



Environmental & Social Due Diligence (ESDD) for the subproject to support construction of Silo Complex for Wheat value addition by a Milling Company Limited to enhance food security.

Part I: GENERAL INFORMATION		
Client/Customer Name: Milling Company Limited	Client/Customer Number:	Sector: Agriculture - Agro-processor
Project name (if different from Customer Name):	Size of Investment /Project Cost:	If group, Total Group Exposure:
Location of the Project: Milling Company Limited Finya Shehia, Wete District Pemba – The United Republic of Tanzania	Contacts: Phone: +255 (0) 776 761370 Website: https://www.flyingfoxmill.com	Facility Type and Approved Amount: Total Exposure: Term Loan – to construct silo complex. TZS 3,000,000,000 (TZS 3 billion) equivalent to USD 1,119,779.24 Million) (1USD= TZS 2,502.46/=).
Branch: Wete Branch Customer segment: Corporate	Responsible RM/MCO/MBB/CA: Tumaini Kaloli	
Prepared/Updated by: Joseph ISHIMWE		Date: 02 September 2025

Brief Project Description:



The Milling Company Limited is a proposed large-scale wheat flour production facility to be established in Wete, on Pemba Island, Zanzibar, Tanzania. Its goal is to meet the rising demand for high-quality, affordable wheat flour in the region. With plans to source raw wheat from countries such as Kenya, Argentina and Ukraine, the mill will produce various flour grades, premium and whole wheat, serving both retail and wholesale markets across Zanzibar and mainland Tanzania. Additionally, the project will make use of by-products like wheat bran for animal feed and gluten for industrial purposes, offering a broad product range.

Pemba Island, home to nearly 600,000 people and an economy rooted in farming, fishing, and seaweed cultivation, currently lacks a local flour mill, relying heavily on flour imports from Unguja and mainland Tanzania. The island imports approximately 130 metric tons of flour daily. With a planned production capacity of 50 tons per day, the Mill is expected to meet a significant portion of this demand locally, ensuring a viable market without needing to export its products beyond the island.

Milling has requested financial support from the bank to construct silo complex that will be used to store the procured wheat cereals for wheat flour production, a key food staple in Zanzibar, as confirmed by the Office of the Chief Government Statistician, Zanzibar. The allocated funds will be strictly used for acquiring prefabricated steel silos and then constructing the silo complex so that the raw material (cereals) procured will be safely stored and avoiding spoilage and infestation.

To ensure regulatory compliance, the bank has mandated verification of Environmental Impact Assessment (EIA) certificates issued by the Zanzibar Environmental Management Authority (ZEMA). These certificates confirm adherence to national laws and provide details on the scale, location, and nature of associated storage facilities. The EIA stipulates conditions for Milling, including alignment with national environmental and social frameworks, mitigation of potential risks, implementation of impact reduction measures, demonstration of environmental and social management capacity, emergency preparedness protocols, and ongoing monitoring and reporting obligations.

The requested facilities shall be channelled under FP 179 TACATDP funding and will serve as term loan for construction of silo complex at Milling's Finya Shehia milling plant. The project's feasibility and environmental sustainability were validated through an Environmental and Social Impact Assessment (ESIA), which concluded that the proposed operations have manageable, site-specific impacts supported by comprehensive baseline data. As such, the project has received regulatory approval, confirming its alignment with Zanzibar's environmental and social safeguards which affirms that Milling's funding request complies with GCF requirements and national regulations, ensuring sustainable and legally sound project execution.

Moreover, the mill is designed to serve as a socially and environmentally responsible business, with a strong commitment to promoting climate adaptation and reducing the nation's dependency on wheat imports. In line with Tanzania's Agricultural Sector Development Programme II and the United Nations Sustainable Development Goals (SDGs), specifically SDG 2 (Zero Hunger) and SDG 13 (Climate Action), the business will adopt climate-smart practices to improve food security and contribute to the country's sustainable development as well as encourage local farming of wheat in the long run.

		Yes/No/NA	Additional information
Exclusion List	Does the activity falls under the Exclusion List? <i>Refer annex 1 of ENVIRONMENTAL & SOCIAL MANAGEMENT PROCEDURES</i> If Yes , reject the application If No – Proceed to the process in Part II through to part III	NO	The activities do not fall under exclusion list meaning that they can be funded under the GCF Proceeds.

PART II: ENVIRONMENTAL AND SOCIAL RISKS CATEGORIZATION PROCESS:**SECTION 1:****E&S Categorization based on the National Laws and Regulations:**

The project activities fall under activities that require an Environmental and Social Impact Assessment as stipulated in the Zanzibar Environmental Management Act No. 3 of 2015, as it involves construction activities of a milling plant.

