which has concluded that the KADGIS operation is world class, and that overall, the Systematic Property Registration Program is well governed and resourced.** The SPRP is supported by first class technology and archiving and is considered to be efficient and effective; already producing and issuing CofOs at a significant rate. Consultations on the ESSA confirmed that the program is generally viewed positively by the population, including civil society organizations. However there are some gaps that will need to be addressed. The ESSA recommends the following mitigation measures that will be completed prior to signing of the financing agreement, or as part of the Program Action Plan: 1) amendments to the recently drafted Land-Use regulations (2016)<sup>1</sup> 2) Enhanced Stakeholder Engagement 3) Improvements to the Grievance mechanism and 4) Documentation of procedures.

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<sup>1</sup> The amendments are required to be completed as a condition to negotiate the financing agreement.

9. **There are associated risks from the Kaduna State Government and KADGIS' other activities that have the potential to garner civil society attention.** Alongside SPRP, KADGIS is undertaking a property regularization program aimed at addressing illegal property layouts (e.g. subdivided plots) in order to bring them up to codes. While not specifically supported by the PforR through a DLI, the regularization program carries associated risks because evictions may occur. The Kaduna Government has been criticized by civil society and non-governmental organizations for demolishing houses belonging to encroachers on public lands. They contend that the evictions were ordered by the Kaduna State Urban Planning and Development Authority without due process<sup>2</sup>. In practice, KADGIS is minimizing this scenario to the extent possible, and will offer replacement housing for encroachers.
10. **Promotional activities for Private Investment also introduce land-related risks.** To mitigate these risks, the Program includes a focus on improving the systems for land acquisition and resettlement at the State level, considering the shortcomings of the Land Use Act at the Federal level. In particular, one of the key recommendations of the ESSA, and also a DLI, is the development of the Framework for Responsible and Inclusive Land Intensive Agricultural Investment (FRILIA). The FRILIA will provide a comprehensive approach to the acquisition and allocation of land and a robust and inclusive engagement strategy with all stakeholders, including affected communities and vulnerable groups, as well as private investors. The FRILIA is based on the FAO Voluntary Guidelines for the Responsible Tenure of Land, Fisheries and Forests in the context of National Food Security, as well as the FAO Principles for Responsible Investment in Agriculture and Food Systems. It also draws on international good practice for environmental management, land acquisition and resettlement. The Framework is focused on large-scale agricultural investments because this remains a sector of investment priority and carries significant land risks. The framework may be adapted to other sectors at a later time.
11. As the FRILIA will take time to develop fully and consult upon, a set of land management principles will be agreed with the government as a condition to negotiate the credit agreement. Elaboration of the Framework in line with the approved principles and with due consultation and participation of key stakeholders will be supported by technical assistance from the World Bank and development partners and overseen by a multi-stakeholder steering committee. Ultimately, the Program requires that the FRILIA be enacted into a law. The government's progress in developing and implementing the FRILIA will then be evaluated by a third party social audit.
12. **The ESSA has examined the risk that the Program will exacerbate social conflict in Kaduna, especially in relation to land acquisition for large agribusiness enterprises, if this acquisition is not conducted in a sensitive and transparent manner.** Kaduna has a long history of ethno-religious violence which has seriously affected inter-communal relations. Since mid-2016, Southern Kaduna

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<sup>2</sup> <http://www.amnestyusa.org/get-involved/take-action-now/nigeria-stop-the-planned-forced-eviction-of-residents-of-gbagyi-villa-ua-17416>

has become a major flashpoint and violent inter-communal conflicts have intensified. Killings and reprisal killings have become the norm in the area, although there are conflicting reports of the numbers of victims and fatalities. Many of the violent conflicts are said to be linked to disagreements between pastoralists and local farmers over the use of essential resources such as farmland, grazing areas and water. Historical ethno-religious divides, rural banditry, and social media and rumors, contribute to further escalation of events.

13. **The ESSA concludes that the Program has adequate mitigation measures to avoid exacerbation of such contextual conflict risks.** The Kaduna State Development Plan heavily emphasizes the role of the private investor in achieving its goals, and the government is seeking to attract investors through acquiring and providing land for them. Conflict over land is considered one of the key drivers of the Fulani conflict. The PforR will promote Kaduna's private investment efforts, as well as introducing a stronger stakeholder engagement and land acquisition process through the development and implementation of the FRILIA, that the State plans to enact into law. Other measures detailed in the Program Action Plan ensure that a conflict sensitive approach is taken. For example, investments will undergo a social assessment, and grievance and conflict resolution mechanisms will be in place to monitor and resolve conflict as they occur at a project level.
14. **Further, the conflict risks may be attenuated by treating generic risk factors such as youth unemployment and poverty such that the Program will contribute to a broader process to reduce such risks over time.** One of the main objectives of the Kaduna State Development Plan and the PforR, is job creation, especially amongst young people. Chronic youth unemployment in Kaduna, as well as in other parts of Nigeria, has long been cited as one of the main drivers of conflict. The pool of disaffected, disengaged youth provides a fertile recruiting ground for religious and political extremists. Increasing youth employment is a critical intervention that will ultimately help to reduce conflict in some areas.
15. Beyond the boundaries of the Program, the Kaduna State government has also already implemented several strategies to tackle both the symptoms and causes of the conflict by engaging with NGOs; increasing police presence and promoting rule of law; as well as adopting recommendations from the federal-level judicial enquiry<sup>3</sup> such as improved conflict resolution mechanisms; stakeholder engagement and inclusion of youth.

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<sup>3</sup> White Paper on the Report of the Peace and Reconciliation Committee February 2016 the Peace and Reconciliation Commission enquiry in to conflict in Kaduna, (December 2015). <http://kdsg.gov.ng/download/white-paper-on-the-report-of-the-peace-and-reconciliation-committee-february-2016> Accessed April 18 2017

16. **The environmental risks of the PforR Program are considered manageable, provided that adequate measures are taken to ensure environmental regulatory agencies have sufficient resources in place to enforce laws.** Changes in land-use from its current uses (predominantly small-scale agricultural) towards increased industrial and intensified agricultural activity may result in environmental impacts such as an increase in levels of pollution, occupational and community health and safety risks, loss of biodiversity and forest ecosystems. These risks apply equally to developing the framework for PPP investments (under DLI4). The EIA processes for private investments required by the Kaduna Environmental Protection Agency have been strengthened over the last year. The Ministry of Environment is also further reinforcing the mandate of KEPA to undertake monitoring activities. The EIA process as outlined in the ESSA are considered adequate however there are gaps identified in social assessment, capacity building, and resources. These gaps are addressed through the Program Action Plan.
17. **A formal consultation on the draft ESSA was organized during appraisal eliciting inputs from the key stakeholders.** For the preparation of the ESSA, Bank specialists undertook a series of meetings and engagements with various stakeholders including state agencies in Kaduna, development funding partners, and technical experts aimed at information- gathering and risk analysis. The draft ESSA document, in particular the description of the Program, the system assessment, and findings, including the Program Action Plan, was then formally presented to and discussed with government stakeholders and Civil Society Organizations (CSOs) during appraisal, providing further input to, and validation of, the said ESSA. The CSO consultation was well attended with representation from religious organizations; farmers associations; Fulani herders associations; women's organizations; as well as organizations focused on people with disabilities and living with HIV/AIDs. Key concerns raised include government transparency; and inclusion of people with disabilities. There are a number of elements of the Program that strengthen government transparency and inclusive stakeholder engagement such that these concerns are considered addressed. The draft ESSA has been shared with participants of the consultation and has been disclosed on the World Bank Info Shop.
18. The ESSA analyzes the strengths and gaps in Kaduna State's environmental and social management system for effectively addressing the environmental and social risks associated with the Program and its alignment with the Core Principles of Bank Policy for Program-for-Results Financing. Following this analysis, the ESSA recommends the following:
- **Development and Implementation of the FRILIA:** The Development and implementation of the FRILIA is a disbursement-linked indicator (DLI5). As a condition of negotiation, the FRILIA principles will be agreed and then further developed into a full framework through consultation, and enacted into law by agreed dates. The FRILIA will be supported by external Technical Assistance to be provided by World Bank and/or DFID. A Social Audit will report on the quality and progress of the FRILIA development process. The Program Action Plan further requires augmented in-house capacity; the establishment of multi-stakeholder Steering Committee to



oversee development of FRILIA and effectiveness of implementation, and a community grievance redressal and conflict resolution mechanisms.

- **Development and implementation of a strategy based on a socioeconomic assessment to maximize benefits sharing of investments<sup>4</sup>.** As set out in the Program Action Plan, the Borrower will (i) maximize out-growers/off-takers arrangements; (ii) maintain SME suppliers database; (iii) develop jobs marketplace, with a focus on maximize opportunities for women. In this context, KADIPA disaggregated by age and gender and monitor indicators, including direct and indirect job creation (including female jobs and outgrowers).
- **Development of a PPP legal and institutional framework that appropriately managing E&S risks.** Under the PPP DLI (DLI4), the DLR is as follows: detailed feasibility studies for 1 transaction with low E&S risks completed (as per PforR policy); 1 PPP transaction with low E&S risks (as per PforR policy) reaches commercial closure; 1 PPP transaction with low E&S risks (as per PforR policy) reaches financial closure. The Program Action Plan requires: (i) PforR Implementation Manual to incorporate E&S aspects and outline risk assessment criteria for low E&S risk (ii) PPP manual incorporates best practice E&S risk management. The Independent Verification Agent will verify that the DLR is met, which will entail verifying that the PPP transaction is low E&S risk (as per the specifications of the Project Implementation Manual).
- **Address gaps in the Systematic Property Registration Program.** The following requirements are incorporated into the Program Action Plan i) amendments to the recently drafted Land-Use regulations (2016)<sup>5</sup> ii) undertake, review and enhance Systematic Property Registration Program Stakeholder Engagement Strategy iii) improvements to the Grievance mechanism and 3) Documentation of procedures and promotional materials to encourage participation by women.
- **Address weaknesses in the EIA process.** The PAP requires a review of the Ministry of Environment/KEPA budget for 2017 (and subsequent years) to ensure that it allows KEPA to satisfactorily fulfill its mandate, with a focus on private investments in Kaduna State. Budget forecasting is required to be supported with a capacity review covering environmental impact assessment and monitoring.

19. **Conclusion:** The ESSA concludes that the Kaduna Government is committed to the PforR program of work outlined in the ESSA and has demonstrated its political will to tackle the challenges that hinder its social and economic development as reflected in the Kaduna State Development Plan.

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<sup>4</sup> Development and Implementation of the FRILIA also has opportunities to maximize benefit sharing.

<sup>5</sup> The amendments are required to be completed as a condition to negotiate the credit agreement.

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## SECTION I: INTRODUCTION

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### Background and Purpose of the ESSA

- 1 The World Bank is proposing to support the Kaduna State Economic Transformation Program with a Performance-for-Results instrument. The PforR links the disbursement of funds directly to the delivery of defined results and builds on increased reliance on borrower safeguard and oversight systems. The Program Development Objective is to foster private investments, job creation and revenue generation by improving the business environment, public investment management and accountability. The proposed amount of the program is USD 350 million will support the Kaduna State Development Plan (KSDP) (2016-2020) focusing on jobs, social justice and prosperity.
- 2 The Environmental and Social Management System Assessment (ESSA) for the Kaduna State Economic Transformation Program for Results examines Kaduna State's existing environmental and social management system that is the legal, regulatory, and institutional framework guiding the program, defines measures to strengthen the system, and integrates these measures into the overall Program. The ESSA is undertaken to ensure consistency with six *core principles* outlined in paragraph 8 of the World Bank Policy for Program-for-Results Financing in order to effectively manage Program risks and promote sustainable development.
- 3 These six principles are:
  - i. **Environment:** Promote environmental and social sustainability in the Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the Program's environmental and social impacts
  - ii. **Natural Habitats and Cultural Resources:** Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the Program
  - iii. **Public and Worker Safety:** Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards
  - iv. **Land Acquisition:** Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards
  - v. **Vulnerable Groups:** Give due consideration to the cultural appropriateness of, and equitable access to, Program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups
  - vi. **Social Conflict:** Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

- 4 The ESSA analyzes the system for environmental and social management as relevant for the program vis-à-vis each of these principles. The gaps identified through the ESSA and subsequent actions to fill those gaps directly contribute to the Program's anticipated results to enhance institutional structures related to the program activities. The ESSA analysis, presents a detailed description of the Program activities and the baseline conditions for existing environmental and social management systems. The Report draws on baseline information and presents an analysis of the existing system vis-à-vis the core principles for environmental and social management in Bank Policy and Directive for Program-for-Results financing, and presents a Program Action Plan (PAP) that will be incorporated into the overall program loan documentation.

### **ESSA Methodology**

- 5 The ESSA was prepared by Bank staff through a combination of reviews of existing program materials and available technical literature, interviews with government staff, and consultations with key stakeholders and experts. The findings, conclusions and opinions expressed in the ESSA document are those of the Bank. Recommendations have been discussed and agreed with the representatives of the Kaduna State government.
- 6 The scope of the ESSA includes the activities and systems necessary to achieve the Program Development Objective (PDO), and the defined results of the Kaduna State Economic Transformation Program (KSETP), represented by the Program's Disbursement Linked Indicators (DLIs). A scoping analysis was completed to determine the applicability of each of the six P4R Environmental and Social Core Principles to the various Program DLIs as presented in below Table 1. This scoping exercise was subsequently used to structure the remaining analysis of the ESSA which includes the following elements:
  - i. Review of the baseline environmental and social information to understand the context under which the Program activities are undertaken
  - ii. Analysis of environmental and social benefits and risks of the program activities connected with the various DLIs
  - iii. Analysis of the national and state, and local government level systems for environmental and social management for planning and implementing the KSETP activities for consistency with the applicable Core Principles
  - iv. Identification of procedural and policy gaps with Bank Policy and Directive for Program-for-Results Financing as well as performance constraints in carrying out environmental and social management processes
  - v. Development of a set of viable actions to strengthen the systems and improve environmental and social performance outcomes of the program.
- 7 For the preparation of the ESSA, Bank specialists undertook a series of meetings and consultations with various stakeholders including state agencies in Kaduna, development funding partners, and technical experts. Further consultations will be

conducted during appraisal.

- 8 The PforR provides multifaceted support to a variety of Kaduna State's systems. The diverse range of activities associated with the Program and their environmental and social effects are best analyzed through their connection to the Program's expected outcomes as measured by the Disbursement Linked Indicators (DLIs). The ESSA Analysis has been structured to follow the various DLIs. The ESSA analysis has been considered on two levels: (i) the system as written in laws, regulation, procedures and applied in practice; and (ii) the capacity of Program institutions to effectively implement the system.

**Table 1: Applicability of Core Environmental and Social Principles (CP) to Kaduna State Economic Transformation Program Disbursement Linked Indicators (DLIs)**

<b>DLI</b>	<b>CP1 Environment</b>	<b>CP2 Natural Habitats</b>	<b>CP3 Public &amp; Worker Safety</b>	<b>CP4 Land Acquisition</b>	<b>CP5 Vulnerable groups</b>	<b>CP6 Social Conflict</b>
<p><b>DLI 1: Simplified business processes:</b> Reduction in the time required to start a business, deal with construction permit and register property – as a proxy for the improvement of the business enabling environment in Kaduna State</p>	<p>Not Applicable as there are no physical works supported by the Program.</p> <p>Efficiency initiatives to reduce processing times and costs will not impact the quality or process of conducting an ESIA for new business works.</p>	<p>Not Applicable as there are no physical works supported by the Program.</p> <p>Activities under this DLI will not change the existing ESIA processes that assess impacts on natural habitats.</p>	<p>Not Applicable as there are no physical works supported by the Program</p>	<p>Not Applicable as there are no physical works supported by the Program.</p>	<p>Applicable. The Program will measure direct and indirect jobs disaggregated by age and gender for contribution to benefit-sharing.</p>	<p>Not Applicable as there are no physical works supported by the Program</p>
<p><b>DLI 2: Implementation of systematic property registration program</b> # of new Certificates of Occupancy (CofOs) issued Certificates of Occupancy provide citizens with land tenure security, reduce land disputes, add value to the land, facilitate transactions and help Government provide better public services.</p>	<p>Not Applicable as there are no physical works supported by the Program.</p> <p>Disclosure and grievance mechanisms are examined.</p>	<p>Not Applicable as there are no physical works supported by the Program.</p>	<p>Not Applicable as there are no physical works supported by the Program.</p>	<p>Applicable. Process of obtaining CofOs may lead to a process of resolving conflicting property boundaries or asset ownership.</p>	<p>Applicable. Program benefits of securing land title for vulnerable groups will be optimized.</p>	<p>Applicable. Conflicts related to property ownership may ensue.</p>
<p><b>DLI 3: Strengthening of investment promotion</b> Number of Memoranda of</p>	<p>Not Applicable as there are no physical works supported by the Program.</p>	<p>Not Applicable as there are no physical works</p>	<p>Not Applicable as there are no physical works supported by the Program. However,</p>	<p>Not Applicable. No physical works supported by the Program.</p>	<p>Applicable. Opportunities for women and youth and other marginalized</p>	<p>Not Applicable as there are no physical works supported by</p>

<b>DLI</b>	<b>CP1 Environment</b>	<b>CP2 Natural Habitats</b>	<b>CP3 Public &amp; Worker Safety</b>	<b>CP4 Land Acquisition</b>	<b>CP5 Vulnerable groups</b>	<b>CP6 Social Conflict</b>
<p>Understanding signed between investors and KADIPA. This measures the effectiveness of KADIPA to attract and facilitate private investments in Kaduna State</p>	<p>However, there are collateral risks relating to ESIA processes, and there is a connection to activities planned under DLI5</p>	<p>supported by the Program. However, there are collateral risks relating to changes in land use and there is a connection to activities planned under DLI5</p>	<p>increased use of pesticides, or waste generation or other hazards and from commercial/industrial works may lead to community and worker health and safety risks.</p>	<p>However, collateral risks relate to potentially inadequate land acquisition and community engagement processes. See DLI5</p>	<p>groups to access Program benefits are considered.</p>	<p>the Program. Collateral risks relate to Fulani conflict in Southern Kaduna.</p>
<p><b>DLI 4: Development of the legal and institutional framework for PPP</b> This DLI will increase the capacity of Kaduna State to undertake PPP transactions, a major focus of the Kaduna State Development Plan and will involve a series of activities including: ( i) Approval of suitable PPP legal and institutional framework that comprehensively defines and legally enables the PPP project cycle process (project identification, preparation, procurement, and implementation, including E&amp;S aspects), and clarifies the</p>	<p>Not applicable as there are no physical works supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered.</p>	<p>Not Applicable as there are no physical works are supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered</p>	<p>Not Applicable as there are no physical works supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered.</p>	<p>Not Applicable as there are no physical works supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered</p>	<p>Not Applicable as there are no physical works supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered</p>	<p>Not Applicable as there are no physical works supported by the Program. However the E&amp;S impacts of enabling activities such as feasibility studies, will be considered</p>

<b>DLI</b>	<b>CP1 Environment</b>	<b>CP2 Natural Habitats</b>	<b>CP3 Public &amp; Worker Safety</b>	<b>CP4 Land Acquisition</b>	<b>CP5 Vulnerable groups</b>	<b>CP6 Social Conflict</b>
institutional roles and responsibilities of all KDSG stakeholders (ii) Detailed feasibility studies for 1 transaction with low E&S risks completed (iii) 1 PPP transaction with low E&S risks achieves commercial close						
<b>DLI 5: Development and Implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA)</b> Development and Implementation of a FRILIA for Kaduna State, to ensure that land administration, environmental management and land acquisition and resettlement (in particular, if required for private investments) is undertaken in line with established international good practices and guarantee shared benefits between private investors and surrounding communities	Applicable. DLI requires implementation of the FRILIA.	Applicable. DLI requires implementation of the FRILIA.	Applicable. DLI requires implementation of the FRILIA.	Applicable. DLI requires implementation of the FRILIA.	Applicable. DLI requires implementation of the FRILIA.	Applicable. DLI requires implementation of the FRILIA.
<b>DLI 6 Increasing IGR</b>	Not applicable.	Not applicable.	Not applicable	Not applicable.	Not applicable.	Not applicable

<b>DLI</b>	<b>CP1 Environment</b>	<b>CP2 Natural Habitats</b>	<b>CP3 Public &amp; Worker Safety</b>	<b>CP4 Land Acquisition</b>	<b>CP5 Vulnerable groups</b>	<b>CP6 Social Conflict</b>
<p><b>outturn IGR</b> outturn is measured by the ratio of IGR actual / budgeted. IGR outturn demonstrates the realism of Kaduna State Government in revenue mobilization</p>						
<p><b>DLI 7: Improvement of tax collection</b> The increase in the number of registered tax payers (using the Tax Identification Number, TIN) is used as a proxy for improving of tax collection by broadening the tax base.</p>	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable. Collateral risks related to ability of vulnerable groups to pay tax.	Not applicable.
<p><b>DLI 8: Increasing capital expenditure execution rate</b> An increased capital expenditure execution rate will demonstrate the capacity of Kaduna State to significantly increase public investment.</p>	Not applicable However, includes support to the creation of a Master Plan with potential future E&S impacts	Not Applicable However, includes support to the creation of a Master Plan with potential future E&S impacts.	Not Applicable	Not Applicable However, includes support to the creation of a Master Plan with potential future E&S impacts	Applicable	Not applicable
<p><b>DLI 9: Increasing procurement effectiveness</b> # of MDAs adopting e-procurement, disclosing contract awards and whose</p>	Not applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable.



<b>DLI</b>	<b>CP1 Environment</b>	<b>CP2 Natural Habitats</b>	<b>CP3 Public &amp; Worker Safety</b>	<b>CP4 Land Acquisition</b>	<b>CP5 Vulnerable groups</b>	<b>CP6 Social Conflict</b>
procurement is audited						
<p><b>DLI 10: Improving government responsiveness to citizens’ feedback on fiscal performance</b></p> <p>Government responsiveness to citizens’ feedback on fiscal performance is measured through the percentage of capital projects improved in response to citizens’ feedback captured by the M&amp;E system (“Eyes and Ears”) for public investments under implementation by the ministry of Budget and Planning.</p>	Not applicable	Not applicable	Not applicable	Not applicable	Applicable. Disclosure and Grievance Mechanisms are examined.	Not applicable

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## SECTION II: STRATEGIC CONTEXT

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### 2.1 Country Context

- 9 The Buhari administration took office in a context of a severely weakened economy, large infrastructure gaps and poor service delivery that accumulated over the years. Further decline in oil prices and a resulting decline in revenues, enhanced security challenges, and the overall uncertain global environment all manifested with force in Nigeria. Revenues which were already low at 10.5 percent of Gross Domestic Product (GDP) in 2014 declined to 7.8 percent of GDP in 2015 - all of it on account of the decline in oil revenues - with an even more negative outlook for 2016. Oil exports almost halved from US\$76.5 billion in 2014 to US\$44.4 billion in 2015.
- 10 To revive growth in the short term, reforms aimed at restoring macroeconomic stability will be critical. These would include measures to increase non-oil revenues and to stimulate demand-driven growth, including through sub-national government spending. At the same time, measures are needed to remove supply-side policy bottlenecks and improve predictability of the policy environment, such as through the removal of exchange controls and real exchange rate realignment.
- 11 With oil prices projected to remain low, a new growth strategy for the post-oil economy will need to be adopted. A new growth strategy would need to be based more on productivity growth than on capital accumulation. This will require greater emphasis on regulatory reforms to improve the business environment, and on governance reforms to improve the efficiency of the public expenditures. The new growth strategy will also need to enhance diversification by addressing sector-specific challenges, particularly in agriculture, manufacturing, and mining, as part of a medium- to long- term agenda to increase competitiveness and promote inclusive growth. Agriculture currently represents 22 percent of the GDP, while manufacturing represents 9 percent of GDP, services represent 38 percent; trade 19 percent and construction 4 percent. It is estimated that mining represents 0.33 percent of GDP.

#### *2.1.1 Social Development and Gender in the National Context*

- 12 *Poverty Reduction.* Nigeria made notable progress in this goal and particularly in the fight against hunger, but generally missed meeting the targets of most of the indicators. The strong progress under this goal can be seen in the persistent reduction in poverty prevalence in recent years. Although poverty prevalence fluctuated, it declined from 65.6% in 1996 to 45.5% in 2010; short of target (21.4%) by 24.1%. However, the World Bank's most recent estimates of poverty incidences in Nigeria indicate it at the lower of 33.1% in 2012/2013.<sup>6</sup>

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<sup>6</sup> [2015] Nigeria 2015 Millennium Development Goals; End-Point Report, Office of the Senior Special Assistant to the President on the United Nations Millennium Development Goals, pp. 5

- 13 Nigeria's performance against the key social development Millennium Development Goals has been good in places. There has been a steady increase in the ratio of girls to boys in basic education in Nigeria with the end-point status of 94% in 2013 being a significant achievement compared to the 82% achieved in 1991. The statistics from both the World Bank and Multiple Indicator Cluster Survey (MICS) corroborate the high gender parity index recorded by Nigeria. The success at the basic education level has not been replicated at the tertiary level where there is weak progress even though the policy environment has been supportive at every level of the educational pipeline. Similarly, Nigeria has not done well in the area of proportion of women in wage employment in the non-agricultural sector with an end-point status of 7.7% in 2010 (the most recent data). However, in terms of women's contribution to the total labour force in both agricultural and non-agricultural sectors, the proportion has considerably increased to a record 37.7% in 2014. The ILO statistics corroborates this with a 48.1% increase in 2011. As regards the proportion of seats held by women in the National Parliament, Nigeria has done badly, with an end-point status of 5.11% in 2015 against the expected target of 35%. The prevailing patriarchal culture and practices remain a major factor against women's access to elective positions. This is however not the case with women in appointive positions as over 30.0% of women got appointed to higher level political decision making positions in recent years.<sup>7</sup>

## 2.2 State Context

- 14 Kaduna State first came into existence in 1976, when the then North Central State with capital at Kaduna was renamed Kaduna State. In 1987, however, the Katsina Province of the State was carved out to become the present Katsina State, leading to the birth of the present Kaduna State. Kaduna State shares common borders with Zamfara, Katsina, Niger, Kano, Bauchi, Nasarawa, Plateau States, and the Federal Capital Territory. The State is located globally between latitudes 9° 03' and 11° 32' North of the Equator and longitudes 6° 05' and 8° 38' East of the Greenwich Meridian. The total land mass of the State is estimated at 46,053 sq. km which is about 5% of the total land area of Nigeria. Major Rivers in Kaduna State include the Kaduna, Kogum, Gurara, Matsirga and Galma River. Kaduna State is within the North West geopolitical zone of Nigeria - which registers the highest level of poverty in Nigeria. A recent World Bank poverty assessment finds that poverty rates in Nigeria are significantly lower than official estimates. At the national level per capita terms, poverty rates declined from 46 percent in 2004 to 35.6 percent and 36.1 percent in 2011 in 2013, respectively. However, due to rapid population growth (close to 3 percent), the number of Nigerians living in poverty has not changed significantly: 63.7 million in 2004 versus 64.5 million in 2013. The official estimates were indicating a decline of only 2 percent from 64 percent to 62 percent between 2004 and 2010. Poverty rates in the North West have remained particularly high: 61.4 percent in 2004 and 59.1 percent in 2013 (as per Figure 2 below). While parts of the South West and South-South States illustrate characteristics of a middle-income country and achieved important results with regard to poverty reduction, deep poverty and conflicts, instead, still afflict Northern States.

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<sup>7</sup> [2015] Nigeria 2015 Millennium Development Goals; End-Point Report, Office of the Senior Special Assistant to the President on the United Nations Millennium Development Goals, p. 5

- 15 In 2015, Kaduna State GDP was estimated at US\$11.4 billion, with agriculture representing 37 percent; industry, 18 percent and services, 45 percent. A 2013 survey estimated that Kaduna State counted 1.6 million micro-enterprises, representing 2.4 million jobs. This survey also estimated that Kaduna State counted 2,712 small enterprises (with less than 50 employees) and 170 medium enterprises (with 50 to 199 employees), representing a total of 114,132 jobs. A 2010 survey had estimated that 22 percent of small and medium enterprises (SMEs) were in the trade sector, 21 percent in manufacturing and 15 percent in the health and social sector. The 2014 Enterprise Surveys shows that the major constraints for firms in Kaduna State are electricity, corruption and political instability (Figure 3). The 2014 Sub-National Doing Business report ranks Kaduna in the 15th position for Starting a Business, 32nd position for Dealing with Construction Permits, 24th position for Registering Property and 2nd position for Enforcing Contracts - out of 36 Nigerian cities (Figure 4). In that context, Kaduna State has initiated key reform efforts to improve the investment climate in the State and to support the development of the private sector, as the driver of job creation.

## **2.2.1 Sectors of the State Economy**

### **Agriculture**

- 16 Agriculture accounts for an estimated 56 percent of Kaduna's GDP and employs approximately 4 million people. Kaduna produces 22 percent of the country's maize, 69 percent of soya bean, 36 percent of cotton and 10 percent of ground nuts (peanuts) and the state trades agricultural produce to neighboring states. The sector is dominated by wet season planting and an irrigated dry season planting. Most farmers currently produce cereal crops such as maize, sorghum, millet and rice during the rainy season. Cereal crops are exported to surrounding states and are an important source of cash. Kaduna is the largest producer of rice in Nigeria and it exports substantial quantities to other Nigerian states and other African countries. The state is also an important producer of fruits and vegetables that are supplied to the south.
- 17 Agriculture output in Kaduna State is large, and the main source of income, however agricultural productivity is generally low. The government's view is that there is great, untapped potential in the sector given the rich arable soil, optimal weather conditions across the state, and the limited use of modern farming inputs. To increase productivity in agriculture in Kaduna State, the World Bank's Community Agriculture Development Project (CADP) supports three food chains namely; Fruit Trees (Citrus, Mango, Guava, Pineapple, Passion and Cashew), dairy and maize.

### **Manufacturing**

- 18 Manufacturing is centered in the state's capital, the City of Kaduna. The city is considered an industrial center of Northern Nigeria, manufacturing products like textiles, machinery, steel, aluminum, petroleum products and bearings. However, the textile industry has been declining because of factory closings due to neglect during military rule and competition with Chinese imports. Automobile manufacturing also remains an important part of Kaduna's economy. Other light manufactures include: plastics, pharmaceuticals, leather goods, furniture, and televisions. One of Nigeria's four main oil refineries is located in Kaduna. It is supplied by a pipeline from the Niger Delta oil

fields.

### **Environmental and Social Context**

- 19 Kaduna State, with a population estimated at 8 million, is considered the gateway to Northern Nigeria, located across the Lagos-Kano corridor, the main trade route between Lagos and Northern Nigeria, connecting the two largest cities in Nigeria. Kaduna State is within the North West geopolitical zone of Nigeria – which registers the highest level of poverty in Nigeria. Forty one percent of adults have not had any formal schooling.<sup>8</sup>

#### **2.3.1 Land Use**

- 20 Kaduna State has witnessed a high rate of urbanization just like what has been happening at the national level. Urban population in Nigeria has grown rapidly such that the projected urban population which was far less than the rural population had nearly equaled the rural population by 2010. The projections that followed showed that by 2015, Nigeria's urban population would be almost 94 million compared to a rural population of around 82 million. Similarly, in Kaduna State, the population structure shows that the majority of the citizenry currently live in urban and semi urban towns like Kaduna, Zaria, Kafanchan, Kagoro, Zonkwa, Birnin Gwari, Makarfi and Zangon Kataf. As Kaduna City has urbanized, with the metropolis exceeding its original boundary, other previously native settlements around the edge of the town, have expanded as well. The Northern and Southern villages have all grown with unplanned and sporadic development so much that their current levels of population, physical and geographical development are largely yet to be ascertained. Kaduna City is in urgent need of expansion and upgrading. Critical public infrastructures such as roads and public facilities have decayed under neglect and hold huge opportunities for job creation and economic rejuvenation.<sup>9</sup> In terms of urban development, in recent decades this has taken place to the south of the river, as mentioned above. This has been in terms of both industry and residential suburbs. This means that the south of Kaduna is becoming increasingly urbanized and there is a growing demand for space and property in that area<sup>10</sup>.
- 21 Even though most of the geographical area of Kaduna is north of the river, there has been faster growth in land use in the south in recent years. This is largely because the location south of the river is better connected with the southern half of Nigeria. Most of the land use is concentrated on the north-south axis, with much of the industry, including the manufacturing centre, being to the south side of the city.

#### **2.3.2 Population/Demographics/Ethnic Groups**

- 22 Because of colonial intervention, Nigeria is an amalgamation of more than 250 traditional African ethnic groups. They include the Hausa, Fulani, Yoruba, Igbo, Ijaw, Ibibio, Kanuri, Tiv, Nupe, Ogoni and a host of others. Three major ethnic groups (Hausa-Fulani 29 per cent, Yoruba 21 per cent and Igbo 17 per cent), constitute 68 per cent of the total population. Other bigger groups are the Ijaw ethnic group, which

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<sup>8</sup> Nigeria Education Data Survey 2015, Kaduna State Report

<sup>9</sup> Kaduna State Development Plan 2016-2020

<sup>10</sup> <https://deanskivington.wordpress.com/2012/03/19/planning-the-future-of-kaduna-nigeria/> Accessed March 7 2017

constitutes 10 per cent, Kanuri 4 per cent, Ibibio 3.5 per cent, and the Tiv, with 2.5 per cent of the total population. Nigeria's official language is English. In addition, the Constitution recognizes three main ethnic languages: Yoruba, Ibo, and Hausa.

- 23 Kaduna is populated by about 57 to 63 different ethnic groups. Some of the groups are Hausa, Gbagyi, Ham, Bajju, Atyab, Oegworok, Takad, Gwong, Ninkyob, Akurmi (Kurama in Hausa), Adara, Nkoroo (Koro), Fulani. Others are Akulu known as Ikulu, Osholio known as Marwa, Atuku, Gwandara, Numana, Ninzo, Aruruma, and Surubu. Historically, Southern Kaduna has been predominantly Christian whilst the North of the State has been Majority Sunni Muslim. The Hausa and Fulani ethnic groups are overwhelmingly Muslim and the Christian faith is spread across the other ethnic groups. During the British colonial period
- 24 The State's population structure shows that majority of the citizenry currently live in urban and semi urban towns like Kaduna, Zaria, Kafanchan, Kagoro, Zonkwa, Birnin Gwari, Makarfi and Zangon Kataf. Twenty two percent (22%) of the population are infants, aged between 0-5 years while 18% are children aged 6-11 years. The average life expectancy in the State is estimated at only 44 years. Relatively, high number of people living in the urban and semi-urban centre is exerting significant pressures on the urban resources and infrastructure. The population of women, infants and children also suggests a high level of dependents and vulnerable groups in the State<sup>11</sup>.
- 25 The Fulani pastoralists number approximately 5.3 million. The largest group of pastoralists is the Fulbe or Fulani that constitute about 95 per cent of the nomadic herders in Nigeria. The Fulani pastoralists emigrated into Hausaland of Nigeria from the Senegambia in the western Sudan at the beginning of the 14th century. This immigration spanned several centuries moving in small units of compound families. As a result of their nomadic nature, they are found in varying concentrations in 31 out of the 36 states of Nigeria. The Fulani's draw their livelihood from livestock herding based on unrestricted grazing and movement of their ruminant livestock according to the availability of water, grazing pasture and the limitation of livestock diseases. They hold over 90 per cent of Nigeria's livestock population within the livestock sub-sector<sup>12</sup>.

### **2.3.3 Biodiversity/Grazing Areas/Pastoral Reserves**

- 26 The state is estimated to cover a land mass area of about 48,473.2 square kilometers with a population of about 6,066, 652. The climate varies from north to south of the state. Kaduna belongs to the guinea savanna vegetation belt with rainfall starting in April and ending in October in the southern part of the state. The annual rain fall shows marked decreases from 1,524mm in the south to 635mm in the north. Kaduna state has one national park, located in the west of Kaduna adjacent to the Kwiambana Game Reserve. Kaduna State has 21 protected forest reserves. Agricultural and infrastructure demands place extreme pressure on forest reserves.

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<sup>11</sup> [2013]: Kaduna State Development Plan 2014-2018

<sup>12</sup> [2009]: The Centre for Human Rights, University of Pretoria, 'The Rights of Indigenous Peoples: Nigeria



### **2.3.4 Gender**

27 Nigeria is among the thirty most unequal countries in the world with respect to income distribution. The poorest half of the population holds only 10% of national income. Significant rural-urban differences in income distribution impact particularly on women, because 54 million of Nigeria's 80.2 million women live and work in rural areas, where they provide 60-79% of the rural labour force. One in every five businesses is run by a woman but they are constrained by lack of capital and have to rely on savings. Despite being better educated than their male peers in the micro-enterprise sector, women are less likely to secure loans. Nigeria ranks 118 of 134 countries in the Gender Equality Index.

- Women make up only 21% of the non-agricultural paid labour force. At every educational level women earn less than their male counterparts and in some situations men with less education earn more than better educated female peers.
- Nigeria has one of the lowest rates of female entrepreneurship in sub-Saharan Africa.
- The majority of women are concentrated in casual, low-skilled, low paid informal sector employment.
- Only 7.2% of women own the land they farm, which limits their access to credit and constrains entrepreneurship and business activity.
- Only 15% of women have a bank account.
- A gender bias in allocation of tax allowances means that women taxpayers are taxed disproportionately.
- In eight Northern States, over 80% of women are unable to read (compared with 54% for men). In Jigawa State, 94% of women (42% of men) are illiterate.
- Nigerian girls who enroll in school leave school earlier than their male counterparts.
- More than two thirds of 15–19 year old girls in Northern Nigeria are unable to read a sentence compared to less than 10% in the South.<sup>13</sup>

### **Gender Dimensions of Access to Agricultural land**

28 Access to good quality farmland is a pervasive problem for smallholder farmers in Nigeria, a challenge particularly felt by female farmers. Female-managed plots, which average 0.3 hectares in size, are significantly smaller than male-managed plots, which measure 0.6 hectares on average. In addition, female plot managers are half as likely as their male counterparts to purchase land, and twice as likely to rent it. Nationally, 67 percent of male managers' report having the right to sell the plots under their control, as compared to only 31 percent of female managers. Access to land is a critical gap, as secure and individualized land rights can "improve a farmer's ability to reap returns from investments on land, resulting in greater demand for land improvements and complementary inputs" (Feder et al. 1988). The data support this argument, as only 0.5 percent of female-managed plots are irrigated, as compared to 3.5 percent of male managed plots.<sup>14</sup>

### **2.3.5 Conflict**

29 There has been persistence and indeed an increase of ethno-regional, ethno-religious and religious conflicts in Nigeria since the return to democratic rule in May 1999. The expectations that the end of military rule would reduce arbitrariness, allay fears of ethnic

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<sup>13</sup> [2012]:British Council, Gender in Nigeria Report: Improving the Lives of Girls and Women in Nigeria

<sup>14</sup> [2013] World Bank 'Gender Dimensions in Nigerian Agriculture. World Bank Policy Brief, Issue 6, October 2013



and religious persecution, and consequently reduce political tension and conflict has not happened yet. On the contrary, violent conflicts have been growing in intensity and their spread has been widening. As the level of violence grows, the locations of its manifestations are becoming more provincial. The consequence is that political, ethnic and religious tolerance has been declining dramatically. Kaduna State has been one of the locations with persistently high levels of violent conflicts in which identities, ethnic and religious have played a key role.

- 30 These violent conflicts have seriously affected inter-communal relations and created a climate in which all sorts of triggers could easily lead to a major conflagration. Currently, there are two major flashpoints that have affected the State in the past two years: the massacre of members of the Islamic Movement in Nigeria by elements of the Nigerian Army and the series of violent inter-communal conflicts that have affected Southern Kaduna over the years.
- 31 Plateau and Kaduna States are multicultural societies, partly because of their past role as regional economic magnets, and partly owing to their location on the dividing-line between the culturally and religiously divergent north and south of the country. Competition between different groups for land, livelihoods, and political power and influence has become progressively more intense and more violent over the last 30 years. Political discourse has been dominated by questions of ‘indigeneity’ - who can, and who cannot, claim to ‘belong’ to the state and hence claim representation and preferential access to critical government resources, including education and jobs<sup>15</sup>.
- 32 The long-standing tensions that often lead to violent conflict between ‘indigenes’ and ‘settlers’ – often expressed as political allegiances could be exacerbated by poor land management. It is important to note that ‘indigenes’ are not indigenous people as defined by World Bank policies or other international safeguards and policies. It has an extremely complex history related to rights of the land and to government services. In brief, ‘indigenes’ lay claim of ownership and rights to land through ancestral claims to the land and ‘settlers’; are those whose claims are considered more recent and therefore less valid.. They could come from the same ethnic group as the ‘indigenes’. Please see detailed explanation in footnote<sup>16</sup>. Consequently, any vacuum in land policy could be exploited by vested interests to exclude others as well.

### **Southern Kaduna**

- 33 Southern Kaduna has a long history of inter-communal violence. However, it has intensified in over recent years. Killings and reprisal killings have become frequent in the area although there are conflicting numbers of victims. The clashes are reported in local media and are said to be linked to disagreements over the use of essential resources such as farmland, grazing areas and water between Fulani herders and local

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<sup>15</sup> El-Bushra, J et al 2013 From Design to Implementation: Addressing the Causes of Violent Conflict in Nigeria. Stability: International Journal of Security & Development, 3(1): 1, pp. 1-18, DOI: <http://dx.doi.org/10.5334/sta.cy> accessed March 7, 2017

<sup>16</sup> [2014]: The Nigeria Research Network, Indigeneity, Belonging, & Religious Freedom in Nigeria: Citizens’ Views from the Street ‘NRN Policy Brief, No 5’, pp 1-2 – this paper describes the ‘Indigene’ ‘Settler’ issue as follows: “*The principle of ‘indigeneship’ is about ‘ownership’ of the community, local government or state. But this ownership is not in the narrow juridical sense of owning a piece of private property, but refers instead to the right to recognition as the pre-eminent ethnic group within the unit. It is about the right to determine the rules of engagement in inter-ethnic relations within the unit in question, and the right to dictate the pecking order for enjoying political and economic resources associated with the Nigerian state. Indigeneship therefore effectively introduces a two-tier citizenship in Nigerian’s 36 states and 774 Local Government Areas. Some can lay claim to ancestral connections to the soil and consequently enjoy ‘indigeneship’ rights, while others have no such ancestral claims, and must therefore suffer different degrees of political and social exclusion. Many are thereby denied access to both material resources and symbolic recognition in the communities where they may have lived for generations and to which they pay their taxes.*”

farmers.

- 34 Fulani herders can travel hundreds of miles in large numbers with their cattle in search of pasture. They are often armed with weapons to protect their livestock. They frequently clash with farmers who consistently accuse them of damaging their crops and failing to control their animals. The Fulanis respond that they are being attacked by gangs from farming communities who try to steal their cattle and they are just defending themselves.
- 35 In Kaduna State in December 2016, meetings between Fulani and various communities were held aimed at conflict resolution and identified numerous causes ranging from poverty, unemployment, perceived injustices, and religious sentiments. Foreign herdsmen and bandits are often blamed, in contrast to resident herdsmen. There have been several attempts at ceasefires. The Kaduna State Governor, in an effort to dissipate the conflict, reportedly paid monetary compensation to one or two Fulani for lost cattle dating back to 2011. However, as the Fulani are Muslim some members of the Christian communities perceived this gesture as favoritism. The State government is very aware of the complexities of conflict and the difficulty of treading a balanced approach that will be acceptable to all communities. Increasing Christian and Muslim radicalization means that some leaders in these communities are often perceived to be only motivated by increasing power bases for their particular brand of religious orthodoxy.

### **Different Drivers of Conflict**

- 36 There are a number of causes of conflict in Southern Kaduna but there are four main recurring conflicts scenarios:
  - Fulani pastoralists and settled farmers clashes over land and cattle routes and grazing areas;
  - Settlers and ‘Indigenes’ over rights to land;(see footnote 16)
  - Intra Muslim violence between Shia and Sunni Muslims trying to secure Sharia law in the in Zaria; and,
  - Christian and Muslim distrust in both communities dates back to the colonial era when the British used the Muslim Emirs as their governing authority.

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## SECTION III: PROGRAM DESCRIPTION

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### 3.1 The Government's Program: The Kaduna State Development Plan

37 Within a challenging macro-economic environment in Nigeria, Kaduna State has engaged in reform efforts to improve fiscal sustainability. They have published an ambitious Kaduna State Development Plan (2016-2020): Delivering on Jobs, Social Justice and Prosperity. The Kaduna State Development Plan stresses the importance of accelerating private investments, and private sector led growth, to strengthen the fiscal sustainability of the state. The Plan focuses on the following four areas and associated vision:

- i. Economic development: Kaduna will become the destination for business investment and food basket for Northern Nigeria;
- ii. Social welfare: Kaduna will ensure that all citizens have access to high quality, affordable healthcare and education;
- iii. Security & justice: Kaduna will turn the tide on public perception of insecurity in the North, becoming a place where every citizen can live and move freely without harm;
- iv. Governance: Kaduna will set the standard for transparent decision-making, citizen involvement and a competent and responsive public service.

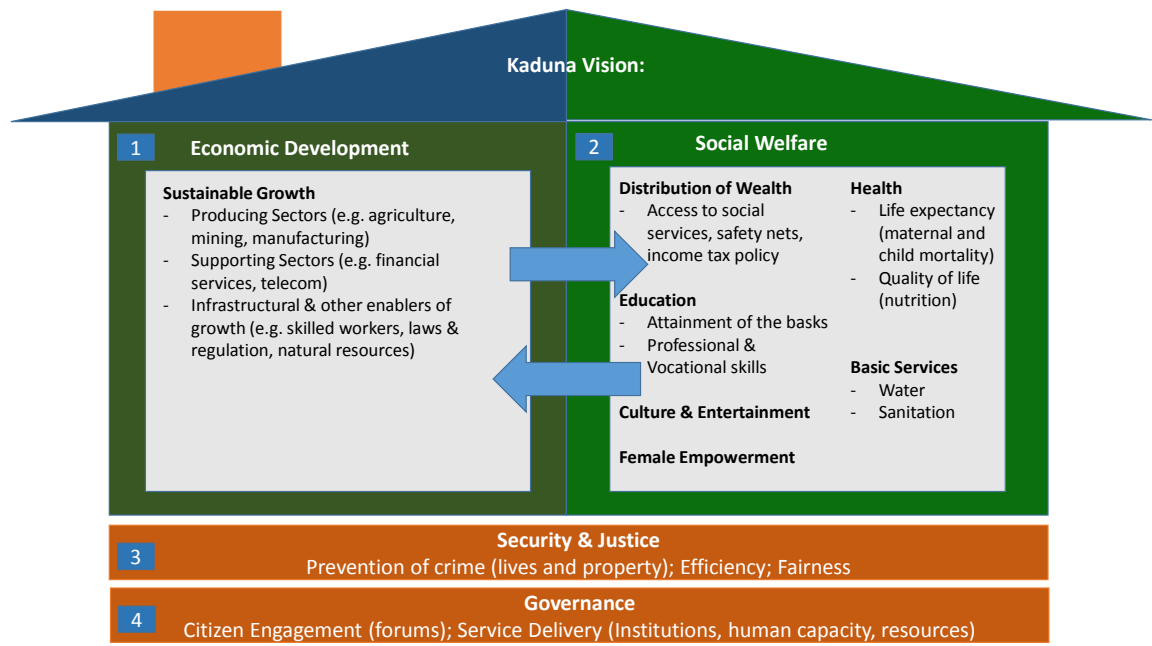
The overall goal of the Kaduna State Development Plan is to attract private sector investments for economic development with the following vision: "*Kaduna will become the destination for the destination for business investment and the food basket of Northern Nigeria*". Through increased private sector investments in high potential sectors (agriculture, mining<sup>17</sup> and manufacturing), Kaduna State aims to foster sustainable growth and job creation. Increased private sector activities in Kaduna State will also generate much needed additional internally generated revenues, which can then be allocated to Social Welfare (and in particular, basic education, as this is a key focus of the Kaduna State Government). In turn, an improved Social Welfare will foster further Economic Development as per

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<sup>17</sup> The PforR will not support investments in the mining sector considering, in particular, the high environment and social risks. The Nigeria Mineral Sector Support Project (approved in April 2017) will provide technical assistance at the Federal and State level to increase private investments in the mining sector.