SECTION 2:		
E&S Risk Category Identification based on IFC Performance Standards 1 to 8:		
Applicable Requirements	Yes /No/ NA	Management Plan <i>(Please provide additional information for actions taken/to be taken to minimize/mitigate the impacts)</i>
Performance standards 1: "Assessment and Management of Environmental and Social Risks and impacts."		
(a) E&S policy/Management System available?	Yes	<p>The milling company has an approved Environmental and Social Management Plan (ESMP) designed to integrate sustainability into every aspect of its milling operations. This comprehensive plan outlines clear mitigation measures and assigns responsibilities to ensure effective implementation. The ESMP focuses on identifying and assessing potential environmental and social risks associated with the milling process, establishing strategies to minimize negative impacts, and setting up a continuous monitoring system to evaluate outcomes. Central to the plan is active stakeholder engagement, particularly with local communities, to ensure transparency, inclusivity, and local ownership of environmental and social safeguards. It also includes capacity-building initiatives for stakeholders involved in the implementation of these safeguards. By aligning with both national and international regulatory standards, the ESMP ensures that Milling operates in a socially responsible and environmentally sustainable manner while supporting broader goals such as sustainable agricultural practices and community development.</p>
(b) Is the system/procedure in place to identify, assess and manage the potential E&S risks and impacts?	Yes	<p>The mill has an Environmental and Social Management Plan that stipulates potential E&S risks and impacts and they are to be managed and also as part of compliance, Mill work hand in hand with intergovernmental authority such as Zanzibar Environmental Management Authority (ZEMA), Prime Minister's Office - Labour, Youth, Employment and Persons with Disability, Occupational Safety and Health Agency (OSHA), and Local Government authorities.</p>

(c) Is E&S Officer for managing E&S issues available?	Yes	<p>The E&S issues in milling operations are overseen by a designated HSE personnel who is also assisted by a contracted and certified EIA/EA consultant (ISMACO Company Limited)</p> <p>Moreover, at site level, the HSE is assisted by trained SHE Reps and OSHA conducts regular training to the workforce on safe working practices.</p>
(d) Is the procedure in place to engage with local communities (eg. grievance mechanism, stakeholder engagement plan) to address community grievance?	Yes	<p>The milling company being a limited company follows a set feedback and complaints mechanisms that includes the feedback channels such as suggestion boxes, customer service desk, toll-free phone numbers, and online platform (website) for lodging grievances.</p> <p>The existing feedback and complaint system operates in the principles and procedures, such as impartiality, confidentiality, and timely resolution of complaints and easily accessible to all stakeholders which are in alignment with CRDB GRM and GCF IRM as all captured feedback and complaints are escalated to relevant regulatory such as the Fair Competition Commission (FCC).</p>
(e) Does the company have the emergence response Plan?	Yes	<p>The milling activities require the minimal of emergency response plan for cases such as theft and disasters such that the premises are guarded by security personnel and that an intra-governmental agencies collaboration such as with Fire and Rescue Force and other forces are in place in case of emergencies.</p>
Performance standards 2: “Labour and Working Conditions.”		
(a) How many employees does the company have?		<p>The milling operations are looking to create around 45 jobs in the milling plant and all will be permanent employees.</p>

<p>(b) Is Human Resource (HR) Policy available? (that is consistent with the requirements of national labour laws)</p>	<p>Yes</p>	<p>The milling company is committed to human resources policy that is adopted and developed as per The Zanzibar Employment Act No.11 of 2005.</p> <p>The Mill also strictly abides to the Sexual Offenses (Special Provisions) Act, Chapter 16 (CAP 16) of the Laws of Tanzania and labour laws and Part II of the Zanzibar Employment Act No.11 of 2005 which focus on preventing sexual exploitation, abuse, and harassment (SEAH) in the workplace.</p> <p>Moreover, as per the Tanzania's laws prohibit discrimination in employment, including issues related to race, gender, disability, and sexual orientation. The Equal Opportunities Employment Act (CAP. 366 R.E 2019) outlines such policies. These regulations apply to all Tanzanian employers, including the Milling, to ensure non-discriminatory practices in hiring, promotion, and workplace treatment.</p>
<p>(c) Are policies and procedures for managing and monitoring the performance of third-party employee contractors in terms of labour and working conditions available?</p>	<p>Yes</p>	<p>The Milling's procurement of prefabricated steel and construction (assembling on site) will involve third parties (suppliers & contractors). These third parties are crucial as due to the nature of construction activities of silo complex.</p>
<p>(d) Has the company established a grievance mechanism for workers and third-party contract workers?</p>	<p>Yes</p>	<p>The milling company being a limited company follows a set feedback and complaints mechanisms that includes the feedback channels such as suggestion boxes, customer service desk, toll-free phone numbers, and online platform (website) for lodging grievances that covers the third-party contract workers.</p> <p>The existing feedback and complaint system operates in the principles and procedures, such as impartiality, confidentiality, and timely resolution of complaints and easily accessible to all stakeholders which are in alignment with CRDB GRM and GCF IRM as all captured feedback and complaints are escalated to relevant regulatory such as the Fair Competition Commission (FCC).</p>