38 Figure 1 Kaduna State Development Plan (2016-2020).

**Figure 1 Kaduna State Development Plan (2016-2020).**



- 39 In addition, as a foundation for Economic Development and Social Welfare, the Kaduna State Development Plan puts a major emphasis on Governance reforms: “*Kaduna will set the standard for transparent decision making, citizen involvement and a competent and responsive public service*”. Kaduna State has therefore embarked on major reforms efforts to increase transparency, accountability and citizen’s engagement. On one side, Kaduna State Government aims to significantly increase IGR (Internally Generated Revenues), from a very low base (1 percent of the state GDP in 2016); and on the other side, it is focusing on markedly improving the quality of expenditure – as part of the social contract with its citizens, by streamlining recurrent expenditure to create space for capital and social expenditure and by strengthening the preparation and execution of public investments. It is also establishing a direct relation between taxation and service (including by way of provisions of tax for service<sup>18</sup>).
- 40 The Kaduna State Economic Transformation Program-for-Results aligns with the State Development Plan, particularly in its objectives to improve the business environment by addressing underlying barriers for private sector development and strengthen governance of related systems including land registration, business licensing, tax revenue collection systems and public-private partnerships, primarily in producing sectors of agriculture, mining and manufacturing.

<sup>18</sup> Tax for service is the earmarking of a percentage of tax revenue to the financing of local services to benefit taxpayers. Such provisions are agreed upon between the tax administration and business associations. See GEMS3, 2016, Report on Presumptive Tax ([posted by the Nigerian Joint Tax Board](#)).

### 3.2 Program Development Objective (PDO) and Key Results

- 41 The Program Development Objective is to improve the business enabling environment and strengthen fiscal management and accountability in Kaduna State. The Program supports the efforts of Kaduna State to improve its business enabling environment with the view to become a leading investment destination in Nigeria. According to the Kaduna State Development Plan, private investments are expected to play a major role in generating jobs and revenues for the State. Budget management is the main policy tool available to the state government (along with business regulation) to promote growth and economic development. So on one side, the Program supports the efforts of Kaduna State to significantly increase private investments for job creation and revenue generation; and on the other side, the Program supports Kaduna State to strengthen fiscal management and accountability to ensure that increasing (but still limited) revenues are spent as efficiently as possible, in order to increase the State capacity to invest in human capital and physical assets, and to catalyze private investments. Accountability underlies this strategy by building public (including investors’) trust in government and ensuring that its actions and decisions are subject to public scrutiny and citizen engagement.
- 42 Progress towards achieving the PDO will be measured by key results indicators that reflect the overall results areas of the Program. The detailed Results Framework, including intermediate results indicators, is provided in the Project Appraisal Document.
- **Simplified business processes** (measured by the reduction in the time required to start a business, deal with construction permit and register property).
  - **Increased budget credibility** (measured by two indicators: IGR outturn [IGR actual vs. budgeted] and capital expenditure execution rate);
  - **Increased fiscal accountability** (measured by improved government responsiveness to citizen’s feedback on fiscal performance: percentage of capital projects improved in response to citizen’s feedback captured in the Eyes and Ears project monitoring system).

### 3.3 PforR Program Scope

- 43 **The proposed PforR supports the Kaduna State Development Plan (KSDP), with a focus on two of its four pillars: Economic Development and Governance.** In addition, it only finances *part of* these two pillars (and *some of* the associated sectoral plans), as the PforR focuses on strengthening Kaduna State *systems* (i.e. soft investments) rather than financing hard investments (i.e. infrastructure).
- 44 In alignment with the two pillars – Economic Development & Governance – of the Kaduna State Development Plan, the PforR focuses on the following two results areas:
- Improving the business enabling environment
  - Strengthening fiscal management and accountability



### 3.3.1 Results area 1: Promoting private investments

- 45 Under this results area, the PforR will support Kaduna State policy reform efforts to improve the enabling environment and increase private investments. To support this reform agenda, Kaduna State Government established, in 2016, Kaduna Investment Promotion Agency (KADIPA), through a “Law to Establish the Kaduna Investment Promotion Agency and Other Matters Connected Therewith” (enacted on December 23<sup>rd</sup>, 2015). KADIPA has been established as a one-stop resource and coordination center for all investment related activities in the State with a focus on (i) improving the State business enabling environment and (ii) attracting and facilitating new investment in the State. In that context, 49 possible investment sectors were reviewed and the following key sectors were identified by KADIPA as high potential: (i) agriculture & agro-allied; (ii) construction & housing; (iii) solid minerals & mining<sup>19</sup>; (iv) transport & logistics; (v) energy (with a focus on renewable energy); (vi) health; (vii) manufacturing & light industry; (viii) education; (ix) services & ICT and (x) tourism. A value chain analysis undertaken completed in 2017 broadly confirms KADIPA’s findings and provides further granularity. This analysis identified the following value chains as short term high potential in Kaduna and Kano States: leather, staple crops, high value crops, poultry, ICT and renewable energy. Medium term high potential value chains include: textile/cotton, meat, packaging, kaolin/ball clay & ceramics, sand glass & glass.
- 46 Under this results area, the PforR will support transversal reforms to improve regulations affecting the entry and operations of SMEs, using the Subnational Doing Business reform areas as an entry point (starting a business, dealing with construction permits, registering property, and enforcing contracts). KADIPA has already undertaken a process mapping for business licensing, business premises registration, access to land, construction permits, and contract agreement vetting, with the view of reducing procedural delay and transaction cost. Simplifying and automating processes also allow to reduce corruption, a major constraint identified by the 2014 Enterprise Survey. The Kaduna Ease of Doing Business Charter was formally announced at the Kaduna Investment Conference, KadInvest, in April 2017 and commits to a significant reduction in processing times for key business services (such as business premises certificates, tax payer identification number, development permit, certificate of occupancy and contract vetting).
- 47 The PforR will also support improved investment policy and promotion: it will support the strengthening of KADIPA to help attract and retain domestic and foreign investors to Kaduna State. KADIPA currently has a pipeline of 103 investments (as of January 2017). Pipeline investments are concentrated in agribusiness (42 percent), housing (29 percent) and power (10 percent). In that context, the PforR will support KADIPA’s effort to develop out-growers/off-takers arrangements for agriculture investments, to ensure benefits sharing, as well as to increase agricultural productivity and foster job creation. The Program will also support KADIPA to develop a linkages strategy, to support local small and medium enterprises to provide goods and services to investors,

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<sup>19</sup> The Program-for-Results does not include a focus on solid minerals & mining. Support to Kaduna State on solid minerals & mining will be provided through the Nigeria Mineral Sector Support for Economic Diversification Project approved in March 2017.



and to ease access of the local workforce to job opportunities created by the investments. In addition, the Program will support KADIPA to develop a North West Investment Area Agreement Framework: KADIPA aims to champion a Common Investment Area to encourage joint development and reduce unhealthy competition between States and promote the region as one investment region in which to do business, leveraging the leadership of the Northern Governors Forum to promote this agenda.

- 48 As part of its mandate to attract private investment, KADIPA also has the legal mandate to drive Public Private Partnerships (PPPs) in Kaduna State. The Program will support the development of the legal, regulatory and institutional framework for PPPs – as the Kaduna State Development Plan puts a major emphasis in fostering PPPs in Kaduna State across various sectors (energy<sup>20</sup>, transport, water & sanitation, health). The PforR will support the following activities: (i) approval of suitable PPP legal and institutional framework that comprehensively defines and legally enables the PPP project cycle process (project identification, preparation, procurement, and implementation, including E&S aspects), and clarifies the institutional roles and responsibilities of all Kaduna State Government stakeholders; (ii) development of Project Facilitation Fund Rules, Governance & Operational Manual; (iii) development of PPP Pipeline; (iv) pre-feasibility studies for three projects; (v) PPP capacity building: PPP nodes in three key sector ministries established and two staff in KADIPA and key sector ministries complete PPP Certification Program; (vi) adoption of PPP Fiscal Commitments and Contingent Liabilities Management Framework (FCCL) and FCCL from existing projects measured and disclosed; (vii) PPP Disclosure Framework<sup>21</sup> adopted, web portal established and project information available; (viii) detailed feasibility studies for 1 transaction; (ix) Project Facilitation Fund established and seed funding of N. 60 million Naira provided; (x) 1 PPP transaction with low E&S risks meets commercial close. The PforR will therefore support the development of one PPP transaction with low E&S risks, in line with the PforR policy. The Program Implementation Manual will further spell out how the E&S principles of the PforR policy apply to PPPs.
- 49 In parallel to the reform efforts aimed at simplifying the registration of property, the PforR will also support the Systematic Property Registration Program implemented by KADGIS (Kaduna Geographical Information Services) in urban areas, as well as the strengthening of KADGIS capacity. KADGIS was established in 2016 following the enactment on December 23<sup>rd</sup>, 2015 of a “Law to Establish the Kaduna Geographic Information Service and Matters Connected Therewith”, which transformed the Ministry of Lands, Survey and Country Planning into KADGIS. Systematic land titling and registration secure property rights, which can lead to higher level of investment and productivity under a sound governance environment. Property taxes are also potentially a major source of revenues for States. In that context, the PforR will include a focus on ensuring that Systematic Property Registration Program not only promotes income generation, but strengthens citizens’ rights in an inclusive manner.
- 50 Finally, and critically, the Program will support the development and implementation of

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<sup>20</sup> While on-grid power is a Federal level responsibility, there is a strong potential to develop off-grid renewable energy in Kaduna – which could help address the significant power constraints faced by Kaduna State.

<sup>21</sup> <http://pubdocs.worldbank.org/en/143671469558797229/FrameworkPPPDisclosure-071416.pdf>

a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA) to ensure that land administration, environmental management, and land acquisition and resettlement (in particular, if required for private investments) is undertaken in line with established international good practices and that the shortcomings of the (Federal) 1978 Land Use Act are addressed at the Kaduna State level. A major focus of the Program is to ensure shared benefits between private investors and surrounding communities.

### **3.3.2 Result Area 2: Strengthening accountability for results**

- 51 As highlighted above, a major focus of Kaduna State Development Plan is to increase private investments to create jobs and increase internally generated revenues. This strategy is underpinned by a strong focus on fiscal management and accountability, including citizens' engagement. An increase in internally generated revenues – critically needed in the current macro-economic context in Nigeria – and increased budget credibility would in turn allow Kaduna State to effectively increase capital expenditures, which a focus on social sectors.
- 52 *Improving revenue generation.* Kaduna State has been focusing on ensuring that it improves tax collection by broadening the tax base and enforcing tax compliance of registered taxpayers. It has managed to significantly increase Internally Generated Revenue (IGR) between 2015 and 2016, i.e. by 33 percent<sup>22</sup>, even though IGR outturn remained unchanged at 50 percent as a result of over-optimistic revenue forecast in the appropriation law. The PforR has initiated a critical reform of tax administration, with enacted in the “Kaduna State Tax (Codification and Consolidation) Law” of March 1st, 2016 which both facilitates revenue mobilization and reduces the cost of compliance for tax payers by (i) prohibiting the collection of cash revenues (which prevents diversion of collected taxes) and promoting automation of tax collection; (ii) centralizing all revenue collection under the Kaduna Internal Revenue Service (KADIRS) which puts an end to tax collection by tax agents, a significant source of revenue diversion and extortion from taxpayers; (iii) simplifying tax payments by reducing the number of Local Government taxes from 52 to 18; and (iv) capturing the informal sector. Consequently, the PforR supports revenue mobilization by incentivizing: 1) increased Internally Generated Revenue (IGR) outturn (through DLI 6); and 2) the broadening of the tax base and improvement of tax collection (both results indicators captured through the number of taxpayers filing their tax return, DLI 7). By doing so, it helps enhance fiscal sustainability of Kaduna state in two complementary ways: by reducing its dependence from fiscal transfers (from the federation account); and by increasing the credibility of its budget (and consequently the execution of capital expenditure which are generally and historically the variable of adjustment to low budget performance across the states).
- 53 *Increasing public investment management.* On the expenditure side, the Program will support the strengthening of public investment management to catalyze private sector investments. The Kaduna state government is committed to effectively rebalance budget expenditure to capital investment (which amounts to 60 percent of appropriations in 2017), but the achievement of this objective calls for a significant

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<sup>22</sup> Initial efforts to broaden the tax base and increase tax compliance are already bearing fruits.

improvement of the performance of capital expenditure (whose execution rate already improved from 14 percent in 2014 and 25 percent in 2015 to over 50 percent in 2016)<sup>23</sup>. Further progress on capital expenditure outturn can only result from improvements along the whole expenditure chain, i.e. from appraisal and selection of capital projects, budget preparation and leveraging of private capital through PPPs, to cash management, procurement and project management, including the timely payment of contractors. By institutionalizing citizens' feedback on capital projects, the government is also committed to improve the development effectiveness of expenditure. The Program will support the development and implementation of the Kaduna State Infrastructure Master Plan, building upon the Nigeria National Integrated Infrastructure Master Plan (National Planning Commission, 2014). The development of the Kaduna State Infrastructure Plan will take into account regional and spatial development considerations, such as the Lagos-Kano corridor. The Program will also support the improvement of public investment preparation cycle (from planning and prioritization, including identification of PPPs, to budgeting) and implementation (until completion and evaluation), including by strengthening the effectiveness of procurement. It supports the enforcement of the new procurement legal framework enacted on June 1, 2016 under the responsibility of the Kaduna State Public Procurement Authority, in order to improve competitiveness, cost effectiveness, public disclosure of contract awards, and the streamlining of procedural delays. The Program incentivizes the improved performance hence development effectiveness of appropriated capital expenditure, since the Kaduna state government is committed to increase the share of education and other social sectors (with 34 percent of capital expenditure appropriated in 2017 to education): in that regard, the PforR should contribute to the government program of rehabilitation of over 4,000 schools to foster pupils enrollment. And it will support the operationalization of the capital project Monitoring & Evaluation system introduced under the aegis of the Ministry of Budget and Planning as a social accountability mechanism "*allowing everyone in Kaduna State to check on the progress of government projects through a simple, phone-based platform named the Eyes and Ears project*" as characterized by the Governor in his budget speech in October 2016.

- 54 *Fiscal accountability.* The Kaduna state government is strongly committed to fiscal transparency as a first step towards open government. It has also initiated the production of statistical information to inform policy making and fiscal decisions: a general household survey, a survey of the Gross State Product, an Energy audit and a demographic survey have been conducted in 2016 to provide baseline information on the state development challenge. Whereas Kaduna was ranked among the worst performers on budget transparency across Nigerian states in 2015, the government has disclosed since then a broad range of budget documents, including on appropriations for local governments. Accordingly, the PforR supports fiscal accountability in three main regards: it incentivizes (1) the strengthening of external auditing, (2) public scrutiny on budget performance (both at state and local government level) and (3) government responsiveness to citizens' feedback on public investments (through DLI 10); and it also incentivizes enhanced budget credibility, both from a revenue perspective (DLI6

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<sup>23</sup> It is not uncommon for capital expenditure to amount to more than 50 percent of total expenditure at appropriation stage across the states, and it was already the case in Kaduna under the previous government, but actual capital expenditure rarely amount to such a percentage due to their low performance (24 percent in 2014 in Kaduna).

on IGR outturn) and for capital expenditure (DLI8 on execution rate). The PforR also operationalizes critical Public Financial Management reforms supported by other World Bank projects: a Budget and Treasury Management Information System (BATMIS) has been developed under the World Bank-funded Public Sector Governance Reform and Development Project and will capture revenue collection to improve cash management. And the proposed State Fiscal Reform Results Based Financing (to be approved in FY18) will also help strengthen fiscal discipline. Meanwhile, the Program helps the Kaduna state government meet its commitments under the Fiscal Sustainability Plan agreed upon between the federal and state governments in 2016. The Kaduna State Government is also committed to emulate the National Action Plan on Open Government, i.e. to open budgeting and contracting, which will further strengthen fiscal transparency (through tax transparency, open budgeting and open contracting).

### 3.4 Excluded Activities

- 55 The Program will exclude activities that do not meet World Bank policy on eligibility for PforR financing. Specifically, the borrower shall ensure that the Program excludes any activities which, in the opinion of the World Bank, are likely to have significant adverse impacts that are sensitive, diverse or unprecedented on the environment and/or affected people, as defined in the World Bank policy on PforR financing, as well as works, goods and consultancy contracts above the Operations Procurement Review Committee Thresholds. The World Bank will support Program execution to ensure compliance with PforR policy requirements during implementation. As the focus of the PforR is on supporting Kaduna State systems, the exclusion of the above activities will not impact the achievements of the results under the Program.

### 3.5 Disbursement Linked Indicators

- 56 Disbursement linked indicators are a set of 10 indicators that are considered critical towards achieving the Program Development Objective. **Table 2 : Summary of DLIs** lists the Disbursement Linked Indicators for the Kaduna State Economic Transformation PforR. Progress towards achieving the DLIs are measured according to Interim Indicators. In some cases, the borrower must also meet a “prior result” before loan appraisal. A detailed Matrix showing prior results and time bound achievement of the DLIs is provided in the Project Appraisal Document.

**Table 2 : Summary of DLIs**

<b>DLI</b>	<b>Definition</b>	<b>Amount US\$ m.</b>
<b>DLI 1:</b> Simplified business processes	Reduction in the time required to start a business, deal with construction permit and register property—as a proxy for the simplification of business processes in Kaduna State	35
<b>DLI 2:</b> Implementation of systematic property registration program	# of new Certificates of Occupancy (CofOs) Issued Certificates of Occupancy provide citizens with land tenure security, reduce land disputes, add value to the land, facilitate transactions and help Government provide better public services.	35
<b>DLI 3:</b> Strengthening of investment promotion	# of Memoranda of Understanding signed between investors and KADIPA <sup>24</sup> This measures the effectiveness of KADIPA to attract and facilitate private investments in Kaduna State	35
<b>DLI 4:</b> Development of the legal and institutional framework for PPP	This DLI will increase the capacity of Kaduna State to undertake PPP transactions, a major focus of the Kaduna State Development Plan and will involve the following: (i) Approval of suitable PPP legal and institutional framework that comprehensively defines and legally enables the PPP project cycle process (project identification, preparation, procurement, and implementation, including E&S aspects), and clarifies the institutional roles and responsibilities of all KDSG stakeholders (ii) Project Facilitation Fund Rules, Governance and Operational Manual prepared (iii) PPP Pipeline prepared (iv) Pre-feasibility studies for three projects completed (vi) PPP Fiscal Commitments and Contingent Liabilities Management Framework (FCCL) adopted and FCCL from existing projects measured and disclosed (vii) PPP Disclosure Framework adopted, web portal established and project information available (vii) Detailed feasibility studies for 1 transaction with low E&S risks* completed (ix) Project Facilitation Fund established and seed funding of N. 60 million Naira provided (x) 1 PPP transaction with low E&S risks* meets commercial close *As per PforR policy and as stipulated in Program Implementation Manual	35

<sup>24</sup> MoU with mining companies will not be included towards meeting the DLI.

<b>DLI 5:</b> Development and Implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA)	Development and Implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments to ensure that land acquisition and resettlement for large scale agribusiness investments is undertaken in line with established international good practices and guarantee shared benefits between private investors and surrounding communities	35
<b>DLI 6:</b> Increasing IGR outturn	IGR outturn is measured by the ratio of IGR actual / budgeted. IGR outturn demonstrates the realism of Kaduna State Government in revenue mobilization	35
<b>DLI 7:</b> Improvement of tax collection	The increase in the number of registered tax payers (using the Tax Identification Number, TIN) filling returns is used as a proxy for improving tax compliance and broadening the tax base.	35
<b>DLI 8:</b> Increasing capital expenditure execution rate	An increased capital expenditure execution rate will demonstrate the capacity of Kaduna State to significantly increase public investment.	35
<b>DLI 9:</b> Increasing procurement effectiveness	# of MDAs adopting e-procurement, disclosing contract awards and whose procurement is audited	35
<b>DLI 10:</b> Improved government responsiveness to citizens' feedback on fiscal performance	Government responsiveness to citizens' feedback on fiscal performance is measured through the percentage of capital projects improved in response to citizens' feedback captured by the M&E system ("Eyes and Ears") for public investments under implementation by the ministry of Budget and Planning.	35

57 *Independent verification agent.* Progress toward the achievement of the Program's objective will be verified twice a year by the Independent Verification Agent (IVA). The IVA will provide independent confirmation of the results reported to the World Bank. The IVA for this program will be a firm recruited on the basis of terms of reference developed by the Ministry of Budget and Planning. The recruitment of the IVA will be completed within three months after effectiveness. The cost of the IVA will be paid out of the Program funds. The independent verification of results will accompany any disbursement request to the World Bank. Kaduna State has already selected a reputable firm to act as the IVA for the verification of the prior results.

58 *Capacity Building and Institutional Strengthening*

The PforR supports major reform efforts undertaken by the KDSG, under the KSDP, to strengthen capacity and institutions—as part of its Governance pillar, with the overall objective “to create the right organizational and decision making structure to drive the achievement of expected service delivery outcomes at both States and LG areas with sound fiscal prudence and organizational efficiency”.

59 Kaduna State has embarked in a Public Service Revitalization and Renewal Project, recognizing the current challenges of the civil service (skills gap, aging workforce, lack of accountability, and efficiency). The objectives of the Public Service Revitalization and Renewal Project are the following: (a) undertake a strategic capacity renewal of the public service and bring in a new cadre of skilled and motivated young people to

guarantee sustainable service efficiency and productivity; (b) restructure the Kaduna State public service wage bill and make it more sustainable in the long run by streamlining the payroll; (c) determine, on an MDA basis, actual staff strength by MDA profile and analyze staff skills to ascertain their relevance and suitability; (d) consider possible social safety net program that would cushion the impact of the exercise on affected staff; (e) determine existing relevant social welfare programs to derive additional support for affected staff; (f) educate the general public on the strategic importance of this initiative to ensure popular support and proactively manage political and social resistance; and (g) carry out a comprehensive training needs assessment of the entire Kaduna State public service.

- 60 In this context, Kaduna State has also established several new institutions that play a key role in the KSDP: KADIPA, KADGIS, KPPA, KADIRS, and Planning Commission. The PforR will support the strengthening of these institutions as they will play a key role in ensuring that the PforR objectives are met. A focus will be, in particular, on ensuring that the budget allocated to these institutions is aligned with their mandate.

### **3.6 Implementation Arrangements**

- 61 The State Executive Council, chaired by the Governor is responsible for coordinating all efforts related to the implementation of the Kaduna State Development Plan, to ensure all stakeholders work together towards a common set of priorities. The Council thus ensures that the Government's strategic priorities are being appropriately supported by the Sector Implementation Plans and budget. The State Executive Council refers to the body of Commissioners of the government of the State, established by the Governor. Members of the Executive Council, with exception to the Deputy Governor are appointed by the Governor in due consultation with the legislative arm who approves such before membership. It is composed of the Governor, Deputy Governor, and Secretary to the State Government, Chief of Staff to the Governor, Commissioners (i.e. Ministers) and Special Advisers. The Council is the highest administrative decision making body in a State and in charge of deliberating on key issues of great priority to the State. The number of Ministries was reduced from 24 to 13 to enable each Ministry to have a clear mandate that does not overlap with that of any other Ministry, cut costs and enhance the efficiency and effectiveness of the public service.
- 62 The implementation of the PforR per se will be the responsibility of the Ministry of Budget and Planning, in close coordination with the Ministry of Finance. A PforR Steering Committee will be established by end April 2017, chaired by the Governor and comprising the Commissioner of Budget and Planning and the Commissioner of Finance, as well as the heads of the lead agencies for each DLI (as per Table below) and the PforR Program Manager. The Steering Committee will meet once every two months. A PforR Program Manager and a PforR Deputy Program Manager have been appointed reporting to the Commissioner for Budget and Planning. The role of the PforR Program Manager is to monitor the performance of the overall PforR, based on the PforR Results Framework, and to monitor progress of the agencies leading on each DLI to ensure progress in achieving the DLIs in a timely manner and to ensure the lead agencies receive the required technical, financial and political support to achieve the DLIs. The PforR Program Manager will report progress on a monthly basis to the

Commissioner for Budget and Planning. As the scope of the PforR is multi-sectoral, the achievements of the DLIs require actions across a wide range of institutions. The Steering Committee will play a key role in ensuring that all relevant MDAs are fully aligned behind the objectives of the PforR, which are themselves consistent with the objectives of the Kaduna State Development Plan. Other MDAs critical to the achievement of the DLIs can therefore be invited to report on progress and challenges to the Steering Committee. The institutional arrangements for the Kaduna State Development Plan and the PforR are summarized in Figure 5 below.

- 63 In addition, a Program Implementation Manual (to be completed within three months after effectiveness) will contain detailed arrangements and procedures for implementation of the Program, including (a) disbursement and flow of funds arrangements; (b) institutional arrangements; (c) financial management and governance arrangements; (d) environmental and social management systems, including the ESSA; (e) monitoring and evaluation, reporting and communication, including Program indicators; (f) Program Action Plan; (g) detailed arrangements for verification of achievement of DLRs (including the Verification Protocol).

**Table 3: Lead agencies for DLIs**

<b>DLI</b>	<b>Lead agency</b>
<b>DLI 1:</b> Simplified business processes	KADIPA
<b>DLI 2:</b> Implementation of systematic property registration program	KADGIS
<b>DLI 3:</b> Strengthening of investment promotion	KADIPA
<b>DLI 4:</b> Development of the legal and institutional framework for PPP	KADIPA
<b>DLI 5:</b> Development and implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA)	KADGIS
<b>DLI 6:</b> Increasing IGR outturn	KADIRS
<b>DLI 7:</b> Improvement of tax collection	KADIRS
<b>DLI 8:</b> Increasing capital expenditure execution rate	Ministry of Budget and Planning
<b>DLI 9:</b> Increasing procurement effectiveness	KPPA
<b>DLI 10:</b> Improved government responsiveness to citizens' feedback on fiscal performance	Ministry of Budget and Planning

### **3.6.1 Development Partners**

- 64 The United Kingdom Department for International Development (DFID) is a key partner for this Program. The Program builds upon the major support to investment climate reforms provided to Kaduna State by GEMS3 (Growth and Employment in States 3). GEMS3 support has been focusing specifically on land administration, tax administration and investment promotion & facilitation. The support of GEMS3 has been critical for the preparation of the Program-for-Results and to ensure the Program



includes prior results. GEMS3 is closing in June 2017 and DFID has initiated the preparation of a follow-up intervention (LINKS) focusing on Northern Nigeria (Kaduna, Kano and Jigawa States). DFID and the World Bank are closely coordinating the preparation of the Program-for-Results for Kaduna State and LINKS, including through the secondment of a DFID staff to the World Bank Trade & Competitiveness team in Abuja. The proposed DFID support to Kaduna State through LINKS will play a key role for the successful implementation of the Program-for-Results. The DFID-funded LINKS project is supporting a spatial development approach for private sector development in Northern Nigeria and as such is supporting the Northern belt of the Lagos-Kano corridor. The PforR will also rely on ENABLE (Enhancing Nigerian Advocacy for a Better Business Environment) II, which aims at improved policy and regulatory environment for business by enhanced private-public dialogue. ENABLE II has played a critical role in Kaduna State by fostering public-private dialogue (for example, in the context of the implementation of the presumptive tax for the informal sector).

- 65 The PforR will also rely on a number of other development programs aimed at improving the policy and regulatory environment for business as well as government accountability (e.g. Enhancing Nigerian Advocacy for a Better Business Environment; the DFID PERL (Partnership to Engage, Reform and Learn) Project which aims to promote public sector accountability and reduce corruption; and the Mobilizing for Development (M4D) project, which aims to support policy makers and service providers to become more accountable and responsive to citizens).
- 66 The World Bank Competitive Industries and Innovation Program (CIIP), funded by the European Union, Austria, Norway and Switzerland is also supporting the preparation and implementation of the PforR, with a focus on supporting competitiveness in Northern Nigeria, leverage the Lagos-Kano corridor.
- 67 The PforR will therefore include significant external technical assistance (mostly provided through DFID), and World Bank technical assistance through CIIP.

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## SECTION IV: POTENTIAL ENVIRONMENTAL AND SOCIAL EFFECTS

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### 4.1 Overview of Program Risks and Benefits

- 68 The PforR is multi-faceted Program aimed at improving systems connected to the Kaduna State Development plan. Overall, the Program has the potential to have a number of benefits, particularly social benefits from increased economic growth. These benefits are analyzed to ensure that they maximize inclusive growth. The Program includes a focus on improving the systems for land acquisition and resettlement, at the State level, considering the shortcomings of the Land Use Act at the Federal level. In particular, the Program will also ensure that the principles for the Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA) are applied to large scale agricultural investments.
- 69 There are no direct physical works involved in this Program (beyond small building rehabilitation works). However, DLI 4 will enable the preparation and implementation of a Private Public Partnership (PPP) transaction (please see Table 3: Summary of DLIs). As this transaction will need to meet the low environmental and social impact criteria of the DLI, the adverse risks will be minimal.
- 70 The main potentially adverse social effects of the Program relate to the acquisition of land in order for business activities to occur (DLI3). In Nigeria, as in many other countries, land constitutes a sensitive asset influencing the social, economic and political dimensions of life. There is a complex set of relationships that has emerged among land users and changes in land-use and access to natural resources have the potential to create inequalities and conflict that will need to be carefully managed. Land-related risks are therefore analyzed in detail compared to other risks.
- 71 The Program's support of the Government's Systematic Property Registration program (DLI2) also presents unique land-related risks that are also analyzed in detail.
- 72 Changes in land-use from its current uses (predominantly small-scale agricultural) towards increased industrial and intensified agricultural activity may also result in environmental impacts such as an increase in levels of pollution, occupational and community health and safety risks, loss of biodiversity. These risks apply equally to developing the framework for PPP investments under DLI4 and are considered easily manageable, provided that adequate measures are taken during the implementation and operation phases of project development.
- 73 The following expands on the range of environmental and social risks and benefits that are connected to the PforR. Activities provides a summary of the risks.

**Table 4 Key Environmental & Social Risks Associated with Program Activities**

<b>DLI</b>	<b>Environmental Benefits</b>	<b>Environmental Risks</b>	<b>Social Benefits</b>	<b>Social Risks</b>
<b>DLI 1:</b> Simplified business processes	Negligible	Public and Worker H&S	<ul style="list-style-type: none"> <li>• Government transparency</li> <li>• Social Accountability</li> <li>• Job creation</li> </ul>	<ul style="list-style-type: none"> <li>• Minor</li> </ul>
<b>DLI 2:</b> Implementation of systematic property registration program	Minor	Minor	<ul style="list-style-type: none"> <li>• Improved land tenure</li> <li>• Increased tax revenues results in increased social spending</li> </ul>	<ul style="list-style-type: none"> <li>• Minor</li> <li>• Land acquisition processes</li> <li>• Elite capture</li> <li>• Community Engagement</li> <li>• Creation of conflict over ownership of property or exacerbation of legacy issues</li> </ul>
<b>DLI 3:</b> Strengthening of investment promotion	Minor	<ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Pollution and waste</li> <li>• Public and Worker H&amp;S</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation</li> </ul>	<ul style="list-style-type: none"> <li>• Land acquisition processes</li> <li>• Labour protection</li> <li>• Social Conflict</li> <li>• Community Engagement</li> </ul>
<b>DLI 4:</b> Development of the legal and institutional framework for PPP	Minor	Low	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Shared capital investment risk for government</li> </ul>	<ul style="list-style-type: none"> <li>• Low</li> <li>• Elite capture</li> <li>• Disproportionate benefits for corporate investors</li> <li>• Stakeholder agreement and social issues could be overlooked</li> </ul>
<b>DLI 5:</b> Development of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investments (FRILIA)	Strengthened E&S management system	<ul style="list-style-type: none"> <li>• Lack of qualified staff to implement and monitor</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened land administration, E&amp;S management system and Land Acquisition and Resettlement</li> <li>• Improved stakeholder engagement and inclusive growth</li> <li>• Improved citizen</li> </ul>	<ul style="list-style-type: none"> <li>• Elite capture</li> <li>• Lack of qualified staff to implement and monitor</li> </ul>

<b>DLI</b>	<b>Environmental Benefits</b>	<b>Environmental Risks</b>	<b>Social Benefits</b>	<b>Social Risks</b>
			engagement	
<b>DLI 6:</b> Increased Internally Generated Revenues (IGR) outturn	Negligible	Negligible	<ul style="list-style-type: none"> <li>• Greater transparency</li> </ul>	Minor
<b>DLI 7:</b> Improvement of tax collection	Negligible	Negligible	<ul style="list-style-type: none"> <li>• Greater transparency</li> <li>• Greater tax revenues for social spending</li> </ul>	<ul style="list-style-type: none"> <li>• Poorer households may suffer initially</li> </ul>
<b>DLI 8:</b> Increasing of capital expenditure execution rate	Improved infrastructure	<ul style="list-style-type: none"> <li>• Changes in land use/Biodiversity</li> <li>• Pollution and Waste</li> </ul>	<ul style="list-style-type: none"> <li>• Social Accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in land use</li> </ul>
<b>DLI 9:</b> Increasing procurement effectiveness	Improved quality of works and contractor performance	Negligible	<ul style="list-style-type: none"> <li>• Social Accountability</li> <li>• Greater competition leading to better quality contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Elite capture</li> </ul>
<b>DLI 10</b> Improved government responsiveness to citizens' feedback on fiscal performance	Negligible	Negligible	<ul style="list-style-type: none"> <li>• Social Accountability</li> </ul>	<ul style="list-style-type: none"> <li>• Negligible</li> </ul>

## 4.2 Environmental Benefits

74 The environmental benefits of the PforR program are minimal.

## 4.3 Environmental Risks

### Pollution and Waste Management

75 There is a risk of increased pollution levels and waste as a result of increased industrial and agricultural activity. Pesticide use will also likely increase. The adverse impacts of pesticides include

- i. Air Pollution: poor air quality due to the release of contaminants into the work place can result in possible respiratory irritation, discomfort, or illness to workers, allergy from emissions of offensive pesticides and chemical inhalation; unsafe handling, application and disposal of pesticides products such as empty containers and obsolete products.
- ii. Soil degradation/contamination: long excessive and inappropriate use of pesticides will cause higher pesticide resistance and pesticide residues in the soil which causes contamination
- iii. Water Pollution and Contamination: Spraying pesticides adjacent to drinking water resources may lead to contamination of surface water source through runoff and underground water aquifer through seepage;
- iv. Health hazards: Application of chemical pesticides could cause harm to health of humans by drinking waters polluted by pesticides as well as health issues such as abnormally functioning thyroids, hormonal system dysfunction;
- v. Waste Management: residues from leaf material, roots and other plant parts and hazardous wastes generated from toxic pesticide materials.

### Public and Worker Health and Safety

#### DLI3: Strengthening of Investment Promotion

76 Public and Worker health and safety concerns relate to downstream private sector investments and job creation in Kaduna as a result of the government's program. As investments will be diverse in nature, the risk to worker health and safety may range from physical hazards; operational and workplace hazards, machinery and vehicles, confined and restricted space entry, exposure to organic dusts; biological hazards which may include contact with venomous animals, such as stinging insects, spiders, scorpions, snakes, disease vectors (e.g., mosquitoes, ticks), and with certain wild mammals; chemical hazards which include pesticide use during storage, handling, application, and disposal, exposure of workforce to inhalation and offensive odors from pesticides; health and safety such as the lack of the use of personal protective equipment (PPE) s for workers handling chemicals/pesticides, lack of proper emergency response procedures, lack of awareness of toxicity characteristics.

77 Concerns regarding public and worker health and safety also extend to the adequacy of protections under general labour laws and regulations including hiring practices, terms of employment, working conditions, etc. which are examined below under social risks.

### *Biodiversity and Ecosystems*

**DLI3: Strengthening Investment Promotion; DLI4 Development of the legal and institutional framework for PPP; DLI8: increasing Capital Expenditure Execution rate (Development and Implementation of a Master Plan)**

- 78 The risks of negative impacts to natural habitat and biodiversity as a result of change in land-use. Potential impacts include impacts to aquatic and terrestrial flora and fauna from spills, leaks and improper handling of pesticides, direct toxicity to non-target organisms; bio-accumulation to critical levels in living organisms, habitat conversion or degradation, water usage, pollution, introduction of invasive species, inappropriate cultivation techniques.

## **4.4 Social Benefits**

### *Increased Social Spending*

**DLI7: Improvement of Tax Collection**

- 79 A major focus of the Kaduna State Development Plan is to increase private investment to create jobs and internally generated revenues. The PforR is supporting reform efforts to improve tax collection that will contribute to an increase in internally generated revenues. An increase in internally generated revenues would in turn allow Kaduna State to increase capital expenditures, with a focus on social sectors (e.g. health; education; women, youth and socially excluded sectors of the community). The Kaduna State Development Plan objectives include the equitable distribution of wealth, the empowerment of women and equal access for all to social services, such as, health care and education.<sup>25</sup>

### *Strengthening Government Transparency*

**DLI6: Increasing IGR outturn; y; DLI8: Increased capital expenditure execution rate; DLI9: Increasing -procurement effectiveness; Improving government responsiveness to citizens' feedback on fiscal performance**

- 80 Improved transparency enhances public trust in government institutions. As described, under Section 3.3.3 the PforR supports the government's agenda in three areas 1) fiscal transparency 2) transparent contracting processes 3) public disclosure of information, including statistical data.

### *Improved Investment Climate*

**DLI 3: Strengthening of Investment Promotion**

- 81 An improved investment climate will not only lead to job creating but the existence of larger business in the state will have a multipliers effect the local and state-wide economies. As businesses demand secondary and tertiary services, these types of services are also likely to capture a larger cross section of the population than direct job creation.

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<sup>25</sup> <http://kdsg.gov.ng/development-plan/> Accessed April 17, 2017

### Job creation and training

#### **DLI 3: Strengthening of Investment Promotion**

82 The PforR's central focus is to support Kaduna State policy reform efforts to improve the enabling environment to increase private investments and foster job creation. Employment through registered businesses will be formalized, which means they are subject to Nigerian labour laws and employment standards. The Program also has a local content development strategy that is expected to contribute to the informal economy. It is anticipated that investors will create jobs. At least one major international agribusiness company has expressed interest in establishing a large scale operation in Kaduna that might entail more than 20,000 jobs, consisting of factory jobs, agricultural workers, and outgrowers from the surrounding small-holder farmers. The latter would have a beneficial impact on women and young people who are disproportionately represented amongst subsistence farmers.

### Improved Security of Tenure

#### **DLI 2: Implementation of Systematic property registration program,**

83 KADGIS's Systematic Property Registration Program (SPRP) is predicated on the assumption that systematic registration will have cumulative beneficial effects, both socially and economically. Issuance of Certificates of Occupancy to people who currently lack them will enhance their security of tenure and enhance the economic value of their land and assets. The SPRP process will reduce uncertainty and disputes, by clarifying boundaries and providing a transparent and participatory mechanism by which disputes may be resolved outside costly and lengthy court processes. Removal of uncertainty on boundaries will allow land parcels to be more fully developed. KADGIS's overall systems improvements will lower the cost of transactions and increase the confidence of those engaging in transactions, by providing clearer and more reliable records, streamlined procedures and rights that are more secure and enforceable.

## **4.5 Social Risks**

84 The social risks have been linked to the Disbursement Linked Indicators (DLIs) and categorized by the 6 core principles of the PforR financing.

### Land related risks

#### **DLI 2: Implementation of Systematic property registration program,**

85 Despite the expected positive impacts of systematic registration, there are risks to which the Program will need to be attentive. International experience shows that if poorly designed and implemented, titling projects may fail to reflect the nature of existing land rights accurately and completely, in which case some rights that are of importance to people's livelihoods may be undermined. Without appropriate protections built into the processes, they can facilitate elite capture on private land at the expense of the poor and vulnerable or politically unconnected. Likewise, they can inadvertently lead to unfair neglect of legitimate contested rights on land claimed by the state. More specifically these risks may entail:

86 Potential disruption of existing tenurial arrangements through titling. Land titling is generally intended to reflect and confirm existing rights to land, not fundamentally

to alter those rights. Yet specific pieces of land are frequently subject to a variety of overlapping rights. A parcel legally owned by a particular individual may be encumbered by rights-of-way or other servitudes in favor of other persons. In some cases, these will be documented; in many other cases, these will be informal practices of long standing. Careless implementation of titling may have the effect of inadvertently disrupting such existing tenurial arrangements. For example, titles may be issued to landowners without the title recognizing, either in general or specific terms, the existence of other rights to the land. This may have the effect of disadvantaging the holders of such other rights in the eyes of the law. Rights held in common by communities may also be “missed” and hence excluded from a process such as SRPR that focuses primarily on the registration of individual parcels. This is particularly a concern in rural areas, where to date KADGIS has little experience and the appropriateness of its methods has not yet been tested.

87 Potential loss of rights due to the relatively weak capacity of some persons to assert rights effectively during adjudication and registration. In some countries it has been observed that some types of people may be less well positioned to participate effectively in the titling and registration process than others, with the effect that their rights are poorly protected. The SPLP will need to pay special attention to the following issues (Note: this list is not intended to be comprehensive and is illustrative only):

- *Gender bias.* In some contexts, women right-holders may find it relatively more difficult than men to assert and secure their rights during the titling process, or to use the new registration system effectively. International experience shows that this maybe caused by a variety of factors, including, amongst others, prevailing cultural norms within particular communities, the biases of titling personnel, male domination of community-based institutions involved in resolving disputes during adjudication, etc. Weaknesses in registration laws and procedures may inadvertently increase the ability of a man, acting alone, to transfer family land without the knowledge or consent of his spouse.
- *Absentee right-holders.* The highly visible and participatory nature of the systematic procedures that will be carried out by KADGIS is expected to ensure that local right-holders are fully aware that the process is taking place, thus providing ample opportunity for them to assert and protect their rights. The situation with respect to absentee right-holders, such as absentee owners or mortgagees, is potentially more problematic. Although most absentee right-holders may be expected to learn of the SRPR through official notices, awareness campaigns, or informal channels (relatives, friends, etc.) it will be important to assess the extent to which such methods are effective in practice, and whether some absentees are failing to participate due to a failure in receiving the necessary information.
- *Religious or ethnic minorities.* It will be important to guard against the risk that religious and ethnic minorities may encounter particular problems with respect to effective participation in the titling and registration process.
- *Poverty.* The Program will need to be attentive to the risk that the costs of registration and of using the new title registration system may potentially disadvantage certain segments of the population with registrable rights. Direct costs incurred by right-holders during the SRPR process will be minimal, and thus



are unlikely to affect participation. Nevertheless, it will be important to assess whether there are hidden or indirect costs associated with registration that inhibit effective participation by the poor. Similarly, any fee structure put in place for the registration of subsequent transactions will need to be assessed to ensure that it does not effectively preclude access to the system by the poor.

- 88 *Associated risks.* Alongside SPRP, KADGIS is undertaking a property regularization program aimed at addressing illegal property layouts (e.g. subdivided plots) to bring them up to codes. While not specifically supported by the PforR through a DLI, the program carries associated risks as evictions may occur. In practice, KADGIS is minimizing this scenario to the extent possible, and will offer replacement housing for encroachers. However, the Kaduna Government has been criticized by some NGOs and CSOs for demolishing houses belonging to encroachers on public lands. They contend that the evictions were ordered by the Kaduna State Urban Planning and Development Authority without due process<sup>26</sup>.

### **DLI 3, strengthening of investment promotion; DLI 4 Development of the legal and institutional framework for PPP**

- 89 The opening of land to potential investors (DLI3) is a crucial element of Kaduna State's Investment program and policy. Without cleared land there can be no new investment or attractive investment climate. Equally, the State's land policies and practices have a number of flaws which could derail the investment program. The World Bank has a good body of experience of working on land issues and land administration reform in Nigeria and elsewhere, such as South Africa and Brazil, as do other donors such as DFID. The Bank will therefore engage with the client in carrying out a piece of work to support the development of International standard land policies and practices. Much experience and expertise could be drawn from the work that DFID has done in Jigawa state, although there are some Kaduna –specific dimensions that would need to be added. Also the gender dimensions and the ethnic issues that are expressed sometimes quite violently in Kaduna would need to be part of any land administration reform agenda. Providing assistance that would draw on the legal, social and law administration expertise of the Bank's global practices would provide the client with a holistic and sound reform program which would speak to the various legal, social and economic issues which accompany land law.
- 90 The Program's emphasis on increased agricultural investment may have potentially significant implications for land use and land tenure in rural areas of the State, especially if the Program is successful in stimulating commercial investment. If done correctly, such investment can bring important benefits for both the State economy and local communities, and can serve as a catalyst to improved smallholder viability. But the risks are huge if land allocation is handled badly, posing unmistakable threats to local communities in the form of dispossession of land and other impacts on livelihoods, weakened food security and diminished long-term prospects for investment because of exacerbated tensions between investors and host communities. The Program will be under intense scrutiny to ensure that it

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<sup>26</sup> <http://www.amnestyusa.org/get-involved/take-action-now/nigeria-stop-the-planned-forced-eviction-of-residents-of-gbagyi-villa-ua-17416>

is not promoting “land grabbing”.

- 91 The Program includes a focus on improving the systems for land acquisition and resettlement processes at the State Level under DLI5 that will be further elaborated.

### **Conflict**

#### **DLI 2: Implementation of Systematic property registration program; DLI3 Strengthening of investment promotion**

- 92 Land acquisition for potential investment (DLI3) also introduces conflict risks among current users who may experience diminished access to land and water that existed under customary or other arrangements. The various elements of the conflict have been described in Section 2. Over the longer term, the job creation benefits of the Government’s program are expected to mitigate some of the underlying drivers of conflict such as poverty and unemployment. However, strong land acquisition and community engagement practices will be needed to reduce the potential to exacerbate conflict between pastoralists and private investors or other farmers over land acquired.
- 93 Other moderate potential conflict risks related to the Program could result from the KADGIS recertification program which may lead to disputes over property ownership.

### **Vulnerable Groups**

#### **DLI1: Improvement in Doing Business Performance; Implementation of Systematic Property Registration Program; DLI 3: Strengthening investment promotion; DLI4: Development of the legal and institutional framework for PPP**

- 94 There are no groups in Nigeria that meet the World Bank's criteria for Indigenous Peoples. Thus, this section has adapted Core Principle 4 to look at the systems that address the needs of vulnerable people, including ethnic minorities.
  - 95 There are several vulnerable groups that warrant careful consideration in the context of the increased private sector investment and jobs creation (DLI1, DLI3, and DLI4). These include women (especially women workers), wage laborers, child workers, people with disabilities, and certain ethnic groups.
- *Women:* Regarding land titling and acquisition women can be especially vulnerable to losing out on program benefits. As ownership is usually based on who purchased the property or land, women are in the minority of title holders or those who could qualify for a Certificate of Ownership (CofO). Anecdotal evidence would suggest that women own property via an inheritance rather than from their own income<sup>27</sup>. This situation also places them in a precarious position when it comes to any compensation for land or property that may be expropriated by the Government for investment purposes. This is further complicated in polygamous households where ‘subsequent’ wives may not be counted as part of the household. Regarding potential employment - women

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<sup>27</sup> World Bank Social And Land Team mission to Kaduna State: February 28-March 2 2017

may be overlooked for opportunities unless there are some robust mechanisms policies in place to ensure their inclusion.

- *Low Income Households:* Although the driver for better land and property titling coverage is positive, there may be some collateral damage for those households who have hitherto not paid property or land taxes under the previous regimes. Having to pay years of back taxes and ground rent could be a burden for lower income households that impoverishes them rather than empowers them which is one for the objectives of the systematic property registration program.
- *Children:* Children are particularly susceptible to entering the workforce as growing private investment creates demand for labor. Kaduna State had one of the highest overall rates of child labor<sup>28</sup> at 58% compared to the national rate of 47%<sup>29</sup>. Child labor is present in some of the target sectors of the Kaduna State Development Plan (e.g. agriculture, mining, and manufacturing) and sometimes as a result of human trafficking<sup>30</sup>.