(e) Does the company provide its workers with a safe and healthy work environment ?	Yes	Milling workers are provided with PPE and supply of drinking water. Moreover, to ensure a safe and healthy working environment, there are regular breaks, changing rooms and sufficient lavatories as stipulated in the OSHA Act.
(f) Where applicable does the company provide workers with and mandating that workers to use personal protective equipment (PPE) ?	Yes	Workers are provided with PPEs at the workplace at all times.
(g) Does the company comply with Occupational health and safety procedures ?	Yes	Milling plant has OSHA workplace compliance certificate and are being audited by OSHA on regular basis as per the OSHA Act 2003 and The Occupational Safety and Health (General Administrative) Rules, 2015 Section 12 guidelines in relation to compliance with the Occupational Health and Safety procedures.
(h) Does the company track and report on rates of injury, occupational diseases, lost days, and number of work-related facilities? Please provide recent data.	Yes	No incidents recorded over the past 2 years, Milling is being audited by OSHA on regular basis as per the OSHA Act 2003 and The Occupational Safety and Health (General Administrative) Rules, 2015 Section 12 guidelines.
(i) Does the company have training programs in place for workers on Occupational health and safety?	Yes	The Mill does receive mandatory trainings on First Aid and SHE Reps from Occupational Safety and Health Authority.
(j) Is the company involved in harmful child labour or forced labour (Including supply chain for Agri-commodity clients)?	No	<p>The milling operations are governed by a Human Resources policy that is adopted as per The Zanzibar Employment Act No.11 of 2005 which under Part II Section 5 to 9 strictly entails prohibition to Child and Forced Labour.</p> <p>Moreover, the company as a listed company strictly adhered to this as Tanzania is a signatory to international conventions such as the International Labour Organization (ILO) Conventions that prohibit child labour and forced labour which is cascaded and incorporated in the Zanzibar Employment Act No.11 of 2005.</p>

<p>(k) Is the borrower engaged in a business or activity where workers on-site could potentially be seriously hurt or killed?</p> <p>Examples of threats include working at heights, handling toxic chemicals, electrical shock, moving or lifting heavy loads, operating machinery, confined space entry, driving cars/trucks, etc.</p>	Yes	<p>The nature of the work has potentials hazards such as lifting heavy loads, however, there are Safety Procedures to follow, and adequate lifting tools are used to reduce over exhaustion of manpower.</p>
<p>Performance standards 3: "Resource Efficiency and Pollution Prevention."</p>		
<p>(a) Does the company implement measures for improving efficiency in its consumption of energy, water, raw materials and other resources and inputs?</p>	Yes	<p>The milling plant use electricity from Zanzibar Electricity Corporation (ZECO) and rely on water from a drilled borehole.</p> <p>Moreover, there are no issues, incidents, non-compliances, exceedances, or complaints related to resource use (such as water and electricity).</p>
<p>(b) Does the company generate any air, liquid or solid waste emissions during construction and /or operational phases? If yes please provide details.</p>	Yes	<p>During proposed project operation solid waste that will be generated include, grain crushed, and powder waste, plastic bags, papers, and others associate with plant production on-site.</p> <p>Crushed and powder from grains is a beneficial waste as it is treasured by poultry feeds and crop farmers as a fertilizer whereas Milling has installed a feed production unit where all the wastes is captured and recycled to be poultry feeds.</p> <p>Other wastes are domestic wastes such as food and general wastes, and office wastes including paper, cardboard, and printer cartridges/ribbons and human sewage.</p>

<p>(c) Is there procedure in place for monitoring air and water emissions. Please provide a copy of any effluent discharge permit issued by the local authorities.</p>	<p>Yes</p>	<p>Wastewater that will be generated by the project is due to such activities as facilities cleaning as well as domestic activities. In addition to sweeping grain sheds to remove litter, they shall be washed in order that any residual materials are removed. The process will lead to washdown water containing very small amounts of organic matter and microbes.</p> <p>No direct discharge shall be made into environment instead all water resulting from the washing down of the milling plant houses or silo will be passed over fine mesh screens to remove solid particles which will then be used for poultry feed or composted for fertilizer, the remaining water will be processed through a septic tank system on the site to breakdown any organic matter and then released into a soak pit.</p> <p>Similarly, all wastewater from processing halls and domestic activities (staff housing and cottages) shall be handled through septic tanks with soak away pits and later on disposed to designated oxidation ponds. Moreover, storm water from roof tops shall be directed towards the installed septic tanks and not directly into the surrounding environment.</p>
<p>(d) Is the procedure to guide the storage, handling, and disposal of the solid wastes</p>	<p>The main wastes produced from the mill plant are organic matters such as wheat residues from sieves i.e. impurities smaller or larger than grain and they cannot cause significant hazards to human health or the environment when properly managed. Wastes from grain processing are considered to be non-hazardous wastes and with the installed recycling section, the solid wastes are properly handled.</p>	
<p>(e) Are the diesel storage tanks fitted with secondary containment bunds?</p>	<p>N/A</p>	<p>There are no diesel storage tanks.</p>
<p>(f) Is there response procedure in place to manage spills or accidental discharge?</p>	<p>N/A</p>	<p>There are no diesel storage tanks.</p>

Performance Standard 4:

“Community Health, Safety, and Security.”

(a) Are there local communities in close proximity to the company's facilities and does the company have procedure to address community health, safety and security issues in the context of its operations?	No	The milling activities are in proximity with the local community who will positively be impacted by the milling plant through job creation and is in alignment as stipulated by the Ward (Shehia) Office during consultation that are aimed at improving the livelihoods of the local communities and ensure the implementation of MKUZA III and Investment Policy of Zanzibar.
(b) Are safety procedures in place to deal with hazardous material release, transport and disposal to avoid or to minimize exposure of local communities to those materials?	N/A	There is no use of hazardous substances in the milling operations.
(c) Are armed security personnel to provide security services at the facility available?	Yes	There are security personnel to guard the premises, but are not armed, they are generally present to allow access and egress from the premises.
(d) Is there a traffic management plan for managing additional traffic associated with company's activities?	N/A	<p>The activities involve procurement of prefabricated steel and construction (assembling on site).</p> <p>However, there is separate access and egress for vehicle offloading raw materials and those loading packed wheat bags to avoid vehicle collision as well as pedestrian interactions.</p>

<p>(e) Is the borrower engaged in a business or activity that has the potential to cause harm to a neighboring community?</p> <p>If the borrower's activity uses harmful chemicals that could spill, could have a toxic air emission release, could explode or catch fire, is maintaining or will construct a dam, is employing security forces, is bringing in a large workforce from outside the community, etc. then this is possibly a risk/impact</p>	No	<p>The procurement of prefabricated steel and construction (assembling on site) pose no threat to the neighbouring communities as the silo once complete, the cereal products procured will be stored free from spoilage and infestation, then they are milled in a closed system plant and no interaction with the community in any means.</p>
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Performance standards 5:

"Land Acquisition and Involuntary Resettlement".

<p>(a) Is there any involuntary land acquisition planned/happened for/in the proposed investments?</p>	No	<p>The milling main operations involves the procurement and milling of wheat cereals for value addition and enhancing food security in the country which does not involve involuntary land acquisition and the land where the milling plant is found have low risk of involuntary land acquisition (has never occurred).</p> <p>Moreover, the land where Milling is operating is legally owned by Milling acquired through willing buyer-willing seller basis and issued with the certificate of occupancy by the Ministry of Lands, Housing and Human Settlements Developments with the land use designated for Warehouse Purposes, use group 'L' and Industrial Purposes use group 'M', use class (a) as defined in the Town and Country Planning (Use Classes) Regulation, 1960 as amended in 1993.</p>
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(b) Has there been any physical and /or economic displacement because of land acquisition for this project?	No	The milling main operations involves the procurement and milling of cereals for enhancing food security in the country with no physical and/or economic displacement involved.
(c) Has the company disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision-making process relating to resettlement?	N/A	There are no affected persons and communities.
(d) Did the company consider alternative design to avoid or minimize economic and physical displacement?	N/A	The project execution was the most feasible one, as it has minimal impacts with no economic and physical displacement.

<p>(e) Has the borrower acquired land in the past 5 years or is the borrower planning to acquire land in the near future? If yes, did/does the borrower or a designated authority have the right to use lawful expropriation, even if a willing buyer-willing seller negotiation was/will be completed?</p> <p>If the borrower has not or will not be acquiring land in the near future, then this is a low risk.</p> <p>If the borrower has acquired land or plans to in the near future and they have access to expropriation the risk can be high.</p>	No	<p>The mill's main operations involves the procurement and milling of cereals for value addition and in turn enhancing food security in the country.</p> <p>Moreover, the land ownership of the current associated facilities is of more than five (5) years.</p>
<p>Performance Standard 6: “Biodiversity Conservation and Sustainable Natural Resource Management”.</p>		
<p>(a) Does the company's activities impact on biodiversity?</p>	No	<p>The milling operations involves the procurement and milling of cereals for value addition and enhancing food security in the country and has no impact on biodiversity.</p> <p>Moreover, with procurement of prefabricated steel and construction (assembling on site) of silo complex, will result to avoiding spoilage and infestation of cereal which also avoids impact on biodiversity.</p>

<p>(b) Does the business operate in a legally protected area? If Yes, confirm that the company has the requisite approvals to operate in such area.</p>	No	<p>The milling activities is in a milling plant which is not in a legally protected area.</p>
<p>(c) Are there any biodiversity impacts associated with supply chain? (eg. Agri-commodity supply chain).</p>	No	<p>The Milling in its operations does not have biodiversity impacts associated with value chain.</p>
<p>(d) Will the borrower's activities potentially impact biodiversity and/or ecosystem services? If the borrower will be clearing land for construction or is in or near a Provincial or National Park, Protected Area or ecologically sensitive area (e.g. swamp, mangrove, coral reef, forest, etc.) then there is a possibility that there will be impacts upon biodiversity or ecosystem services. If borrower activities will only take place within an existing facility or on land that has previously been cleared/converted, then the risk is low.</p>	No	<p>The Milling in its operations does work with other intra-governmental agencies such as Department of Forestry and Non-Renewable Natural Resources (DFNR), Ministry of Agriculture, Irrigation, Natural Resources and Livestock (MAINL) – Zanzibar and Ministry of Tourism and Heritage of Zanzibar not to purchase wheat grains from National Parks, Protected Area or ecologically sensitive area.</p> <p>Moreover, Milling activities are in milling pant that are not in or near a Provincial or National Park, Protected Area or ecologically sensitive area.</p>

Performance standards 7:

“Indigenous Peoples (IPs).”

IPs are communities or groups of people practicing unique traditions, and that retain social, cultural, economic and political characteristics that are distinct from those of the dominant society in which they live.

Are there any **Indigenous Peoples** (IPs) in the area of the borrower’s activities?