### **Community Engagement**

**DLI1: Improvement in Doing Business Performance; Implementation of Systematic Property Registration Program; DLI 3: Strengthening of investment promotion; DLI4: Development of the legal and institutional framework for PPP**

- 96 Stakeholder engagement risks in private investment and PPPs (DLI3, DLI4) refers to the risk is that community's views are not taken into account and this results in a lack of ownership and acceptance or readiness for projects. Another risk is that unequal community engagement will take place favoring the local elite. These risks cut across all other risks highlighted above. It will be important that any community engagement that is conducted is well documented and reflected in the development of business investment in relation to its relationship with local communities and Local Government Authorities (LGAs). The risks are that processes can reinforce existing political and ethnic power structures that exclude the marginalized.

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<sup>28</sup> A child is considered to be involved in child labour activities at the moment of the survey if during the week preceding the survey he/she performed the following activities: a) Ages 5-11: at least one hour of economic work or 28 hours of domestic work per week b) Ages 12-14: At least 14 hours of economic work or 28 hours of domestic work per week.

<sup>29</sup> Nigeria Multiple Indicator Cluster Survey 2011, National Bureau of Statistics, UNICEF, April 2013, ([https://mics-surveys-prod.s3.amazonaws.com/MICS4/West%20and%20Central%20Africa/Nigeria/2011/Final/Nigeria%202011%20MICS\\_English.pdf](https://mics-surveys-prod.s3.amazonaws.com/MICS4/West%20and%20Central%20Africa/Nigeria/2011/Final/Nigeria%202011%20MICS_English.pdf))

<sup>30</sup>United States Labour Department, Bureau of International Labour Affairs, Child Labour and Forced Labour Reports, accessed at <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/nigeria>, March 2017.

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## **SECTION V: DESCRIPTION AND EVALUATION OF RELEVANT GOVERNMENT ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEMS**

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The Government of Nigeria has a number of policies, instruments and laws and systems which support environmental and social management and the environmental and social impact assessment processes associated with program implementation.

### **5.1 Environment**

- 97 This sub-section describes the Government of Nigeria's environmental management systems in relation to the core principles incorporated into the Bank Policy Program for Results Financing: (i) general principle of environmental and social impact assessment and management; (ii) mitigation of adverse impacts on natural habitats and physical cultural resources; and (iii) protection of public health worker safety.

#### **Core Principle 1: Environmental and Social Impact Assessment and Management**

- 98 The Federal Environmental Protection Agency (FEPA) was established by Decree No. 58 of 1988 and charged with the responsibility for environmental protection. Following the upgrading of the agency to a Federal Ministry of Environment (FMEnv) in January 2007, the Ministry was mandated to coordinate environmental protection and natural resources conservation for sustainable development. The FMEnv has developed statutory documents to aid in the monitoring, control and abatement of industrial waste. These guidelines stipulate standards for industrial effluent, gaseous emissions and hazardous wastes
- 99 National Guidelines on Environmental Management Systems (1999): The National Guidelines on Environmental Management System in Nigeria to guide the incorporation and implementation of environmental management systems into industrial operations and facilities throughout the country in order to improve the quality of the environment and to free it from pollutants and other environmental and health hazards.
- 100 Pest Management and Pesticide Use Policy: The general pest control objectives in the existing (1988) agricultural policy for Nigeria are to: (i) control, and/or eradicate and maintain good surveillance of the major economic pests whose outbreaks are responsible for large-scale damage/loss to agricultural production (ii) provide protection to man and animals against vectors of deadly diseases.
- 101 Nigeria has a regulatory framework to guide environmental impact assessment set out in in EIA Decree No. 86 of 1992. Large-scale private investment projects under DLI3 and potential PPP investments under DLI4, would be subject to the requirements of this Act. The EIA Act gives the FMEnv the implementing mandate and requires that the process of EIA be mandatory applied in all major development projects right from the planning stage to ensure that potential environmental

impacts, including appropriate mitigation measures to address the inevitable consequences of development are anticipated prior to project implementation and addressed throughout the project cycle. Once prepared, draft ESIA's are submitted to the Kaduna State Ministry of Environment and also the FMEnv by a proponent for evaluation.

- 102 The EIA law incorporates an early screening process to identify potential effects. After the proponent provides a project proposal to the FME, the FMEnv carries out an Initial Environmental Examination (IEE) and assigns a category: Category I projects are those that require full EIAs; Category II projects require partial EIAs; and Category III projects are those expected to have essentially beneficial impacts, and receive an Environmental Impact Statement (EIS), a document authorizing the project to go ahead.
- 103 The EIA Act has recognized elements of environmental and social assessment good practice. EIA process in Nigeria passes through: Screening; Scoping; Consideration of Alternatives; Baseline Study; Assessing Impacts (includes direct or indirect, cumulative, short-term and long-term effects and transboundary impacts); Identifying Mitigation; Public Consultations; review and decision making; Final Decision/Approval; Monitoring.
- 104 The FMEnv has a number of EIA Procedural Guideline and Sectoral Guidelines for some Nigerian Economic sub-sectors. Including mining; infrastructure; manufacturing and agriculture.
- 105 The EIA Act recognizes the need for public consultation in EIA processes. and spells out the procedure for As per section 7 and 12: “before the agency ‘Federal Ministry of Environment’ (FMENV) gives a decision on an activity to which an environmental assessment has been produced, the Agency shall give opportunity to government agencies, members of the public, experts in relevant discipline and interested groups to make comments on environmental impact assessment of the activity”. The procedure for public notifications, for filing comments, as well as the stages when the public can be involved, such as public display, mediation and review panel, are also spelled out in the Act.
- 106 Industrial operations and businesses are subject to a variety of statutory documents aimed at monitoring, control and abatement of industrial waste. They include:
- National Policy on the Environment 1999
  - National Environmental Protection (Effluent Limitations) Regulations(S.1.8) 1991;
  - National Environmental Protection (Pollution Abatement in Industries and Facilities Generating Wastes) (S.1.9) 2004;
  - National Environmental Protection (Management of Solid and Hazardous Wastes) Regulations (S.1.15) 1991;
  - Guidelines and Standards for Environmental Pollution Control in Nigeria 1991;
  - Sectoral Guidelines for EIA 1995
  - Harmful Wastes (Criminal Provisions) Decree No. 42, 1988;
  - National Policy on the Environment, 1989;

- Environmental Impact Assessment Procedural Guidelines 1995;
- Environmental Impact Assessment (EIA) Act No. 86 of 1992; and
- Environmental Impact Assessment (Amendments) Act 1999.
- National Guidelines and Standards for Water Quality 1999
- National Guidelines on Environmental Management Systems (EMS) 1999
- National Guidelines on Environmental Audit in Nigeria 1999

107 These statutory documents clearly state the restrictions imposed on the release of toxic substances into the environment and the responsibilities of all industries whose operations are likely to pollute the environment. Such responsibilities include provision of anti-pollution equipment and adequate treatment of effluent before being discharged into the environment, etc.

108 The National Environmental Standards and Regulations Enforcement Agency (NESREA) Act (2007): To assist the FMEnv, the National Assembly established NESREA to ensure compliance with environmental standards, guidelines and regulations.

109 Kaduna State has also established the State Environmental Protection Authority (KEPA) in 1998 (whose purpose is to review and update Kaduna State Environmental Protection Authority Edict of 1994). The edict clearly spells out the functions of the authority, and also impose restrictions on the release of toxic materials into the environment as well as responsibilities of industries whose operation are likely to negatively impact the environment. Regulations development under the authority includes, solid waste management; control of water pollution sources; effluent limitation and management regulation; environmental impact assessment; bush burning control; and management of hazardous waste. The World Bank currently has an EIA Technical Assistance Program for the EIA departments across the country.

#### System Assessment and Evaluation

110 The EIA systems in Nigeria are comprehensive but are considered to have the following gaps:

- There is no requirement for consulting with local communities or vulnerable people
- There is weak coverage of social issues
- The capacity of the ministry to monitor and enforce ESIA requirements is weak.
- There are no project grievance mechanisms
- There is weak capacity in delivering a robust ESIA process at the State level
- Compliance supervision of EIAs is very weak.
- Weak monitoring and evaluation of environmental and social systems
- Challenges in implementation of the existing legal/regulatory provisions due to poor implementation and lack of awareness

### System Assessment of Other Stakeholder Engagement Processes

- 111 A number of PforR activities or sub-activities require specific stakeholder engagement strategies outside of ESIA processes.
- 112 Consultation in connection with Land Acquisition for private investment or PPPs, are currently ad hoc in nature. These processes may occur well before the EIA processes begin and are led by KADIPA. KADIPA and KADGIS as well as the governor, are cognizant of the ad hoc nature of the consultation processes that have occurred to date, and the importance of managing the large-scale land acquisition processes carefully using entrenched good practices.
- 113 Investors have been generally discouraged from participating in consultations. Timing and approach for involving investors in consultations with communities on land acquisition is a delicate one. Investors may fear that communities may extort demands that are too high. However, stakeholder engagement, when viewed as an iterative process to gain trust, may benefit from investors being involved as early as possible, at least in a targeted way. Experience in the private sector demonstrates that direct involvement of the client in land acquisition processes can result in more cost-effective, efficient and timely implementation, as well as initiate innovative approaches to improving livelihoods.
- 114 Investors should be required to develop a stakeholder engagement and community development plan. KADIPA (supported by GEMS3) is working with potential agribusiness investor to develop a “work plan” including a community engagement strategy and outgrower programs that maximize economic opportunities for small hold farmers as well as side benefits of modernizing their farming techniques. Female outgrowers will also benefit. This type of initiative should become *de rigueur* for more investors.
- 115 Systematic Property Registration Program (DLI2) has a number of elements of a community engagement and communications strategy. KADGIS uses a variety of media (radio, TV, newspaper advertisements, town halls and posters) to sensitize communities to the program. The results of the surveys are publicly displayed in a prominent location (e.g. outside the mosque) for two weeks with a KADGIS staff member present to answer questions. KADGIS is currently building its community engagement capacity by training a Public Relations Officer to lead the outreach efforts.
- 116 The SPRP grievance mechanism is ad hoc. Some disputes and discrepancies are handled during field surveys with assistance from the village head who accompanies the KADGIS field survey teams and arbitrates when necessary. Letters of complaint arrive either to KADGIS or to the Governor. KADGIS plans to open a complaint desk over the next few months in its new facility.

### Core Principle 2: Natural Habitat

- 117 Within the EIA process, early identification and screening for important biodiversity

areas is achieved through project categorization, the location or otherwise of the project in Environmentally Sensitive Areas is an important criterion in assigning project category. Environmentally sensitive areas include coral reefs, mangrove swamps, small islands, tropical rain forests, areas with erosion prone soils, natural conservation areas, etc.

118 Nigeria's National Forestry Policy was approved in 2006. The legislation to support this Policy known as the National Forestry Act is currently under review. Once passed, the National Forestry Act will be administered by the Federal Department of Forestry which is a parastatal agency of the FMEnv.

119 National Forestry Policy (2006): The overall objective of the national forest policy is to achieve sustainable forest management that would ensure sustainable increases in the economic, social and environmental benefits from forests and trees for the present and future generation including the poor and the vulnerable groups. Specifically, the objectives include the need to:

- Increase, maintain and enhance the national forest estate through sound forest management practices.
- Address the underlying causes of deforestation, desertification including lack of policy support, market distortions, weak regulations and rural poverty.
- Promote and regulate private sector involvement in forestry development, and to create a more positive investment climate in the sector.
- Capitalize on the economic, social and environmental opportunities in forestry without undermining the resource base.
- Encourage forest dependent people, farmers and local communities to improve their livelihood through new approaches to forestry.
- Ensure the survival of forest biodiversity and to balance this with the pressing development needs of the country.
- Rehabilitate and conserve key watershed forests.
- Promote and maintain the greening of the urban environment, and meet the increasing demand for forest products by urban centers.
- Ensure that improved tenure to land and tree acts as an incentive for individuals, communities and women in particular to invest in forestry.
- Help private owners and communities to reserve land for forestry.
- Build capacity and systems for state and local government to engage actively in forest resources management and development.
- Apply an effective regulatory system to safeguard public interests under private sector forest management agreements to ensure adequate legal provisions for tenure in order to encourage long-term investment.
- Develop partnerships or management agreement with local communities that improve forest management and alleviate poverty.



- Strengthen and make best use of the capacity and reach of NGOs and CBOs in facilitating forest development.
- Develop and promote responsive, affordable, well-informed and decentralized forestry advisory services to farmers, communities and the forest industry.
- Develop and support demand driven, well-coordinated forestry research and training institutions and programmes.
- Develop a forest sector programme that translates forest policy into action in a way that complements programmes in related sectors.

120 There are three categories of protected areas in Nigeria established to protect flora and fauna. These categories are the National Parks, Game Reserves and Forest Reserves. At the national level, the mandate for wildlife conservation and protected areas management is the responsibility of the National Parks Service, an agency within the FMENV. There are seven national parks spread across the country. These parks receive the highest level of protection in accordance with the National Parks Service Act of 1999, Act 46. A variety of game reserves are managed by the states in which they reside in an effort to preserve wildlife species. States also manage innumerable forest reserves with the intention of preserving trees and other plant species along with associated wildlife. Many forests are highly degraded due to unsustainable extraction of timber, fuelwood, economically important plants, bushmeat and other resources.

121 The Government of Nigeria has introduced a number of forest policy, programmes and instruments in an effort to reverse the deforestation trend: The Nigeria REDD+ is among them.

122 At the State level, the Ministry of Agriculture and Forestry does not have any specific policies to protect forest land and is under-resourced<sup>31</sup>. Aggressive efforts to acquire land for private investment may result in forest conversion.

### Systems Assessment

123 The identified gaps are:

- The forestry sector in Nigeria faces a mirage of problems stemming from the conflicting needs of meeting Forest management is limited and in some cases non-existent and therefore the reserves are degrading.
- Ensure alignment between private investment promotion and sustainable forest management objectives.
- Strengthen programs to monitor land-use impacts

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<sup>31</sup> [2011]: Australian Journal of Basic and Applied Sciences, 5(8): 995-1001, Corresponding Author: Faleyimu, O.I., Department. of Biological Sciences, Ondo State University of Science and Technology, Okitipupa, Nigeria. Status of Forest Policy Implementation in Kaduna State, Nigeria

- Impacts on cultural resource areas are not necessarily taken into account or assessed in ESIA's.

### **Core Principle 3: Public and Worker Safety**

124 As per Table 1, Core Principle 3 is not applicable as there are no physical works supported by the program. Increased use of pesticides or waste generation from commercial/industrial works may, indirectly, lead to community health and safety risks. The regulatory frameworks to protect public and worker safety, including pesticide use are presented below.

125 Occupational Health and Safety:

- Factories Act, 1958
- Public Health Law
- Worker's Compensation Act

126 The key regulatory requirements pertaining to pesticides are as follows:

- Nigerian Agricultural Policy (1988): The objectives of the pest control policy are: 1) to control, and/or eradicate and maintain good surveillance of the major economic pests whose outbreaks are responsible for large-scale damage/loss to agricultural production 2) to provide protection to man and animals against vectors of deadly diseases.
- FEPA Decree 58 of 1988 as amended by Decree 59 of 1992 and 1999 complemented by rules and regulations such as FEPA S.1.5, FEPA S.1.9. This Act specifies the guideline and rules guiding the dealing with distribution, use and disposal of pesticides in Nigeria. The Act also mandates the Agency to establish instruments for air quality standards, water quality standards, atmospheric protection and ozone layer protection. In discharging the mandate, the FEPA in 1991 published a number of regulations for the protection of the environment, including the waste management and Hazardous Waste Regulation- which provides a comprehensive list of chemicals and chemical wastes by toxicity classification.
- NAFDAC Decree 15 of 1993, as amended by Decree 19 of 1999. NAFDAC was established by Decree 15 of 1993 as amended by Decree 19 of 1999 and now Act Cap N1 Laws of the Federation of Nigeria (LFN) 2004, to regulate and control the manufacture, importation, exportation, distribution, advertisement, sale and use of food, drugs, cosmetics, chemicals, medical devices and packaged water in Nigeria for the protection of human health. In discharge of its statutory responsibility, NAFDAC has approved the list of chemicals allowed in Nigeria for the control of pest. This list is attached in the annex 3 of this report.
- NAFDAC Pesticide Registration Regulations 2005 deals with the registration in accordance with Pesticide Registration Regulations of 1996 and the accompanying guidelines.
- The Harmful Waste (Special Criminal Provisions etc.) Decree 42 of 1988. This Act which was established on November 25, 1988 was necessitated by the illegal use and dumping of toxic wastes in the port town of Koko in Southern Nigeria. The Act defines harmful waste to mean any injuries, poisonous or toxic

substances which are capable of subjecting anybody to the risk of health. As contained in the section 1, it is an offence to purchase, sale, import, transit, transport, deposit and/or store any banned or obsolete chemical or any other form of wastes in the Nigeria territory or water.

- The Factories Acts 1990 being implemented by the Factories Inspectorate Division of FMLP. The Factories decree 1990 was a landmark in legislation in occupational health in Nigeria. It provides a substantial revision of the colonial legislation, Factories Act 1958, in which the definition of a factory was changed from an enterprise with 10 or more workers to a premise with one or more workers thereby providing oversight for the numerous small-scale enterprises that engage the majority of the workforce in Nigeria. It stipulates the enforcement of compliance on factories, industries and organizations that employ labour on the protection of the right of workers to friendly environment, health and safety.

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127 Pesticide issues are domiciled in the Ministry of Agriculture and in the past and recent WB projects have conducted and disclosed several pesticide management plans (PMPs) for several WB agriculture projects such as TRIMING, FADAMA 3 and CADP.

## **5.2 Social:**

128 This sub-section describes both the Federal and State Governments' social management systems in relation to the core principles incorporated into the Bank Policy Program for Results Financing: (i) management of land acquisition; (ii) consideration of the needs of vulnerable groups; and (iii) avoidance of exacerbating social conflict/consideration of conflict risks.

### **Core Principle 4: Management of Land Acquisition**

129 Land Use Act (1978): The legal basis for land acquisition and resettlement in Nigeria is the Land Use Act of 1978 which was modified in 1990. The following are selected relevant sections:

- Section 1: Subject to the provision of this Act, all land comprised in the territory of each state in the Federation is hereby vested in the Governor of each state and such land shall be held in trust and administered for the use and common benefit of all Nigerians in accordance with the provision of this Act.
- Section 2: (a) All land in urban areas shall be under the control and management of the Governor of each State; and (b) all other land shall be under the control and management of the local government within the area of jurisdiction in which the land is situated.

130 Therefore, according to the Land Use Act, all land in Nigeria is vested in the Governor of each State, and shall be held in trust for the use and common benefit of all people. The administration of land area is divided into urban land which is directly under the control and management of the Governor in each State; and non-

urban land, which is under the control and management of the Local Government. The Governor of each State has the right to grant statutory rights of occupancy to any person or any purpose; and the Local Government will have the right to grant customary rights of occupancy to any person or organization for agricultural, residential and other purposes.

131 Kaduna State also has a number of laws and regulations related to land use that enable it to administer zoning, land registration and tax collection, including the recently drafted Kaduna State Land Use Regulations (2016). These regulations designate land administration zones and uses and delineates the responsibilities and requirements of Kaduna Geographic Information Service (KADGIS) in processing land related transactions and managing the Digital Data Repository. Section 22 of the regulation allows the Kaduna Government to acquire land for “overriding public interest, and for strategic economic development of the state”. Customary or Statutory title holders are required to be compensated. Heads of Household will receive compensation in accordance with the rates set out in Schedule 7.

### **DLI2: Implementation of Systematic Property Registration Program (SPRP)**

KADGIS has been granted overall control for implementing the SPRP program supported by a consulting contractor GIS Transport. KADGIS has a dedicated complex that employs a staff who are engaged in surveying, archiving, digital imaging, and printing certificate of occupancy certificates. Training is provided. KADGIS reports directly and regularly to the Governor, who has a background in town planning and land administration and clearly champions efforts to address deficiencies in the land administration service delivery.

132 The Government recognizes that land management is central to achieving its objectives and has focused significant budget and resources towards fundamental land reform including systematic property registration programs. Issuance of Certificates of Occupancy (CofOs) to people who currently lack them will enhance their security of tenure and the economic value of their land and assets. The SPRP has the potential to reduce uncertainty and disputes by clarifying boundaries and providing a transparent mechanism by which disputes may be resolved outside costly and lengthy court processes. Removal of uncertainty on boundaries will allow land parcels to be more fully developed. CofOs will also facilitate tax collection, increasing government revenue.

133 The SPRP being implemented by KADGIS follows the same eight guiding principles as its predecessor, the Systematic Land Title Registration (SLTR) program commenced in 2013, in a number of Nigerian States, including Kaduna. SLTR was part of the DFID Growth & Employment in States (GEMS3) Project.

134 Like the SLTR program, the SPRP will provide three important pieces of information about each land parcel:

- The person(s) or entities that hold the land rights;
- The land rights that exist, including any third-party rights that have been or are capable of registration (e.g. mortgage, leases, easements); and

- The location and extent of the land.

135 In general, SPRP consists of the following steps:

- Step 1: Identification of Local Government Areas for SPRP;
- Step 2: Stakeholder Engagement;
- Step 3: Sensitization and Public Outreach;
- Step 4: Field Recording of Claims and Demarcation;
- Step 5: Data Processing;
- Step 6: Public Display for Objections and Corrections;
- Step 7: Offer Letter, Initial Bill and Acceptance Letter sent to claimant;
- Step 8: CofO produced, signed by Governor and issued to Claimant

136 While the SPRP has many benefits, if poorly implemented it may lead to elite capture, or increased conflicts between private citizens. There is also a risk that the process of obtaining CofOs may lead to a process of resolving conflicting property boundaries or asset ownership involving government entities that could ultimately lead to eviction. However this risk is considered low under the SPRP in light of its modus operandi with a well-defined focus on non-government land where no previous CofOs had been issued.

137 The SPRP program has undergone a Rapid Assessment by a Land Specialist commissioned by the World Bank, which has concluded that the technology and archiving initiatives put in place at KADGIS are outstanding and that overall, the SPRP is well governed and resourced. The SPRP is considered to be efficient and effective; having already issued 740 CofOs since January 2017 with 213 staff. The production target is 1,000 CofOs issued each month and a cumulative total of 10,000 CofOs by the end of 2017. Consultations on the ESSA confirmed that the program is generally viewed positively by the population, including civil society organizations. However there are some gaps that will need to be addressed.

138 **Documentation:** There is a problem of KADGIS not documenting its procedures. There is no SPRP Standard Operating Procedure (SOP) Manual, potentially because the majority of the staff worked on the SLTR program and ‘everyone just knows what to do’. But given there will be increasing numbers of new staff joining KADGIS as it expands, who are unlikely to have prior knowledge of the SPRP concept and procedures, this could become problematic. The lack of an SOP manual could be quite easily remedied by using the existing SLTR SOP manual of 2015 as a starting point, and then simply modifying it to suit the needs of the Kaduna program.

139 **Stakeholder Engagement:** A top-down approach was used for key stakeholder engagement at the commencement of the SPRP activities, although to a certain extent much of this work had already been done several years earlier when the SLTR project commenced in Kaduna. However, SPRP differed in several respects from SLTR and it was once again important for the Governor and KADGIS to meet with the various key stakeholders who may be affected by the program to explain the new project and get their 'buy-in'.

140 Sensitization and public outreach are important tasks in the SPRP and these reach the next level of stakeholders who will be affected by the program and will also make use of it. These people include: traditional rulers; civil society groups; diaspora<sup>32</sup>; community groups; district, village and ward heads; traditional and religious leaders; minority and disadvantaged groups; the general public and the beneficiaries. The methods used include: television, radio, newspapers, telephone hotlines, community meetings, and town criers, bulk SMS, social media messaging and door-to-door visits.

141 **Inclusion of Women and minorities:** Particular attention has been paid to encouraging women to participate as claimants in the program. Women's Groups have been specifically targeted as they form a strong communication network in the Islamic culture of Northern Nigeria. During the SLTR program it was observed that there was a cultural reluctance by Islamic women to come forward to claim land as either the household head or as an additional owner listed on the CofO. Instead they will often prefer to list males in their place. Although there may be a cultural reluctance to name themselves as either the main title holder or as an additional title holder, women are still participating in the program. In addition, there is a stated intention by KADGIS to start recruiting female field team members in the near future, which will permit homes in Islamic communities to be more easily accessed by field teams to inspect internal and rear walls and boundaries. In addition, female team members will be better able to discuss participation in the SPRP with the women in the household. However, KADGIS should consider having specific information brochures or other promotional material targeting women as SPRP claimants.