No

There are no indigenous people in the vicinity of Milling operating area in the Finya Shehia, Wete Ward in Pemba.

Is it likely that **Indigenous people** will be adversely impacted because of the company’s operations?

No

It is not likely as the indigenous people found in Tanzania are primarily hunter-gatherer and pastoralist communities whose activities are not linked with Milling operations therefore no wheat is procured from Indigenous people.

Performance standards 8:

“Cultural Heritage”.

(a) Is the project/the borrowers activities located in/or near cultural heritage sites and structures (eg. Artefacts, archaeological sites, graves, and sacred forests) can be found?

No

None of the national identified cultural heritage resources by the Ministry of Tourism and Heritage of Zanzibar, Antiquities Division Antiquities Sites (AD 2018) is located within the proposed storage facilities, and there are overall no known tangible and intangible cultural heritage sites within the facilities.

(b) Will the borrower commercially use cultural heritage?

No

The borrower only mills wheat.

<p>FORESTRY/AGRICULTURE Is the borrower's primary business activity in the primary production or purchase of living natural resources, including natural and plantation forestry, agriculture, animal husbandry, aquaculture, or fisheries?</p> <p>If the borrower produces or purchases living commodities as part of its core business, then its' activities and/or supply chain has a risk of impacts to biodiversity.</p>	No	<p>The Milling in its operations does promote sustainable agriculture that enhances the perpetuation of the production lines which also involves working with other intra-governmental agencies such as Department of Forestry and Non-Renewable Natural Resources (DFNR), Ministry of Agriculture, Irrigation, Natural Resources and Livestock (MAINL) – Zanzibar and Ministry of Tourism and Heritage of Zanzibar not to purchase from cereals from geographic area which is in or near to natural and/or critical habitats.</p>
<p>(i) Is the primary production, certified and independently verified by a credible international, regional, or nationally recognized standard?</p> <p>If answer is no then high-risk.</p>	Yes	<p>The Milling Company Limited is a registered company as per the Zanzibar Companies Act, 2013 with the Zanzibar Business and Property Registration Agency (BPRA) who activities follow Zanzibar Bureau of Standards (ZBS) standards related to food storage, handling, and quality assurance of grains and wheat commodities.</p>

<p>(ii) (For Agri supply chain) Is the borrower purchasing primary agro-commodity production from a geographic area which is in or near to natural and/or critical habitats</p> <p>If answers is yes then high-risk.</p>	No	<p>The Mill in its operations does promote sustainable Agri Supply chain of the production lines through inter linkage governmental agencies such as Department of Forestry and Non-Renewable Natural Resources (DFNR), Ministry of Agriculture, Irrigation, Natural Resources and Livestock (MAINL) – Zanzibar and Ministry of Tourism and Heritage of Zanzibar not to purchase from cereals from geographic area which is in or near to natural and/or critical habitats.</p>
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Section 3:

Conclusion of the Environmental & Social Risk Categorization.

3.1 E&S Risk category

The Project is Category **B**

3.2 Reason(s) for Categorization:

1. The project activities fall under activities that require an Environmental and Social Impact Assessment as stipulated in the Zanzibar Environmental Management Act No. 3 of 2015, as it involves construction activities of a milling plant, and
2. Based on International Finance Corporation (IFC), the corporation provides a list of categories according to the magnitude of E&S risks impacts and the mitigation measures in place and based on the ESDD assessment against the IFC PSs the project activities within the associated facility is category B.

Conclusively, the environmental and social impacts resulting from Milling operations are generally site-specific, largely reversible, and readily mitigatable as they exclusively involve procurement of prefabricated steel and construction (assembling on site) of silo complex to store the procured cereals and mill to add value and enhance food security of wheat cereals in a milling plant. Furthermore, all potential negative impacts identified through ESDD could be mitigated to reduce severity and significance to acceptable levels or use of management controls. The associated negative impacts have been primarily minimized through best management practices, safety and contingencies procedures and practices. Implementing proposed mitigation measures would increase environmental soundness of the project. It is, therefore, concluded that, implementation of the procurement of prefabricated steel and construction (assembling on site) of silo complex to store the procured cereals and mill to add value and enhance food security of wheat grain will entail no deterrent impacts provided that recommended mitigation measures are adequately and timely put in place which makes the activities medium risks (Category B).

	Yes/N o/NA	Additional Information/Status/Remarks
EIA certificate from ZEMA available? (Attach a copy-with its general and specific conditions.	Yes	Milling has an EIA certificate for the milling plant in which they now require funds to procure prefabricated steel and construction (assembling on site) of silo complex to store the procured cereals and mill to add value and enhance food security in Pemba, Zanzibar - Tanzania.
OSHA certificate available? (Attach with conditions if any).	Yes	Milling has OSHA certificates issued by the department of Occupational Safety and Health, which operates under the Office of the President for Labour, Economy, and Investment. for the milling plant they operate in which they now require funds to procure prefabricated steel and construction (assembling on site) of silo complex to store the procured cereals and mill to add value and enhance food security in Pemba, Zanzibar - Tanzania.

EIA reports available. (attach with EMP/ESMP Section)	Yes	The issuance of the EIA certificate is a result of submission of the ESIA report to ZEMA, and the reports are available for the associated milling facility.
Does a project have a free prior informed consent from surrounding community?	Yes	This is a mandatory step before being issued with the EIA certificate.

Conclusion:

The assessment emphasizes the critical role of continuous engagement, adaptive management systems, and proactive risk mitigation in achieving sustainable outcomes for Milling's value-added operations aimed at addressing food security challenges. The project has been assessed against the national standards and IFC Performance Standards (PS) 1-4, focusing on Assessment and Management of Environmental and Social Risks and Impacts (PS 1), Labour and Working Conditions (PS 2), Resource Efficiency and Pollution Prevention (PS 3), and Community Health, Safety, and Security (PS 4). The findings indicate that while the project aligns with most of the requirements, there are specific areas requiring additional attention to fully comply with both national and international standards (PS 1-8).

The milling company has established a robust and comprehensive Environmental and Social Management Plan (ESMP) that effectively integrates sustainability into its operations. This ESMP is meticulously designed to address both environmental and social risks throughout the milling process, offering clear mitigation strategies and assigning specific responsibilities for their implementation. At the core of this plan is a commitment to minimizing negative environmental and social impacts, while also ensuring that monitoring mechanisms are in place to track the success of these efforts.

The company places a strong emphasis on active stakeholder engagement, with a particular focus on local communities. By prioritizing transparency, inclusivity, and local ownership, Milling fosters trust and cooperation among all involved parties. This stakeholder-focused approach is further supported by capacity-building initiatives to equip local stakeholders with the necessary skills to implement environmental and social safeguards effectively.

The Mill aligns its operations with both national and international regulatory standards, demonstrating a clear commitment to socially responsible and environmentally sustainable practices. By doing so, the company not only meets legal requirements but also contributes to broader goals such as sustainable agriculture and community development. The company's adherence to compliance is reinforced through its collaboration with key intergovernmental authorities, including the Zanzibar Environmental Management Authority (ZEMA), the Prime Minister's Office - Labour, Youth, Employment, and Persons with Disabilities, and the Occupational Safety and Health Agency (OSHA). Furthermore, Milling works closely with local government authorities to ensure all environmental and social risks are properly managed and mitigated. This collaborative approach strengthens the company's commitment to compliance and accountability. The oversight of environmental and social issues is handled by a designated HSE (Health, Safety, and Environmental) personnel, supported by a certified external consultant, ISMACO Company Limited. This team ensures that all operations are carried out safely and responsibly, with regular safety training and monitoring in place.

The company's feedback and complaints mechanism are another critical component of its accountability framework, offering a range of accessible channels for stakeholders to voice concerns. These mechanisms are grounded in principles of impartiality, confidentiality, and timely resolution, ensuring that all feedback is handled in line with industry best practices. Additionally, Milling has established a minimal yet effective emergency response plan, with security measures and inter-agency collaboration in place to address any unforeseen emergencies, such as theft or natural disasters. This proactive approach to emergency preparedness further underscores the company's dedication to the safety and well-being of its employees, stakeholders, and the surrounding community.

The Mill demonstrates a strong commitment to both national and international legal standards, ensuring compliance with Tanzanian and Zanzibar laws. The company adheres to the Zanzibar Employment Act No. 11 of 2005, the Sexual Offenses (Special Provisions) Act (Chapter 16), and the Equal Opportunities Employment Act (CAP 366 R.E 2019). These regulations guide the company's employment practices, focusing on preventing discrimination, sexual exploitation, and abuse in the workplace. Moreover, Milling's commitment extends to international labour conventions, such as those set by the International Labour Organization (ILO), specifically those prohibiting child and forced labour, which are also incorporated into Tanzanian law.

In terms of human resources practices, Milling is dedicated to creating stable employment, with plans to generate up to 45 permanent jobs at the milling plant. The company follows strict equal opportunity policies, ensuring that hiring practices are non-discriminatory with respect to race, gender, disability, and sexual orientation. Furthermore, Milling provides effective feedback and complaints channels, including suggestion boxes, a customer service desk, toll-free numbers, and an online platform. These mechanisms ensure that complaints are handled impartially, confidentially, and in a timely manner, with escalations to relevant regulatory bodies like the Fair Competition Commission (FCC) when necessary.

Workplace safety and employee health are priorities for Milling, which ensures that all workers are provided with necessary Personal Protective Equipment (PPE). The company also complies with the Occupational Safety and Health (OSHA) Act by providing drinking water, regular breaks, changing rooms, and sufficient lavatories to maintain a healthy working environment. Additionally, Milling undergoes regular audits by OSHA to ensure adherence to safety regulations, and its employees are trained in First Aid and Safety, Health, and Environmental (SHE) practices, which further contributes to a safe workplace.

Although the nature of the work at Milling involves some physical risks, such as lifting heavy loads, the company has implemented proper safety procedures to minimize these hazards. Adequate lifting tools are provided to reduce the risk of overexertion, and no workplace incidents have been recorded over the past two years, indicating the effectiveness of these safety measures in protecting employees. Milling also relies on third parties for its cereal procurement and milling processes, particularly for the supply of wheat grain, as local sources are insufficient. The company ensures that these third-party suppliers adhere to its employment and safety standards, ensuring that the entire supply chain operates under ethical practices, including non-discrimination and human rights protections.