142 With regard to minorities, the main minority group in Kaduna State are Christian in the cities. KADGIS staff indicate that all informal settlement areas will be included in the program, so there is no reason to believe that minority areas will be treated any differently.

### **DLI3: Promoting Private Investment**

143 Under Nigeria's Land Use Act, the Kaduna State Government is empowered to meet the needs of investors by extinguishing customary rights through a compulsory process, provided compensation for crops and improvements are paid, and agriculturalists are given access to alternative land. The Government then leases the land directly to investors. In practice, however, a very high percentage of rural land in Kaduna, as elsewhere in Nigeria, is currently used by communities under long-standing customary arrangements, and is subject to the de facto authority of traditional leaders. Despite the formal legal status of the land as state land, therefore, it is the communities on the ground who in fact relinquish the land from which they currently derive their livelihoods. Hence the terms of investors' relationships with local communities is in many ways more important than the formal lease with the state government. It will be important that any such agreement includes local benefits that are sustained for the life of the investment, and aim to ensure that local

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<sup>32</sup> Diaspora refers to Nigerians who have emigrated out of the country.

people are equally well or better off than they were prior to the investment.

144 Within the context of promoting private investment under the Kaduna State Development Plan (DLI3), KADIPA is a coordinating agency that works with the governor's office and other ministries to facilitate the investment process in an efficient way, including land acquisition. Quality of farmland and relatively low population density make Kaduna attractive to agribusiness. Creating an agricultural investment hub in Kaduna is central to the Kaduna State Development Plan. In 2016, Olam International broke ground to construct a large integrated animal feed mill, breeding farms and hatchery. There are a pipeline of several other interested agribusiness investors that are at various stages of the process.

### ***Land Allocation Process***

145 The Direct Land Allocation Process through which investors can apply for land in Kaduna and obtain a Certificate of Occupancy, is led by KADGIS under the Kaduna State Land Use Regulations. Other than application fees, the cost of the land is free for investors, and the Kaduna Government pays the necessary compensation to affected people. One investor indicated this makes Kaduna highly attractive compared to other states where companies have to negotiate the land purchase directly numerous owners<sup>33</sup>.

146 Once an application is submitted, KADIPA requests KADGIS to look for suitable land. Then there is typically an engagement meeting with local governments, communities and customary landowners to inform them of the government intention. Alternative land is offered to project affected people including customary owners. The investor is not typically involved in these engagements. KADGIS conducts a site visit and the land surveys and valuations in accordance with the Land Use Regulations.

147 The process may take as little as three months and is considered complete once compensation is paid. However, one investor has not received their Certificate of Occupancy for over a year owing to community opposition over the adequacy of relocation site. There is ongoing dialogue to resolve the issue. The agencies, as well as the Governor, are cognizant of the ad hoc nature of the consultation processes that have occurred to date, and the importance of managing the large scale land acquisition processes carefully using entrenched good practices.

### ***5.2.1 Assessment and Evaluation of Management of Land Acquisition Systems***

148 The draft Land Use Regulations (2016) are a good step forward in providing KADGIS with the legal foundation it needs to conduct its work. However, unless these regulations are complemented by additional regulations, it is hard to conclude that Section 14 of the Regulations lives up to generally recognized good practice. For example, it states that: a Right of Occupancy obtained under SPRP can be revoked if it turns out that the property is later found to have an existing valid title.

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<sup>33</sup> Meeting with Investor, Kaduna State, and March 2017.

This could create serious uncertainty in the land market as currently drafted. Landowners and subsequent purchasers need to be assured that the rights evidenced by a CofO are secure. In principle, if the SPRP is done correctly, it will bring to light pre-existing titles. And while it is a good idea to allow title holders who for some reason were missed by the process to come forward, this opportunity cannot be indefinite or the intended tenure security will be compromised. Hence, there should be a time limit here (for example, within 2 years). Even then, the process for ascertaining the relative validity between competing claims should be spelled out, as opposed to simply stating that the CofO will be revoked.

149 The nature of compensation and impact mitigation under the Land Use Act is limited when viewed from the perspective of international best practice. Only crops and improvements are compensated, often using scheduled rates that are out-of-date and non-aligned with market value. No compensation is required for traditionally-held common lands. The law does not require that alternatives be explored to minimize the need for displacement. There is no reference to mitigating livelihood impacts, although there is reference to giving land-for-land compensation to agriculturalists who may be displaced.

150 There are weak provisions for consultation or seeking the consent of people who are likely to be affected by large-scale land acquisition and for incorporating their views in any land related matters. Provisions for monitoring and grievance mechanisms are also generally lacking, and there is no provision for the reversion of land to original owners in the event a proposed investment does not materialize. In practice, there is a long history in Nigeria (as in the most countries on the continent) of public distrust of government compulsory acquisition, particularly when used in support of a commercial private actor, and a poor track record in terms of compensation and governance.

151 The following features of current land governance in Kaduna State have the potential, if not addressed, of exacerbating land related risks associated with land-intensive commercial investment:

- i. Compulsory acquisition processes and compensation standards are not consistent with international best practice.
- ii. Reliance on compulsory acquisition may limit the potential involvement of local communities as genuine partners in an investment.
- iii. There is weak capacity in State Government to conduct land acquisition and reallocation efficiently and fairly: Despite the significant advances made with the creation of KADGIS, capacity within state and local government institutions responsible for land administration remains weak. There is limited experience with implementing the land acquisition procedures under the Land Use Act in rural areas.
- iv. The Land Use Regulations (2016) lay out unrealistic timelines for completing the SPRP that could jeopardize quality control. Also, the penalty of land reverting to the state should claimants fail to obtain a new digital right of occupancy, is excessive and goes beyond the core principled and social policies of the World Bank and other international guidelines, and is open to abuse.





## **DLI5: Development and Implementation of a Framework for Responsible and Inclusive Land-Intensive Agricultural Investment**

152 In recognition of the above land-related risks arising in the context of its efforts to attract large-scale agricultural investment, the Government of Kaduna State has expressed its commitment to establishing under the Program a more transparent, efficient and better resourced approach to the identification, acquisition and allocation of land. This approach would aim to ensure that current and future demand for land leads to beneficial and equitable outcomes for affected communities, while attracting and supporting high quality investment. However, the appropriate revision of existing laws, regulations, procedures and institutional arrangements to address this overarching goal will require significant analytical work (some of which is already underway), the development of technically sound and socially legitimate proposals, widespread consultation and validation with all affected stakeholders, followed by careful testing and adjustment. In short, the precise details of the reforms will necessarily require time to be designed and agreed upon.

153 DLI 5, therefore, entails the design and adoption of a so-called Framework for Responsible and Inclusive Land-Intensive Agricultural Investment (FRILIA) that will provide an improved enabling environment for inclusive land-based investment, and more specifically, will seek to align the Government's approach to the acquisition and allocation of agricultural land with international best practice. The Government intends to use as a model a recently promulgated land acquisition and resettlement framework from Jigawa State, adapting it to the specific characteristics of Kaduna and widening its scope to address community engagement, land rights inventories and participatory planning, community-investor partnership models and environmental aspects of large-scale agriculture. Overarching principles that will be reflected in the FRILIA, and to which the Government will formally commit prior to World Bank approval of the P4R are provided in Annex 2.

### **Core Principle 5: Consideration of the Needs of Vulnerable Groups**

154 There are no groups in Nigeria that meet the World Bank's criteria for Indigenous Peoples. Thus this section has adapted Core Principle 4 to look at the systems that address the needs of vulnerable people, including ethnic minorities.

155 Marginalized groups include youth, pastoralists and women. There are several vulnerable groups that warrant careful consideration in the context of the increased private sector investment and jobs creation (DL1, DL3, and DL4). These include women (especially women workers), wage laborers, child workers, people with disabilities and certain ethnic groups.

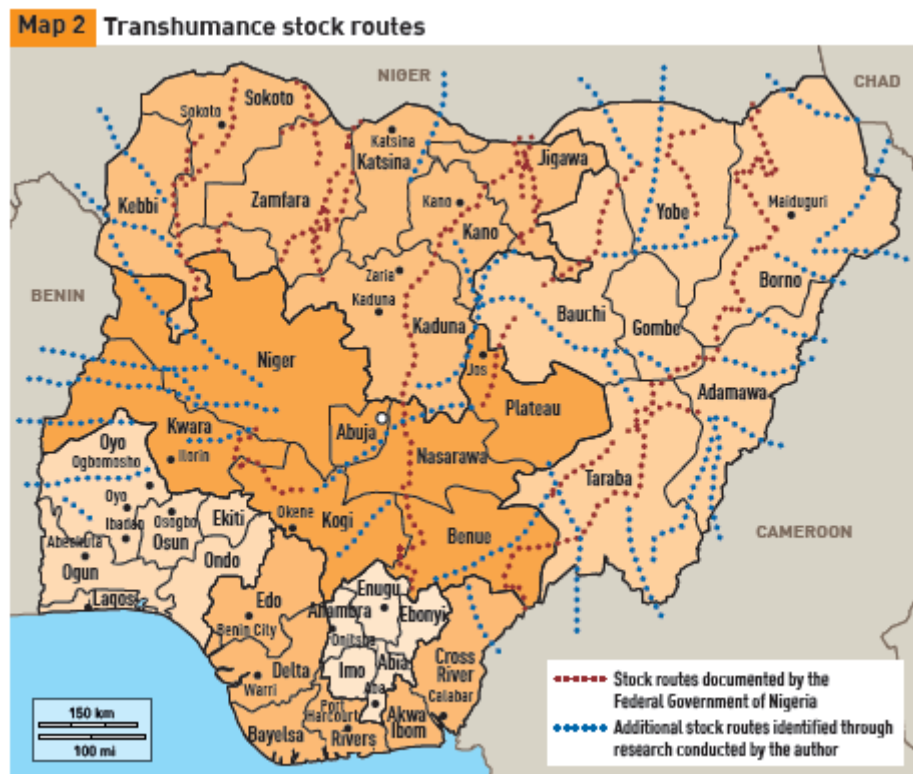
### ***Vulnerable Groups and Ethnic Minorities***

156 Chapter IV of the Nigerian Constitution contains a variety of fundamental rights set out in Sections 33 - 44. Of particular relevance is Section 42, which prohibits discrimination on the grounds of ethnic origin, sex (gender), religion, or linguistic affiliation.

157 Regarding Pastoralist communities, such as the Fulani, the Grazing Reserves Law of 1965 empower the government to expropriate any land for grazing purposes. The National Agricultural Policy of 1988 indicated that 10 per cent of the national territory (about 9.83 million hectares, of which 20 per cent was to be low-lying Fadama) would be acquired for grazing purposes.<sup>34</sup>

158 There are no specific policies or regulations related to preservation of pastoralist communities. The Nigerian Constitution (1999) grants every citizen the freedom of movement in search of legitimate businesses. At a regional level, transhumance pastoralism is recognized along these lines. The ECOWAS Transhumance Protocol (1998) and the ECOWAS Protocol of Freedom Movement and Persons in West Africa (2003) allows for herders to move across borders in search of pasture. Therefore, it is not uncommon to have Fulani pastoralists in Nigeria from neighboring countries (e.g. Mali, Burkina). International Livestock Routes are established under the ECOWAS protocols. However, to a large extent, these routes have been encroached and no longer exist. Figure 2 shows known transhumance stock routes in Nigeria.

Figure 2: Transhumance stock routes in Nigeria.



Source: *From cooperation to contention: political unsettlement and farmer-pastoralist conflicts in Nigeria*. Authors: Adam Higazi and Zahbia Yousuf, Conciliation Resources. Published March 10, 2017.

159 The Kaduna State Ministry of Agriculture and Forestry is currently developing plans

<sup>34</sup> Ibid

to create four new grazing reserves for pastoralists. Infrastructure such as schools, water, and health care will also be provided. The government's strategy shows a preference for gradually transforming pastoralism into livestock farming. Further, the reserves may be offered to investors for ranching opportunities<sup>35</sup>.

- 160 The Kaduna Ministry for Women Affairs and Social Development and the newly-formed Agency for Community and Social Development are the leading bodies for gender, children and vulnerable community issues.

## **Gender**

- 161 Gender equality in Nigeria recently suffered a setback when the National Assembly, in Nigeria rejected, in early 2017, a gender and equality opportunities bill. The bill looked to protect Nigerian women from the violence and provide them with the same marital rights as their male counterparts including the rights of widows to inherit their husband's property. The bill was introduced by Senator Abiodun Olujimi but did not pass a second reading as opponents rejected it as an attack on religious beliefs and the Nigerian constitution.. Overtly incorporating parts of the UN Convention on the Elimination of All Forms of Discrimination Against Women, the bill declared that women "shall not be subjected to inhuman, humiliating or degrading treatment" and "shall have the right to an equitable share in the inheritance of the property of her husband."

- 162 Despite the failure of this legislation, there are still laws and policies at both the Federal and State level that aim to protect and enhance the interests of women and girls.

- 163 Nigeria has committed herself in principle to promoting gender equity and social inclusion. Several policy statements and programmes at the state and federal levels clearly indicate the nation's commitments to achieving the United Nations Millennium Development Goals (MDGs). The nation established the Ministry of Women Affairs at both federal and state levels in 1999. It also signed various treaties that promote gender equality and empowerment including the United Nation (UN) Conventions on the Elimination of all forms of Discrimination against Women (CEDAW) in 2000 and the African Union (AU) Protocol on Women Rights. The Nigerian National Assembly has passed specific bills directed at protecting women such as Senate Bill 66 (2008) which provided for the abolition of all forms of discrimination against women in Nigeria and Senate Bill 300 (2009) which amended the Labor Act to remove discrimination against women relating to night shifts and underground work (Federal Government of Nigeria 2009). The House of Representatives also passed bills that sought to protect women by prohibiting corporate prostitutions (2009), providing support for battered women (2003) and prohibiting female circumcision (2000). 36

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<sup>35</sup> From discussions with Kaduna Government and World Bank team, March 1,2017

<sup>36</sup> [2013]: State Partnership for Accountability, Responsiveness and Capability, "Level of Consideration of Gender and Social Inclusion in Policy and Strategy Formulation and Implementation in Kaduna State" p.6

- 164 The Kaduna State's recent law (November 2016) to establish the Kaduna State Agency for Community and Social Development emphasizes the importance of having women represented on the board and the full involvement of the State Ministry of Women Affairs and Social Development.
- 165 The Women and Gender Affairs Department of the Ministry of Women Affairs and Social Development is one of the key operational Departments charged with the responsibility of promoting women's advancement at both State and National levels. The Ministry also has a mandate to look after the interest of people with disabilities and help formulate policies to improve their lives.
- 166 The Department undertakes the coordination of all activities that relate to the advancement active participation of Kaduna women in Kaduna state Development and overall gender mainstreaming in all aspects of public life. It promotes policy formulation and programme implementation aimed at integrating women into all sectors of development in order to achieve government's targets and intentions.
- 167 To achieve the set goals, the Department works in close collaboration with Gender Desk Officers in line Ministries and Agencies, Women Non-Governmental Organizations and Cooperative Groups, United Nations, Civil Society Groups, Legislatures and International Development Agencies.

### ***5.2.1 Assessment and Evaluation of The Inclusion and Protection of Vulnerable Groups Management Systems***

- 168 The current Federal and State laws and policies on vulnerable people are characterized by a general objectives to ensure non-discrimination in all walks of Nigerian life. It is clear that there is commitment at the macro level of Federal and state governments to improve the social inclusion of historically excluded groups. However, the policies, regulations and approaches are too general to be effectively operationalized or enforced.
- 169 Regarding pastoralists and other similar groups the Kaduna government approach to the Fulani is driven by a desire for the Fulani to cease their nomadic lifestyle. Although this is accompanied with promises to provide predicted grazing areas, schools and health facilities the cultural social assessment or impact of adopting a sedentary lifestyle after thousands of years of from nomadic culture. There is a lack of coherence to policies towards the Fulani that should be mainstreamed in all interventions with the Fulani, for example, any conflict resolution concerning Fulani should be based on a broader strategy.
- 170 The following initiatives are recommended to strengthen the government's systems:
- Strengthen and systematize stakeholder engagement activities that are inclusive.
  - Work with different representative groups that include women, men and youth to participate in identifying solutions methods for participating in conflict resolution initiatives.

- Data could be disaggregated by gender , age
- Ensure that there are specific mechanisms to support the access to services and economic opportunities for people with disabilities

171 As Kaduna State’s investment promotion work continues, the following systems will need to be strengthened:

- Community engagement within land acquisition processes to include pastoral communities and herder associations
- Compensation and livelihood restoration for loss of access to natural resources and communal grazing areas
- Social impact assessment and consultations within ESIA processes
- The status of the reserve proposals needs to be confirmed, in particular the previous use of the land for conversion. The socio-economic and cultural impacts of these proposals need to be carefully considered.

172 Regarding women and gender issues, the existing agencies that are chiefly responsible for gender issues do not appear to have a portfolio of work that would address some of the social and economic hindrances that inhibit women and girls’ economic and social development equal to that of men and boys in Kaduna. Practical approaches informed by information and partnerships with women’s groups would help to give these agencies the tools to deliver activities that are aligned with Federal and State objectives. Specific measures that should be explored to strengthen these systems would be:

- Ensuring that stakeholder engagement addresses the issue and concerns of women, youth and older people;
- Monitoring progress in sectors such as employment, land ownership and conflict resolution whilst still maintain information on health and education indicators – where the majority of gender disaggregated exists; and,
- Developing a program of information gathering and analysis that is disaggregated by sex and age.

## **Labor Protection**

173 Labor law is well developed in Nigeria; with laws defining the rights and obligations of labor, and regulating most aspects of the relationship between the employer and labor including contracts, wages and hours, discrimination, terminations, lay-offs, safety, pregnant workers and others. National Labour and Employment law is largely based on the following statutes:

- the Labour Act of 2004;
- the Trade Union Amended Act, 2005;
- the Employees Compensation Act, 2010;
- the Factories Act, 2004;

- the Pensions Act, 2004; and
- The Trade Disputes Act, 2004.

174 The Federal Ministry of Labour and Productivity is the main regulatory agency. They deploy labour inspectors across 36 state labour offices to investigate all labour violations, including those related to child labour. There are also well organized labour unions within Nigeria and Kaduna State. The National Industrial Court has exclusive jurisdiction in civil cases connected to labour, employment, trade unions and matters related to the workplace including health and safety. With regard to discrimination, there are no laws that specifically prohibit discrimination or harassment in the employment context. However, Section 42 of the Nigerian Constitution provides for freedom from discrimination on the basis of sex, age, ethnic group, and political affiliation.

175 The capacity to enforce labour laws is weak given the availability of resources. In 2015, the Labour Inspectorate employed 660 labour inspectors compared to ILO's recommendation of 3800 in order to adequately enforce labour laws throughout the country (one inspector for every 15,000 workers in industrializing economies).<sup>37</sup>

## **Child Rights**

176 The Federal Child's Right Act (2003) (CRA) codifies the rights of children in Nigeria. The Act was designed to incorporate into its laws all the rights guaranteed in the United Nations' Convention on the Rights of the Child. The U.N. convention, adopted in 1989, states that: "The child shall be protected against all forms of neglect, cruelty and exploitation. He ... shall not be admitted to employment before an appropriate minimum age; he shall in no case be caused or permitted to engage in any occupation or employment which would prejudice his health or education, or interfere with his physical, mental or moral development." The Act must be ratified by each state to become law in its territory. Kaduna State government has recently issued a new Child Rights Bill (2016) that it intends to enact for such purpose. The Bill adopts many of the federal provisions.

177 The Labour Act (2004), which is in force in all 36 states, has some prohibitions of hazardous occupations for children. The Act sets out the minimum age for work as 12, and the minimum age for hazardous work as 18. However, there are inconsistencies in the laws making it unclear what minimum ages apply for certain types of work<sup>38</sup>. Further, the new Child Rights Bill introduces a minimum for child labour at 16 years.

178 There are prohibitions against forced labour and child trafficking set out in the Trafficking of Persons (Prohibition) Enforcement Act (2015).

179 The Ministry of Labour and Productivity issued a National Policy on Child labour in

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<sup>37</sup> US States Department of Labour, Child Labor and Forced Labor Report on Nigeria, 2015, <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/nigeria>, accessed March 2017

<sup>38</sup> Ibid

2013 that provides guidelines for various stakeholders to implement a national program on child labour.



## *Assessment and Evaluation of Labor Systems*

180 Enactment and enforcement of labour laws is primarily at the Federal level. Good international practice for the private sector recommends that companies have certain environmental and social policies in place, including a policy on labour and working conditions, to reinforce and operationalize legal requirements. Private investors should also have age verification systems and should monitor their supply chains. Over the short term, the FRILIA principles (Annex 2) emphasize the importance of community and worker health and safety and labour practices. As the FRILIA is further developed and implemented, the government should provide clear guidance to investors on good practices and the minimum age for work, given the legal inconsistencies.

### **Core Principle 6: Avoidance of Exacerbating Social Conflict/Consideration of Conflict Risks**

181 As indicated in Section 2.3.5. on conflict, currently, there are two major flashpoints that have affected the State in the past two years: the massacre of members of the Islamic Movement in Nigeria by elements of the Nigerian Army and the series of violent inter-communal conflicts that have affected Southern Kaduna over the years. In January 2016, the Kaduna State Government set up a Judicial Commission of Inquiry to investigate the “clashes between the Islamic Movement in Nigeria (IMN) and the Nigerian Army” in Zaria, Kaduna State, make recommendations to Government<sup>39</sup>. The Islamic Movement in Nigeria refused to participate in the deliberations of the Commission on the grounds that they were the victims of the attack and although hundreds of their members had been killed, their leader was incarcerated without charges while nothing was done to the perpetrators of the massacre.

182 Currently, there are four sets of mediators at Federal and State level working on resolving conflicts:

- i. The Peace Committee led by General Abdulsalam Abubakar, the Sultan of Sokoto, Bishops Onaikan and Kukah;
- ii. The Swiss Centre for Humanitarian Dialogue that was instrumental in seeking and finding Peace in Plateau State which has turned its attention to the Southern Kaduna;
- iii. The National Reconciliation and Stability Programme (NSRP) of the British Council, which has established a platform – Community Peace Partnership to mediate on among other things, the conflicts between herdsmen and farmers in Southern Kaduna.
- iv. The Nigerian Bar Association, which has sent a fact-finding mission to Kaduna State and is likely to establish an Outreach Committee to engage with stakeholders and possibly with the three mediators in developing a

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<sup>39</sup> Report of the Judicial Commission of Inquiry into the Clashes between the Islamic Movement in Nigeria (IMN) and the Nigerian Army in Zaria, Kaduna State between Saturday 12<sup>th</sup> and Monday 14<sup>th</sup> December, 2015 (August 2016)

comprehensive approach towards the resolution of the conflict.

183 The Federal Government has deployed the largest number of military outside the Northeast of Nigeria, to quell the conflict in Southern Kaduna. Kaduna State government has also increased the number of police to enforce law and order. A number of arrests have been made. There has been a reduction of violence in this area since the increased presence of the military and police. However, there has been criticism that military force is only eliminating the symptoms of a conflict situation that has a multitude of drivers, actors and forms of expression. Kaduna as political entity is committed to resolving conflict but to date has not developed a structured policy or strategy. One of the key element of this commitment has been one of two judicial enquiries conducted in 2015. Some of the key recommendations of these enquires were the following:

#### *Employment*

184 “One of the general views that came to our attention was that most of those who participated in this particular set of clashes and also in other previous sectarian crises were young, mostly unemployed and idle people. The problem of youth unemployment in Nigeria is very acute and is becoming a social time-bomb. Some of these unemployed youth, young men in particular, are graduates of tertiary institutions. By starting with the problem of unemployment, we are not suggesting that it is the responsibility of governments to employ people. We are referring to the low capability of the economy to generate jobs, which should be a matter of public concern. Many of the memoranda and presentations we received stressed the imperative of governments doing more to stimulate the economy so that more jobs could be created to absorb to absorb the large stratum of unemployed youth.”<sup>40</sup>

#### *Enhancing Citizenship*

185 Building a political culture of good citizenship is important to the Nigerian project. Nigerians need to be oriented through civic training to play their roles as citizens committed to peaceful inter-communal relations, nation building and democratic values. In this regard, key stakeholders such as political parties; religious groups, students, communities and businesses need to be exposed to civic training for good citizenship.<sup>41</sup>

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<sup>40</sup> White Paper On The Report Of The Judicial Commission Of Inquiry Into The Clashes Between The Islamic Movement In Nigeria (IMN) And The Nigerian Army (NN) In Zaria, Kaduna State Between Saturday 12th And Monday 14th December, 2015 August 2016 , pp,168

<sup>41</sup> Ibid,pp.170

### *The Role of Traditional Institutions*

186 Traditional Institutions are the closest authority to the grassroots but their roles and functions need to be re-examined to make them more proactive in ensuring the peace and the tranquility in their areas. They should be the eyes and ears in their communities who monitor the situation and draw the attention of other relevant authorities with the mandate to act to maintain the peace, prevent violence and maintain social harmony. In this regard, there should be reflections and a policy development initiative on how to enhance the role of traditional institutions in contemporary Nigeria.