The mill has established itself as a company that prioritizes legal compliance, employee welfare, and workplace safety. By adhering to national and international regulations, implementing inclusive and non-discriminatory practices, and maintaining a safe working environment, Milling creates not only job opportunities but also a workplace where employees are treated with respect and care. The planned creation of 45 permanent jobs further reflects the company's commitment to supporting both the local workforce and a sustainable, ethical business model.

In alignment with IFC Performance Standard 3 on Resource Efficiency and Pollution Prevention, Milling demonstrates a strong commitment to sustainable resource use and waste management. The plant operates using electricity from the Zanzibar Electricity Corporation (ZECO) and relies on a borehole for water, with no reported issues or non-compliances related to resource consumption. Solid waste generated, primarily grain residues is considered non-hazardous and is effectively repurposed through an on-site feed production unit, turning waste into poultry feed and compost. Additional waste streams, including domestic and office waste, are managed responsibly, while wastewater from cleaning and domestic use is treated through a septic system and soak pits, ensuring no direct environmental discharge. All washdown and stormwater is filtered, treated, and appropriately disposed of, preventing pollution and promoting environmental protection. With no diesel storage on-site and systems in place to recycle or safely manage all waste types, the milling plant ensures its operations pose minimal risk to human health or the environment, fully supporting the principles of sustainable industrial development.

In the aspect of community health, safety and security (IFC PS 4), Milling activities are well-positioned to positively impact the local community through job creation, in line with the objectives set forth by the Ward (Shehia) Office. These activities align with the broader goals of improving the livelihoods of local residents and supporting the implementation of MKUZA III and Zanzibar's Investment Policy. The milling process itself does not involve any hazardous substances, ensuring a safe operational environment. The premises are securely monitored by non-armed security personnel, ensuring controlled access without posing any risks to the surrounding community. The procurement and milling of wheat grains are conducted in a closed system plant, which prevents any direct interaction with or disruption to the local community. Additionally, the facility has been designed with separate access routes for vehicles offloading raw materials and those loading packed products, minimizing the risk of accidents or pedestrian conflicts. Overall, the milling operations present no significant threat to the neighbouring communities and contribute positively to the region's economic development.

Moreover, milling operations, which focus on the procurement and milling of cereals for additional value and enhancing food security, have no adverse impact on biodiversity. The plant is located outside any legally protected or ecologically sensitive areas, ensuring that its activities do not interfere with national parks, protected areas, or areas of ecological significance. In collaboration with relevant intra-governmental agencies such as the Department of Forestry and Non-Renewable Natural Resources (DFNR) and the Ministry of Agriculture, Irrigation, Natural Resources and Livestock (MAINL) – Zanzibar, the milling company ensures that no wheat grains are sourced from such sensitive regions.

Additionally, the Milling operations are situated in an area where there are no indigenous peoples, and the company's activities do not involve or affect any indigenous communities. The procurement of wheat is not linked to indigenous populations, ensuring that no cultural or social conflicts arise and additionally in regard to cultural heritage, there are no identified tangible or intangible cultural heritage sites within the milling plant's operational area, as confirmed by the Ministry of Tourism and Heritage of Zanzibar. The company's operations strictly adhere to the Zanzibar Bureau of Standards (ZBS), ensuring compliance with food storage, handling, and quality assurance regulations. Furthermore, Milling promotes sustainable agriculture and a responsible agri-supply chain by working with governmental agencies to avoid sourcing cereals from areas near natural or critical habitats.

The environmental and social impacts resulting from Milling operations are generally site-specific, largely reversible, and readily mitigatable and the operations align with environmental and cultural standards, contributing positively to the local economy while respecting biodiversity, indigenous rights, and cultural heritage and most importantly the Environmental and Social Management Plan is a comprehensive, well-structured framework that integrates sustainability, community engagement, and regulatory compliance into its milling operations. The company's efforts to manage environmental and social risks, promote inclusivity, and ensure safety highlight its commitment to operating as a responsible and sustainable business.

Recommendations:

1. Strengthen Environmental and Social Management Systems (PS 1)

While the Milling Company has made commendable progress in developing a robust Environmental and Social Management Plan (ESMP) and fostering strong stakeholder engagement, there are several areas that require further attention to fully align with IFC Performance Standard 1. The company should enhance its adaptive management approach by ensuring that monitoring results lead to timely updates of mitigation measures. Greater transparency is also needed through regular public disclosure of key environmental and social documents and outcomes. Additionally, the development of a comprehensive environmental and social risk register would help prioritize and manage risks more effectively. The grievance mechanism should be clearly defined, culturally appropriate, and accessible to all stakeholders, with clear procedures for resolving concerns. Lastly, the company is encouraged to assess cumulative impacts from nearby projects or operations and integrate these findings into its risk management strategies. Addressing these areas will strengthen Milling's ability to manage risks proactively and maintain compliance with international best practices.