### **Assessment and Evaluation of Avoidance of Exacerbating Social Conflict/Consideration of Conflict Risks Systems**

187 There are a number of initiatives and responsive actions to conflict resolution that the state government has initiated. However, there does seem to be a lack of a proactive overarching policy for the problem of conflict in Kaduna. The conflict issue in Kaduna is riven with complexities, historical alliances and disputes and resolution means striking a balance that is hard to achieve in the political arena.

188 Kaduna State has already engaged some international and national NGOs. The Government is concentrating on youth employment, which is one of the underlying causes of conflict that is important to tackle. However, these different strands need to be tied together to make a rational policy that addresses the different elements of conflict. In Kaduna, the Women Interfaith Council (WIC) provides a forum for dialogue between women leaders and members of Muslim and Christian faiths. WIC has carried out many peace initiatives including press conferences, visits to media houses and internally displaced persons camps, visits to victims of bomb blasts in hospital, interfaith prayers, sensitization meetings, seminars, workshops, public lectures and marches.

189 The conflict situation in Kaduna is a contextual risk that is not caused by the Program. Enhanced community engagement with pastoralists and other conflict affected communities is recommended to ensure the conflict is not exacerbated by changes in land-use to the extent possible.

190 The ESSA has examined the risk that the Program will exacerbate social conflict in Kaduna, especially in relation to land acquisition for large agribusiness enterprises, if land acquisition is not conducted in a sensitive and transparent manner. Kaduna has a long history of ethno-religious violence which has seriously affected inter-communal relations. Since mid-2016, Southern Kaduna has become a major flashpoint and violent inter-communal conflicts have intensified. Killings and reprisal killings have become frequent in the area, although there are conflicting reports of the numbers of victims and fatalities. Many of the violent conflicts are said to be linked to disagreements between pastoralists and local farmers over the use of essential resources such as farmland, grazing areas and water. Historical ethno-religious divides, rural banditry, and social media and rumors, contribute to further escalation of events.

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## **SECTION VI: SYSTEMS ASSESSMENT AND GAP IDENTIFICATION**

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191 This section provides an assessment of the extent to which the applicable systems are Consistent with the core principles and key planning elements expressed in the P4R Guidance Document. It also provides a review of aspects where gaps exist between the two.

**Table 5: Summary of Assessment of Environmental and Social Management Systems**

***Core Principle 1: General Principle of Environmental and Social Management***

***Bank Policy for Program-for-Results Financing:*** Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a program’s environmental and social effects.

***Bank Directive for Program-for-Results Financing:*** Program procedures will:

- Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the program level.
- Incorporate recognized elements of environmental and social assessment good practice, including
  - (a) early screening of potential effects;
  - (b) consideration of strategic, technical, and site alternatives (including the “no action” alternative);
  - (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts;
  - (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized;
  - (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and
  - (f) Responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
<b>DLI2: Implementation of systematic property registration program</b>	<p><i>Re: Stakeholder Consultation (SPRP)</i></p> <ul style="list-style-type: none"> <li>• KADGIS uses a variety of public outreach methods to sensitize stakeholders about this program. However, the approach is government demand-driven.</li> <li>• Results of property surveys are publicly displayed</li> <li>• Anecdotally the public has had a positive response to the program</li> </ul>	<ul style="list-style-type: none"> <li>• The grievance mechanism is ad hoc.</li> <li>• KADGIS continues to build its community engagement capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement a grievance mechanism for SPRP (KADGIS)</li> <li>• Enhance capacity for stakeholder engagement (KADGIS)</li> </ul>
<b>DLI3: Steps towards improvement of investment promotion</b>	<ul style="list-style-type: none"> <li>• ESIA regulatory framework aligns well with the Core Principle.</li> </ul>	<ul style="list-style-type: none"> <li>• There is no requirement within ESIA processes for consulting with</li> </ul>	<ul style="list-style-type: none"> <li>• A robust public consultation strategy is required to improve citizen engagement in investment projects (See FRILIA</li> </ul>

		<p>local communities or vulnerable people</p> <ul style="list-style-type: none"> <li>• There are no project grievance mechanisms</li> <li>• There is weak coverage of social issues in EIA legislation</li> <li>• The capacity of the federal ministry of environment to monitor and enforce ESIA requirements is weak</li> <li>• There is weak capacity in delivering a robust ESIA process at the State level</li> <li>• Compliance supervision of EIAs is very weak.</li> <li>• Weak monitoring and evaluation of environmental and social systems</li> <li>• Challenges in implementation of the existing legal/regulatory provisions due to poor implementation and lack of awareness</li> </ul>	<p>(DLI5))</p> <ul style="list-style-type: none"> <li>• ESIA processes to incorporate socio-economic assessments (KEPA)</li> <li>• Through the FRILIA, the role of private investors will be reinforced through preparation of stakeholder engagement and community benefits sharing plans; and project level grievance mechanisms</li> <li>• Reinforce capacity of KEPA and MOE on the ESIA process.</li> <li>• Strengthening the environmental and social management system</li> <li>• Assignment of project staff to environmental and social management (KEPA)</li> <li>• Strengthening the implementation of environmental and social monitoring/auditing systems:</li> <li>• Establish a tracking system to monitor environmental and social risks, performance, consultations, etc.</li> <li>• The Ministry of Environment to reinforce the mandate of KEPA to undertake monitoring activities.</li> <li>• Technical staff responsible for environmental and social management must monitor and supervise E&amp;S compliance at least once per quarter (KEPA)</li> <li>• Environmental and social management audits every two years (KEPA)</li> <li>• A community benefits plan every two years (KEPA)</li> <li>• Strengthening of environmental</li> </ul>
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			<p>management capacity: Training in environmental and social management/sessions for budgeting for environmental and social mitigation measures for technical staff (KEPA/FMEnv);</p> <ul style="list-style-type: none"> <li>• Enhance the capacity of KEPA for an accredited laboratory</li> </ul>
<p><b>DLI 4: Development of the legal and institutional framework for PPP</b></p>	<p>Strength of ESIA systems are noted above under DLI3.</p>	<p>Gaps with respect to ESIA systems are noted above under DLI3</p>	<ul style="list-style-type: none"> <li>• PPP framework (i.e. PPP manual) to include E&amp;S best practices</li> <li>• Prioritization of PPP will include E&amp;S criteria. Projects with significant environmental and social impacts (equivalent to Category A) will be excluded from the Program.</li> </ul>
<p><b>DLI 6: Budget credibility (prior result to create Master Plan)</b></p>	<ul style="list-style-type: none"> <li>• Builds on good planning processes used in developing the National Integrated Infrastructure Master Planning Process</li> <li>• Designed to strengthen policy, legal and institutional framework for effective infrastructure development (mainly as it relates to promoting private sector development)</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusion of sustainable development principles unknown</li> </ul>	<ul style="list-style-type: none"> <li>• Require a Strategic Environmental and Social Assessment to support the Master Planning process (KEPA).</li> </ul>

***Core Principle 2: Natural Habitats and Physical Cultural Resources***

***Bank Policy for Program-for-Results Financing:*** Environmental and social management procedures and processes are designed to avoid, minimize and mitigate against adverse effects on natural habitats and physical cultural resources resulting from program.

**Bank Directive for Program-for-Results Financing:** As relevant, the program to be supported:

- Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.
- Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities.
- Takes into account potential adverse effects on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
<b>DLI3: Steps towards improvement of investment promotion</b>	<ul style="list-style-type: none"> <li>• National Forestry Policy is in place</li> <li>• World Bank supported REDD+ program</li> <li>• Within the EIA process, early identification and screening for important biodiversity areas is achieved through project categorization</li> <li>• At the State level, the Ministry of Agriculture and Forestry does not have any specific policies to protect forest land and is under-resourced.</li> </ul>	<ul style="list-style-type: none"> <li>• Impacts on cultural resource areas are not necessarily taken into account or assessed</li> <li>• Aggressive efforts to acquire land for private investment may result in forest conversion</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate physical cultural resource considerations into ESIA processes (KEPA)</li> <li>• Demonstrate alignment between private investment promotion and sustainable forest management objectives (Ministry of Agriculture and Forestry).</li> <li>• Strengthen programs to monitor land-use impacts (KEPA)</li> </ul>
<b>DLI 4: Development of the legal and institutional framework for PPP</b>	See Core Principle 1	See Core Principle 1	See Core Principle 1
<b>DLI 6: Budget credibility (prior result to create Master Plan)</b>	<ul style="list-style-type: none"> <li>• Builds on good planning processes used in developing the National Integrated Infrastructure Master Planning Process</li> <li>• Designed to strengthen policy, legal and institutional framework for effective infrastructure development (mainly as it relates to</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusion of sustainable development principles unknown</li> </ul>	<ul style="list-style-type: none"> <li>• Require a Strategic Environmental and Social Assessment to support the Master Planning process (KEPA) mapping areas of critical habitat.</li> </ul>



	promoting private sector development)		
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**Core Principle 3: Public and Worker Safety**

**Bank Policy for Program-for-Results Financing:** Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.

**Bank Directive for Program-for-Results Financing:**

- Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.
- Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.
- Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
<b>DLI 4: Development of the legal framework for PPP</b>	<ul style="list-style-type: none"> <li>• The legal/regulatory system of the country includes provisions for protecting people and environment that is applicable to regulating hazardous wastes and materials including pesticides.</li> <li>• WB projects have conducted and disclosed pesticide management plans (PMPs) for several WB agriculture projects such as TRIMING, FADAMA 3, SCPZ, CADP</li> </ul>	<p>The national EIA system does not comprehensively encompass aspects of public and worker safety</p> <ul style="list-style-type: none"> <li>• There is general lack of awareness on public health and safety issues, particularly in relation to exposure to hazardous materials, pesticide handling and safety precautions</li> <li>• Lack of awareness of relevant authorities' staff to appreciate the need to ensure occupational health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen programs on collateral risks relating to changes in land use and (KEPA)</li> <li>• Capacity building of KEPA and MOE on best management use of pesticide and waste generation from commercial/industrial works.</li> <li>• See development of PPP framework (i.e. PPP manual) to include E&amp;S best practices and is submitted to World Bank for approval (Core Principle 1)</li> <li>• Prioritization of PPP will include E&amp;S criteria. Despite these gaps, the program will not finance activities with significant environmental and social impacts</li> <li>• The Ministry of</li> </ul>

			<p>Environment to reinforce the mandate of KEPA to undertake monitoring activities.</p> <ul style="list-style-type: none"> <li>Existing pesticide regulations are fully enforced. (KEPA/FMEnv)</li> <li>Strengthen Integrated pest management (IPM) approaches and practices to reduce environmental health risks.(KEPA/FMEnv)</li> <li>Training of technical personnel on the Control of Substances Hazardous to Health (COSHH)/Basic HSE courses.</li> <li>See development and implementation of FRILIA (DLI5) for sound environmental management</li> </ul>
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**Core Principle 4: Land Acquisition**

**Bank Policy for Program-for-Results Financing:** Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods and living standards.

**Bank Directive for Program-for-Results Financing:** As relevant, the program to be supported:

- Avoids or minimizes land acquisition and related adverse impacts;
- Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;
- Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;
- Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and
- Restores or replaces public infrastructure and community services that may be adversely affected.

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
DLI 2 <b>Implementation of systematic property registration program</b>	<ul style="list-style-type: none"> <li>Provides improved land security</li> <li>In rare instances, SPRP may result in determinations that require people to relinquish land to which</li> </ul>	<ul style="list-style-type: none"> <li>There are unrealistic time frames or penalties for failure to register property</li> </ul>	<ul style="list-style-type: none"> <li>Amend Land Use Regulations to ensure sufficient transparency and engagement; accurate ascertainment of existing rights; appropriate penalties;</li> </ul>

	<p>they do not have legal rights, to the government.</p> <ul style="list-style-type: none"> <li>• Currently outreach programs are focused on providing public information in an ad hoc manner via public display boards to communities who will need partake in the Systematic titling registration. This process is government demand-driven and does not focus on eliciting relevant information about the affected communities or their views or concerns.</li> </ul>		<p>application in rural settings; etc. (KADGIS)</p> <ul style="list-style-type: none"> <li>• Review and enhance SPRP Stakeholder Engagement Strategy and increase resources (KADGIS)</li> </ul>
<p><b>DLI3+5: Steps towards improvement of investment promotion</b></p>	<ul style="list-style-type: none"> <li>• Making land available for investors may require compulsory acquisition of land currently occupied or used in order for the State to lease the land to investors.</li> <li>• Current law and practice under the Land Use Act requires compensation for crops and structures, and provision of replacement agricultural land</li> <li>• Stakeholder engagement processes in connection with land acquisition for private investment occur but are demand-driven and ad-hoc.</li> </ul>	<ul style="list-style-type: none"> <li>• There is no requirement to minimize land acquisition</li> <li>• The Land Use Act is unclear regarding standards for replacement land; and status and compensation for customary land</li> </ul>	<ul style="list-style-type: none"> <li>• Borrower agrees to work towards adoption of a FRILIA (see DLI 5) that will provide a comprehensive approach to the acquisition and allocation of land for agricultural investment, requiring among others: (i) prior engagement of affected communities in the identification of existing rights and uses through a process of participatory mapping, and identification of land that the community agrees could be made available to investors; (ii) binding agreements between investors and local communities regarding benefits, including as applicable, participation in outgrower schemes; (iii) sound principles for environmental management; (iv) payment of replacement costs or provision of comparable or better</li> </ul>

			land for people physically or economically displaced; (v) payment of compensation or provision of assistance prior to displacement; As the FRILIA will need to be further developed and consulted, a set of Principles that underpin the FRILIA are a condition of negotiation
<b>DLI 4: Development of the legal framework for PPP</b>	See Core Principle 1	See Core Principle 1	See Core Principle 1
<b>DLI 6: Budget credibility (prior result to create Master Plan)</b>	See Core Principle 1	See Core Principle 1	See Core Principle 1

**Core Principle 5: Indigenous Peoples and Vulnerable Groups**

**Bank Policy for Program-for-Results Financing:** Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.

**Bank Directive for Program-for-Results Financing:**

- Undertakes free, prior, and informed consultations if Indigenous Peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.
- Ensures that Indigenous Peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the Indigenous Peoples.
- Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or marginalized ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits.

**There are no Indigenous Peoples in Nigeria, so this assessment focuses on other vulnerable groups.**

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
<b>DLI1: Improvement in aggregate doing business performance</b>	<ul style="list-style-type: none"> <li>• The Kaduna Ministry for Women Affairs and Social Development and the newly-formed Agency for Community and Social Development are the leading bodies for gender, children</li> </ul>	<ul style="list-style-type: none"> <li>• Policies, regulations and approaches are too general to be effectively implemented.</li> <li>• Lack of inclusion of people with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• The Program should develop a strategy to maximize benefits-sharing.</li> <li>• Disaggregated data (e.g. by gender, age) for indirect and direct jobs</li> </ul>

	<p>and vulnerable community issues.</p> <ul style="list-style-type: none"> <li>• Current Federal and State laws and policies on vulnerable people are characterized by a general objectives to ensure non-discrimination.</li> <li>• Clear commitment at the macro level of Federal and state governments to improve the social inclusion of historically excluded groups</li> <li>• Kaduna State Bureau of Statistics completed a household survey in 2015 that is disaggregated by gender on a variety of parameters (e.g. employment, labour, health). Data on children health and physical and mental disabilities was also collected.</li> </ul>		<p>created by the Program should be measured and tracked.</p>
<p><b>DLI2: Implementation of systematic property registration program</b></p>	<ul style="list-style-type: none"> <li>• Issuance of Certificates of Occupancy to people who currently lack them enhances their security of tenure and enhance the economic value of their land and assets.</li> <li>• Application for CofO is available to women although joint ownership is not permitted. Wives and children can also be listed in a Schedule of the certificate. Those listed on the schedule need to provide consent before sale of property. The inability to pay ground-rent owed may</li> </ul>	<ul style="list-style-type: none"> <li>• The system has the potential to disadvantage women, ethnic minorities or poor.</li> </ul>	<ul style="list-style-type: none"> <li>• See Recommended Actions under Core Principle 4.</li> </ul>

	<p>be a barrier for participation or may result in expropriation of land. There are waivers for back-rent owed before year 2000.</p>		
<p><b>DLI3 promoting private investment</b></p>	<ul style="list-style-type: none"> <li>• Stakeholder engagement processes in connection with land acquisition for private investment occur but are demand-driven and ad-hoc.</li> <li>• KADIPA is working with one potential agribusiness investor to develop a “work plan” including a community engagement strategy and outgrower programs that maximize economic opportunities for small hold farmers as well as side benefits of modernizing their farming techniques. Female outgrowers will also benefit.</li> <li>• Adequate legal provisions on labor have been enacted in Nigeria. With the exception of minimum child labour age.</li> <li>• Commitment and political will from government to ensure social accountability in different arms of government</li> <li>• Establishment of Agency for Community and Social Development aims to improve the management of social issues within community</li> </ul>	<ul style="list-style-type: none"> <li>• Consultations are overly reliant on input from community leaders/village heads and not eliciting views from vulnerable or marginalized groups.</li> <li>• There is no community engagement requirements or protocols in connection with land acquisition processes.</li> <li>• Training and other economic opportunities are not specifically designed for women or other vulnerable groups. No baseline data is available.</li> <li>• KADIPA does not have adequate expertise in stakeholder engagement.</li> <li>• Capacity to enforce labour laws is weak. In 2015, the Labour Inspectorate employed 660 labour inspectors compared to ILO’s recommendation of 3800 in order to adequately enforce labour laws throughout the country (one inspector for every 15,000 workers in</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement within land acquisition processes to include pastoral communities and herder associations and other vulnerable groups including people with disabilities. See development of FRILIA (DLI5).</li> <li>• Develop a strategy to maximize benefit sharing, based on socioeconomic assessment of vulnerable and marginalized groups so that strategies and policies can be informed by evidence and data.</li> <li>• The newly formed Social Development Agency for community and social development could play in a key role in these processes</li> <li>• Number of women outgrowers and employed will be tracked.</li> <li>• Enhance capacity for stakeholder engagement</li> <li>• ESIA processes to incorporate socio-economic</li> </ul>

		<p>industrializing economies).</p> <ul style="list-style-type: none"> <li>Weak capacity to undertake robust stakeholder engagement processes with Fulani Associations and affected peoples, within any land acquisition processes for private investment.</li> </ul>	<p>assessments, including impacts on Fulani or other ethnic communities and vulnerable groups</p> <ul style="list-style-type: none"> <li>Compensation and livelihood restoration for loss of access to natural resources and communal grazing areas (see development of FRILIA (DLI5))</li> <li>Develop a program of information gathering and analysis that is disaggregated by sex and age. Promote community and worker health and safety (see FRILIA principles in Annex 2)</li> <li>As FRILIA is further developed, clear guidance should be provided to investors on good practices and</li> <li>Clear minimum age for work, given the legal inconsistencies.</li> </ul>
DLI 4	See Core Principle 1	See Core Principle 1	See Core Principle 1.

**Core Principle 6: Social Conflict**

**Bank Policy for Program-for-Results Financing:** Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

**Bank Directive for Program-for-Results Financing:** Considers conflict risks, including distributional equity and cultural sensitivities.

Applicability	Systems Assessment	Gaps	Suggestions to Fill Gaps
DL 3+5	<i>Considers conflict risks, including distributional equity</i>	<ul style="list-style-type: none"> <li>Practical expression of</li> </ul>	<ul style="list-style-type: none"> <li>Large-scale developments</li> </ul>

	<p><i>and cultural sensitivities.</i> Good elements on which to build:</p> <ul style="list-style-type: none"> <li>• 2 Judicial enquiries into the conflict</li> <li>• Detailed recommendations for resolution approaches and mechanisms and stakeholder</li> <li>• Emphasis on use of traditional and vernacular conflict resolution methods</li> <li>• Government has worked with the NGO Human dialogue</li> <li>• Government commitment to increase jobs for youth (unemployment being one of the drivers for conflict)</li> </ul>	<p>force</p> <ul style="list-style-type: none"> <li>• Perception that might in form of military and police are deployed as only solution to quell unrest</li> <li>• Police actions perceived by Christian community as being pro Fulani and Muslim</li> </ul>	<p>should include specific engagement with Fulani pastoralists and other conflict-affected communities. Conflict analysis as part of ESIA and/or feasibility study (KEPA).</p> <ul style="list-style-type: none"> <li>• Develop FRILIA (See DLI5)</li> </ul>
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## SECTION VII: CONCLUSION AND RECOMMENDATIONS

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- 192 Kaduna State has initiated key reform efforts to improve the investment climate in the State and to support the development of the private sector, as the driver of job creation. It also has undertaken a number of initiatives to strengthen its fiscal sustainability. The Kaduna Government is committed to the PforR program of work outlined in this ESSA and has demonstrated its political will to tackle the challenges that hinder its social and economic development as reflected in the Kaduna State Development Plan.
- 193 The Government recognizes that land management is central to achieving its objectives and has focused significant budget and resources towards fundamental land reform including systematic property registration programs that are generally well received by the public. However, there are missing elements in the systems and approaches it has adopted in comparison to internationally recognized practices. The ESSA recommends amendments to the recently drafted Land-Use regulations (2016) that will need to be completed prior to negotiations. KADGIS will also need to strengthen stakeholder engagement and grievance mechanisms; and develop Standard Operating Procedures and promotional materials specific for women.
- 194 Providing transparency and continuity to its processes for large-scale land acquisition is also central to the Government's promotion efforts for private investment. This carries significant risks if not managed properly. One of the key recommendations of the ESSA and also a DLI, is the development of the Framework for Responsible and Inclusive Land Intensive Agricultural Investment (FRILIA) that will provide a comprehensive approach to the acquisition and allocation of land and a robust engagement strategy with all stakeholders including affected communities and vulnerable groups. The Framework is focused on agricultural investments because this remains an area of investment priority and carries significant land risks. The framework may be adapted to other sectors at a later time.
- 195 As the FRILIA will take time to develop fully and consult upon, a set of land management principles will be a prior result of the loan agreement with the government. The development and implementation of the FRILIA will be evaluated by a third party social audit. The ESSA recommends development of capacity to further support the implementation of the FRILIA.
- 196 Kaduna State is offering many attractive incentives to investors both in terms of land and other benefits. Also, KADIPA is actively pursuing its mandate to expedite the "doing business" processes and to reduce bottlenecks for investors by coordinating with other agencies and handling the land acquisition processes. KADIPA should raise expectations for investors to go beyond the legal requirements and to develop a "social license" through partnerships with local communities at the earliest stage. The ESSA recommends development and implementation of a strategy to maximize benefit sharing including requirements for out-growers/off-takers arrangements and measuring and reporting on job creation opportunities, particularly for women and youth.

- 197 Similarly, Program support to develop Kaduna State's PPP institutional and regulatory framework will also incorporate E&S considerations.
- 198 Southern Kaduna has a long history of ethno-religious violence which has seriously affected inter-communal relations between Fulani pastoralists and farmers over scarce natural resources. The ESSA has examined the risk that the Program will exacerbate social conflict in Kaduna, especially in relation to land acquisition for large agribusiness enterprises, if this acquisition is not conducted in a sensitive and transparent manner.
- 199 The ESSA concludes that the Program has adequate mitigation measures to avoid exacerbation of such contextual conflict risks. The PforR will promote Kaduna's private investment efforts, as well as introducing a stronger stakeholder engagement and land acquisition process through the development and implementation of the FRILIA, that the State plans to enact into law. Other measures detailed in the Program Action Plan ensure that a conflict sensitive approach is taken. For example, investments will undergo a social assessment to provide further insight into the impacts and grievance and conflict resolution mechanisms will be in place to monitor and resolve conflict as they occur at a project level.
- 200 Further, the conflict risks may be attenuated by treating generic risk factors such as youth unemployment and poverty such that the Program will contribute to a broader process to reduce such risks over time. One of the main objectives of the Kaduna State Development Plan and the PforR, is job creation, especially amongst young people. Chronic youth unemployment in Kaduna, as well as in other parts of Nigeria, has long been cited as one of the main drivers of conflict. The pool of disaffected, disengaged youth provides a fertile recruiting ground for religious and political extremists. Increasing youth employment is a critical intervention that will ultimately help to reduce conflict in some areas.
- 201 Beyond the boundaries of the Program, the Kaduna State government has also already implemented several strategies to tackle both the symptoms and causes of the conflict by engaging with NGOs; increasing police presence and promoting rule of law; as well as adopting recommendations from two judicial enquiries.
- 202 The PforR is a multifaceted program which also focuses on open government, transparency and accountability. These activities are considered to have benefits and a good basis for the recommendations to enhance stakeholder engagement in other areas. The tax collection system is a good example of the open approach.
- 203 The ESSA Analysis presented identifies strengths, gaps and opportunities in Kaduna State's environmental and social management system for effectively addressing the environmental and social risks associated with the Program and aligning with the Core Principles of Bank Policy for Program-for-Results Financing. These gaps and opportunities have been translated into a viable strategy to strengthen and monitor environmental and social management capacity and performance of Kaduna State and incorporated into the Program's overall Action Plan. The Program's Action Plan, presented in full below, covers fiduciary, technical, procurement, as well as environmental and social actions linked to the ESSA, and will be part of the credit agreement. These Actions are subject to further refinement during the negotiation process or during implementation, as required.

## Section VIII: Program Action Plan

(\* denotes an item linked to ESSA recommendations)

Action Description	Due Date	Responsible Party	Completion Measurement
<b>Results area 1: improving the business enabling environment</b>			
<b>KADIPA</b>			
Review KADIPA's 2017 budget (and outer years) to ensure it is commensurate to KADIPA's mandate	Dec. 31, 2017	KADIPA & Ministry of Budget and Planning	Supplementary budget for 2017; 2018 Budget (with estimates for 2019 and 2020) reflects the adjusted budget for KADIPA
*Development and implementation of a strategy based on a socioeconomic assessment to maximize benefits sharing of investments <sup>42</sup> e.g.: (i) maximize out-growers/off-takers arrangements; (ii) maintain SME suppliers database; (iii) develop jobs marketplace, with a focus on maximize opportunities for women In this context, KADIPA will track data disaggregated by age and gender and monitor indicators, including direct and indirect job creation (including female jobs and outgrowers)	Dec. 31, 2017	KADIPA	KADIPA approval of benefits sharing strategy and annual monitoring of implementation of strategy (with adjustments if necessary)
Development of investors' satisfaction survey (including satisfaction with KADIPA facilitation services) and of investors' grievance redressal mechanism	Dec. 31, 2017	KADIPA	Investors' satisfaction survey launched and investors' grievance redressal mechanism operational
KADIPA to lead the development of the proposed North West Investment Area Agreement	By June 30, 2018	KADIPA	North West Investment Area Agreement presented at the Northern Governors Forum
*Development of a PPP legal and institutional framework that appropriately manages E&S risks: (i) PforR Implementation Manual to incorporate E&S aspects and outline risk assessment criteria for low E&S risk (ii) PPP manual incorporates best practice E&S risk management	(i) Oct. 31, 2017 (ii) Oct. 31, 2017	KADIPA	(i) PforR Implementation Manual (ii) PPP Manual
<b>KADGIS</b>			
* <b>Development and implementation of the Framework for Responsible and Inclusive Land Intensive Agricultural Investments (FRILIA)</b> <sup>43</sup> : (i) Develop Stakeholder Engagement Strategy to outline consultation process for developing FRILIA (ii)	(i) Dec. 2017 (ii) Staffing complete by Dec. 31, 2017	KADGIS	(i) Stakeholder Engagement Plan submitted (ii) KADIPA has developed in-house capacity to support the FRILIA implementation (staff trained and assigned

<sup>42</sup> Development and Implementation of the FRILIA also has opportunities to maximize benefit sharing.

<sup>43</sup> The FRILIA principles are incorporated in the ESSA and are to be agreed by negotiations. The FRILIA will be supported by external Technical Assistance to be provided by World Bank and/or DFID. The Program Implementation Manual will provide detail about how to develop and implement the FRILIA including the TOR for an Independent Social Audit and grievance mechanism. The Social Audit will report on the quality and progress of the FRILIA development process, as well as on the implementation of the FRILIA for a sample of investments in the portfolio.

Development of in-house capacity to support the implementation of the FRILIA (iii) Establishment of multi-stakeholder Steering Committee to oversee development of FRILIA and effectiveness of implementation (iv) community grievance redressal and conflict resolution mechanisms	(iii) August 31, 2017 Dec. 31, 2017		responsibility for support to FRILIA implementation) (iii) Committee established as per TOR <sup>44</sup> ; bi-annual reports from committee (iv) Community grievance redressal and conflict resolution mechanism operational
Review KADGIS' 2017 budget (and outer years) to ensure it is commensurate to KADGIS mandate.	Dec. 31, 2017	KADGIS & Ministry of Budget and Planning	Supplementary budget for 2017 (if required); 2018 Budget (with estimates for 2019 and 2020) reflects the adjusted budget for KADGIS
*Agreed amendments to the Kaduna State Land-Use Regulations	by negotiation	KADGIS	Revised Regulations
*Undertake, review and enhance Systematic Property Registration Program Stakeholder Engagement Strategy	Dec. 31, 2017	KADGIS	Updated Stakeholder Engagement Plan
*Implementation of a grievance redressal mechanism for the Systematic Property Registration Program	Dec. 31, 2017	KADGIS	Grievance redressal mechanism operational
*Prepare and regularly review SPRP documentation: i) Systematic Property Registration Program Standard Operating Procedure manual, using the Systematic Land Titling & Registration manual as a guide, which includes detailed flowcharts of the processes, responsible persons, actors, timelines and outputs of the program; ii) regulatory framework for SPRP; iii) training manual; and, iv) develop specific information brochures or other promotional material targeting women as SPRP claimants.	SPRP Standard Operating Procedure manual: July 31, 2017; other SPRP documentation: June 30, 2018; Review: continuous	KADGIS	Approved Standard Operating Procedure manual; training manual; and promotional material; updated SPRP documentation (including regulatory framework)
<b>*KEPA</b>			
Review KEPA budget for 2017 (and subsequent years) to ensure that it allows KEPA to satisfactorily fulfill its mandate, with a focus on private investments in Kaduna State. In support of the above, a detailed capacity building program should be outlined and budgeted, covering environmental and social impact assessment, and monitoring.	Dec. 31, 2017	KEPA/MOE and Ministry of Budget and Planning	Supplementary budget for 2017 supported by a capacity assessment program; 2018 budget (with estimates for 2019 and 2020) reflects the adjusted budget for KEPA.
<b>Results area 2: strengthening fiscal management and accountability</b>			
<b>KADIRS</b>			
Strengthening of grievance redress system for	Dec. 31,	KADIRS	Grievance redressal mechanism

<sup>44</sup> The TOR for a Steering Committee will be incorporated into the Program Implementation Manual

taxpayers	2017		operational
<b>Ministry of Budget and Planning</b>			
Undertake a Strategic Environmental and Social Assessment, to support the Kaduna State Infrastructure Master Plan	i) Dec. 31, 2017 ii) Dec. 31, 2018	KEPA	(i) TOR for SESA (ii) Approved Strategic Environmental and Social Assessment
Publish Budget Execution Reports (BERs), Annual Financial Statements (AFS) and audit reports of Kaduna State Government and Local Governments	Dec. 31 2017	Ministry of Budget and Planning, & Ministry of Finance	BERs available on the State's Website (within 6 weeks of quarter end) and AFS (within 7 months of end of FY)
Production and dissemination of statistical information, with a focus on private investments and Government accountability.	Continuous	State Bureau of Statistics	Number of surveys completed and publicly disclosed
<b>Ministry of Finance</b>			
Adoption of fund release policy to MDAs	Dec. 31, 2018	Ministry of Finance	MDAs budget execution reports
<b>Kaduna State Public Procurement Authority</b>			
Capacity building on (e-)procurement procedures and contract management conducted annually for pilot MDAs	Dec. 31, 2017	Public Procurement Authority	Attendance sheets; Public Procurement Authority annual reports
Prepare Procurement Plans for 5 MDAs with highest volume procurements as part of the 2018 budget approval process	June 30, 2018 & every year	5 MDAs	Ministry of Agriculture; Works; Education; Health; Water Resources – procurement plans of these MDAs available
Implementation of Grievance Redressal Mechanism	March. 31, 2018	Public Procurement Authority	Grievance redressal mechanism annual reports
<b>Accountant General</b>			
Strengthening of risk based internal audit	Dec. 31, 2018	Pilot MDAs/ Accountant general	Internal audit reports
<b>All Program lead agencies</b>			
Operationalization of the national anti-corruption framework	Dec. 31, 2017	Program lead agencies	Appointment of anti-corruption desk officer

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## SECTION IX: STAKEHOLDER CONSULTATIONS

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### Introduction

Formal and informal stakeholder consultations have been an integral part of the ESSA process during the project preparation phase. For the preparation of the ESSA, Bank specialists undertook a series of meetings and engagements with various stakeholders including state agencies in Kaduna, development funding partners, and technical experts aimed at information-gathering and risk analysis. What follows are the key issues that emerged from the formal consultations with the Kaduna State government and with a large representation of local NGOs and CSO organizations. These two consultations were held separately on different days. A list of attendees for both of the consultations can be found in Annex 1.

### Summary of Stakeholder Consultations

**A formal consultation on the draft ESSA was organized during appraisal eliciting inputs from the key stakeholders.** The draft ESSA document, in particular the description of the Program, the system assessment, and findings, including the Program Action Plan, was then formally presented and discussed with government stakeholders and Civil Society Organizations (CSOs) during appraisal, providing further input to, and validation of, the said ESSA.

**Kaduna State Government Consultations:** There has been frequent consultations and meetings with the state government so the formal consultations focused on program specifics and details.

- a. Responsible agencies for the DLIs. There was some discussion about the agency leads for the various DLIs. The following was agreed
- b. DLI 6 would be led by KADIRS
- c. DLI 10 would be led by Budget, Planning and Finance
- d. DLI 5 would be led by KADGIS
- e. There was discussion about DLI 4 – the PPP DLI and what type of projects would constitute low environmental and social risks.
- f. Tax DLI It was agreed to add a distributional tax analysis to the PAP.

**Definition of vulnerable people:** There was some discussion on which groups are classified or considered as vulnerable. The government sought guidance on how to categorize vulnerability.

### Civil Society Consultations

The Consultation started with introductions from the Bank team and then from each of the attendees. The Bank team then explained the objectives of the meeting and presented some of the key elements of the ESSA.

The CSO consultation was well attended with representation from religious organizations; farmers' associations; Fulani herders associations; women's'

organizations; as well as organizations focused on people with disabilities and living with HIV/AIDs.

**Key issues raised:**

**1. Inclusion of People with disabilities:**

- a. How do you take into account disability? World Bank project Agricultural Development. None with disability. They suffer from unemployment, discrimination.
- b. People with disabilities do not receive information about government projects. They need to have access to information and be included in projects so that they can participate.
- c. People with disabilities need to be included in stakeholder engagement processes
- d. Many people with disabilities are very 'passionate' about farming and agriculture but are prevented from taking part in opportunities as they are excluded from programs are not contacted by the relevant agencies.

**2. Transparency and Dissemination of Information**

- a. The methods for disseminating information about projects or stakeholder engagement exclude many people. For example, the Government uses web pages or online facilities many people do not have access to computers or adequate energy supplies. Using traditional forms of information dissemination and stakeholder engagement should be used as well as the more modern methods.
- b. Sometimes when information is disseminated the project or plan is already a 'done deal'.
- c. Government programs need to be equitable

**3. Land and Conflict**

- a. Many of the conflicts in Kaduna are related to land
- b. There are not enough gazetted cattle routes for the Fulani herdsmen and this causes tension
- c. Land management needs to improved
- d. The government issuance of CFOs is a good initiative but it needs to be faster.

There are a number of elements of the Program that strengthen government transparency and inclusive stakeholder engagement such that these concerns are considered addressed. The ESSA has been shared with participants of the consultation and has been disclosed on the World Bank Info Shop.

**Photo of Consultations with CSOs on April 13, 2017**





## Annex 1 Consultation Attendance Sheets

World Bank P4H ESSA Meeting Page 1  
KADUNA STATE

ATTENDANCE SHEET					
MEETING: P4H ESSA Meeting					DATE: 12/04/2017
S/N	NAME	DESIGNATION	MOBILE NO.	EMAIL	SIGN.
1	Mary A. Olorenin	SA RDU	08033434606	deedemmy@gmail.com	
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4	Althea Tijerin	SA/SPM Kadgis	08037882350	althea_tj@worldbank.org	
5	Ibrahim Husaini	DG KADGIS	08026229161	ighusaini@yahoo.com	
6	Muhammad Sani Abdullahi	MoBP	08033445888	msanikd@yahoo.com	
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8	Deborah Berger	Snr. Social + Env. Specialist, WB.	202-243-8872	dberger@worldbank.org	
9	Edda Ivan-Smith	Senior Senior Development Specialist	+1202 2500054	eivansmi@worldbank.org	
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12	Samuel Stephen Kalandoh	Dep. Pres 1st P4H	08036054854	Sammybest@yahoo.com	
13	JOGAT ISAAC B.	PM (Tax)	08023786954	jogatifox@gmail.com	
14	Muyiwa Adeleke	SAD (M & C)	08038532638	muyiwaadeleke@kds.gov.ng	
15	Gambo Amzat	ES-KADISA	08183976127	hambagambot@yahoo.com	

ATTENDANCE SHEET

MEETING: Model Bank P4A Meeting Kaduna State		DATE: 12/04/2017			
S/N	NAME	DESIGNATION	MOBILE NO.	EMAIL	SIGN.
16	Hajjat Mohd Babs	Commissioner W/Affairs	08033119990	hajjatmbaba@gmail.com	<i>[Signature]</i>
17	Suleman Abdu Kwara	Commissioner of Finance	08033019005	Sulemankwara@kafed.com	<i>[Signature]</i>
18	Yusuf Abdullahi Ryezo	GM, KEPA	08027988388	yusuf-ryezo@gmail.com	<i>[Signature]</i>

ANCE

ESSA CONSULTATIONS WITH P4M Team @ Kaduna State CBS, UKS Private Sector, Famos, Abuja  
13/04/2017 Venue: Ministry of Agric Conference Room, Kaduna

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Name	Page 2	Organization	Email	Phone	Sign
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lamu Gambo		Chairman C.O.P.	Bankande farmer Co-op. S. Limited	07037878614	
Abu Hafim		Chairman C.O.P		08037903795	
ubakar Salisu		Secretary C.O.P		08065733901	
erman Abdullahi		Member multi purpose cooperative		08038945044	
kadi usman				08067222120	
iz'm Sani				08037919111	

3) Attendee: ESSA Consultation World Bank P44 Kaduna State CSOs, NGOs, Religious

Name	Organization	Email	Q&A	Sign
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## **Annex 2: Principles for the Framework for Responsible and Inclusive Land-Intensive Agricultural Investments**

1. The proposed Program-for-Results supports the Kaduna State Development Plan, with a focus on the Economic Development and Governance pillars. It focuses on strengthening Kaduna State systems and supports the following results areas:

- Improving the business-enabling environment
- Strengthening fiscal management accountability

2. A major focus of the Program is to support Kaduna State to develop tools to successfully attract inclusive private agricultural investment and to ensure shared benefits between private investors and surrounding communities. Under this results area, the main focus of the Program is to support the Kaduna State Government (KDSG) to improve its regulatory and institutional systems in a manner that ensures balanced efforts at aggressively attracting private investors in the agriculture sector and at minimizing environmental and social (E&S) impacts. A key tenet under the Program is that sound environment and social practices will further enhance Kaduna State attractiveness for the private sector, as it will minimize potential conflicts with communities, as well as conflict between pastoralists and farmers. The Program includes a focus on improving the systems for land acquisition and resettlement and adapting the current regulatory and institutional framework to better reflect fair and inclusive principles as expressed in such instruments as the Voluntary Guidelines on the Responsible Tenure of Land, Fisheries, and Forests in the context of National Food Security (to which Nigeria is a signatory), as well as the Council on Food Security's Principles for Responsible Investment in Agriculture and Food Systems.

3. In doing so, the Program recognizes that the KDSG will need to address a number of risks and shortcomings evident in the operationalization of current laws and processes across Nigeria, including the following: (a) documentation and spatial information concerning existing rights are weak, especially in rural areas; (b) land allocation decisions based on the principle that the Government owns all land sometimes fails to take into account the legal and constitutional recognition of customary uses of rural communities; (c) the legal status of common areas is uncertain, despite the fact that such areas are critical for livelihoods of rural communities; (d) compulsory acquisition processes and compensation standards are at times not consistent with international best practice; (e) excessive reliance on compulsory acquisition to assemble land for private investment may limit the potential involvement of local communities as genuine partners in an investment; (f) benefit arrangements may be vaguely defined and constrained by weak community capacity to negotiate; (g) there is weak capacity in the state government to conduct land acquisition and reallocation efficiently and fairly; and (h) government identification of land for large-scale investment is not always based on robust environmental and social impact assessment.

4. Recognizing the significant shortcomings of the existing legal framework for land in Nigeria, this Program provides a unique opportunity to address the identified issues at the state level. The KDSG has expressed its commitment to establishing, under the Program, a

more transparent, efficient, and better resourced land sector to ensure that the current and future demand for land leads to beneficial and equitable outcomes for affected communities, while attracting and supporting high-quality investment. However, the appropriate revision of existing laws, regulations, procedures, and institutional arrangements to address this overarching goal will require significant analytical work (some of which is already under way), the development of technically sound and socially legitimate proposals, widespread consultation and validation with all affected stakeholders, followed by careful testing, and adjustment. In other words, the precise details of the reforms will necessarily require time to be designed and agreed upon.

5. The purpose of this letter, therefore, is to confirm to the World Bank the commitment of the KDSG to undertake this work in manner that is consistent with a number of key principles, related generally to improving the enabling environment for inclusive land-based investment in the agriculture sector, and more specifically, to aligning the Government's approach to fair and inclusive E&S management systems.

**1. Overarching principles:**

- Investments in agricultural lands should occur transparently and should be consistent with the objectives of social and economic growth and sustainable human development.
- Responsible investment should safeguard against dispossession of legitimate tenure right holders and environmental damage, unless adequately mitigated.
- Investments should contribute to policy objectives, such as poverty eradication, food security, sustainable land use, employment creation, and support to local communities.
- A range of production and investment models should be considered, which provides alternatives to the large-scale transfer of land and that encourage partnerships with customary and other local tenure rights holders, through joint ventures, outgrower schemes, tripartite agreements, and other models.
- Investment models should seek to ensure that, subject to the Land Use Act, affected communities have the opportunity and responsibility to decide whether or not to make land available for investments, based on informed choices, to secure sustained and well-defined benefits, to receive fair compensation for the land (including common areas) and living natural resources that they make available to investment, to engage in partnerships with investors and Government, to be able to hold investors accountable to their commitments, and to respect and abide by their own commitments.
- Investments should be subject to consultation and participation with affected people and communities, including those that are disadvantaged or vulnerable,

and they should be informed of their rights and assisted to develop their capacity to engage in consultations and negotiations.

- Large-scale investments should be preceded by independent assessments of potential positive and negative impacts on tenure rights, food security, livelihoods, and the environment.
- All existing legitimate rights, including customary and informal rights, and rights to common property resources, should be systematically and impartially identified.
- Investments should be monitored and grievance mechanisms provided for aggrieved parties, including non-judicial mechanisms.

**2. Land acquisition and resettlement.** In implementing the above overarching principles, the following specific principles should apply to issues related to land acquisition and resettlement:

- ❖ Land acquisition and related adverse impacts will as much as possible be minimized or avoided.
- ❖ Economic and social impacts caused by land acquisition or loss of access to natural resources shall be identified and addressed, including those affecting people who may lack full legal rights to assets or resources they use or occupy.
- ❖ Adequate compensation will be provided to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid before taking of land or restricting access.
- ❖ Supplemental livelihood improvement or restoration measures will be provided if taking of land causes loss of income-generating opportunity (that is, loss of crop production, or employment).
- ❖ Public infrastructure and community services that may be adversely affected will be replaced or restored.
- ❖ Where livelihoods of displaced persons are land-based, or where land is collectively owned, displaced persons should be offered an option for replacement land, unless equivalent land is not available.
- ❖ Economically displaced people with legal rights or claims should receive replacement property (for example, agricultural or commercial sites) of equal or greater value, or, where appropriate, cash compensation, at replacement cost.
- ❖ Displacement can have severe economic and social impacts even on those persons who have no formal legal right to land, particularly the poor and vulnerable who depend on that land for their livelihoods. Where this occurs, in



lieu of compensation for land, resettlement assistance should be provided to help such persons restore their livelihoods elsewhere and compensation provided for non-land assets they may lose as a result of the displacement. At the same time, reasonable cutoff dates for assistance should be established to help prevent opportunistic settlers who may move illegally into an area specifically with the expectation of receiving compensation..

- ❖ If it is demonstrated that replacement land or resources are unavailable, economically displaced people should be provided with options for alternative income-earning opportunities, such as credit facilities, skills training, business start-up assistance, employment opportunities, or cash assistance additional to the compensation.
- ❖ Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.
- ❖ Displaced persons need to be engaged about their options and rights pertaining to involuntary resettlement. Decision-making processes on involuntary resettlement and livelihood restoration should include options and alternatives from which project-affected persons may choose. Disclosure of relevant information and meaningful consultation should take place throughout the design and implementation phases of the resettlement process.
- ❖ Compensation standards for categories of land and fixed assets need to be disclosed and applied consistently. Compensation rates may be subject to upward adjustment where negotiations strategies are employed. In all cases, a clear basis for calculation of compensation will be documented and compensation distributed in accordance with transparent procedures.
- ❖ Particular attention should be paid to the engagement and needs of vulnerable groups among those displaced, especially those below the poverty line, elderly, women and children, people with disabilities, economically or socially disadvantaged, or other displaced persons who may not be adequately protected under law.
- ❖ Grievance mechanisms need to be established to provide accessible and affordable procedures for third-party settlement of disputes arising from displacement or resettlement. These mechanisms should take into account the availability of judicial recourse and community and traditional dispute mechanisms.
- ❖ Any action related to the displacement of people must comply with federal and state laws and be conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful

opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate, or excessive force).

**3. E&S sustainability.** In implementing the above overarching principles, the following specific principles should apply to issues related to E&S sustainability:

- To incorporate recognized elements of E&S assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives (including the ‘no action’ alternative); (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.
- To incorporate due consideration for social risks and impacts, including: (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable; (iii) any prejudice or discrimination toward individuals or groups in providing access to investment benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources.
- To include appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas.
- To support and promote the conservation, maintenance, and rehabilitation of natural habitats; avoid the significant conversion or degradation of critical natural habitats, including legally protected forest reserves, and if avoiding the significant conversion of natural habitats is not technically feasible, include measures to mitigate or offset impacts or program activities.
- To take into account potential adverse impacts on physical cultural property and, as warranted, provide adequate measures to avoid, minimize, or mitigate such effects.

- To promote community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, industrial and agricultural facilities, or in carrying out activities that may be dependent on such infrastructure and facilities with safety measures, inspections, or remedial works incorporated as needed.
- To promote the use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promote the use of integrated pest management practices to manage or reduce pests or disease vectors; and provide training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.
- To promote the fair treatment, non-discrimination and equal opportunity of workers and to prevent the use of all forms of forced labor and child labor in accordance with national and state laws.
- To include measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards, such as floods, hurricanes, earthquakes, or other severe weather or climate events.