2. Enhance Labour Practices (PS 2)

To further strengthen its alignment with IFC Performance Standard 2, Milling could take several steps. First, enhancing employee engagement and awareness programs would ensure ongoing communication about employee rights, workplace policies, and grievance channels. This could be achieved through regular workshops, training, and feedback surveys. Additionally, while current safety measures are effective, conducting a comprehensive ergonomic assessment of workstations and tasks could help reduce long-term physical strain and machinery-related risks. The company should also consider expanding its third-party supplier audits to ensure consistent compliance with labour rights, safety, and welfare standards. Strengthening its diversity and inclusion efforts by formalizing a strategy with measurable goals would promote greater representation and opportunities for underrepresented groups. Finally, improving record-keeping and reporting practices related to labour practices, grievance resolution, and safety audits would increase transparency and accountability. These actions would further enhance Milling's commitment to a safe, ethical, and compliant workplace, fully aligning with international labour standards.

3. Promote Resource Efficiency and Pollution Prevention (PS 3)

To further align with IFC Performance Standard 3 on Resource Efficiency and Pollution Prevention, Milling can consider a few areas for improvement. While the company has made significant strides in sustainable resource use and waste management, there are opportunities to enhance its environmental performance. First, the company could implement regular resource consumption audits to track and optimize the use of water and electricity, identifying opportunities for further reduction and efficiency improvements. Additionally, although the plant effectively repurposes solid waste into poultry feed and compost, expanding the scope of waste recycling efforts to include other materials, such as packaging and non-organic waste, could further reduce its environmental footprint. While wastewater is treated through a septic system, the company might explore advanced wastewater treatment technologies that offer even greater environmental protection and reduce the reliance on soak pits. Finally, while the plant manages waste responsibly, implementing a comprehensive waste minimization plan could help identify opportunities to reduce waste generation at the source, further contributing to pollution prevention. By addressing these areas, Milling could continue to enhance its sustainability practices and further minimize its environmental impact.

4. Safeguard Community Health and Safety (PS 4)

To further align with IFC Performance Standard 4 on Community Health, Safety, and Security, Milling could take several steps to enhance its positive impact on the local community. While the company's activities already contribute to local job creation and economic development, additional efforts to engage with the surrounding community could foster greater long-term collaboration. This could include regular community consultation meetings to ensure that local residents are informed about operations, potential risks, and the company's safety measures. Although the milling process itself is safe, the company could consider conducting a comprehensive community health and safety risk assessment to identify and address any potential indirect risks associated with noise, traffic, or air quality.

Furthermore, enhancing security measures with a focus on community safety awareness programs could help ensure that both employees and local residents feel secure. Lastly, while the plant has separate access routes for vehicles, it might be beneficial to introduce additional traffic safety measures, such as signage or traffic control personnel during peak hours, to further minimize the risk of accidents. By implementing these strategies, Milling can continue to foster a secure and healthy environment for both its operations and the local community.

Implementing the recommended improvements across various areas, Milling can significantly enhance its operations and long-term sustainability. Strengthening its Environmental and Social Management Systems (PS 1) will enable the company to better manage risks, enhance transparency, and stay aligned with international best practices. Improving labour practices (PS 2) will foster a safer, more inclusive, and compliant workplace, ensuring better employee engagement and adherence to labour rights. Further advancing resource efficiency and pollution prevention (PS 3) will help the company reduce its environmental footprint, optimize resource consumption, and enhance waste management, contributing to a more sustainable operation. Finally, enhancing community health and safety measures (PS 4) will improve local relations, reduce potential risks to surrounding communities, and promote a safer, more collaborative environment. By addressing these key areas, Milling will not only align more closely with IFC standards but also benefit from enhanced operational efficiency, a stronger reputation, and a positive impact on the local community and environment finally, contributing to the success and sustainability of GCF funding.

Action Plan

S/No	Action	Objective	Deliverable	Responsibility	Timeline	Status
1	Milling Company to address all grievances raised by all stakeholders and report all grievances recorded to CRDB Bank Plc.	To align Milling Grievance Redressal Mechanism with the CRDB Bank Plc GRM and GCF IRM to Ensure transparency & address grievances.	All raised grievances from all stakeholders have been resolved and communicated through the relevant mechanisms (Milling GRM, CRDB Bank GRM, and GCF IRM) and disseminated to stakeholders.	HSE Team	Ongoing throughout lifetime of the facility.	
2	Implement ongoing stakeholder engagement to ensure effective communication and consideration of stakeholder concerns.	Implementation of a stakeholder engagement plan to ensure all stakeholder are informed and concerns are considered.	Stakeholder meeting reports.	HSE Team	Ongoing throughout lifetime of the facility.	
3	Manage waste and emissions to prevent pollution and promote recycling across all facility operations.	Prevent pollution & promote recycling	Waste collection on site at all associated facility components (Warehouse, Office and Silo sections).	E&S Officer	Ongoing throughout lifetime of the facility.	
4	Provide continuous training to the workforce on health and safety procedures to ensure a safe working environment	To equip the workforce with essential health and safety knowledge.	Training with OSHA on First Aid.	HSE Team	Ongoing throughout lifetime of the facility.	
5	Maintain emergency preparedness through coordination with local authorities and relevant agencies	Minimize risks from incidents & disasters	Alignment with the local government authorities, Fire and Rescue Force and the Police Force in the vicinity of the associated facilities.	HSE Team	Ongoing throughout lifetime of the facility.	
6	Ensure maintenance of land ownership and full compliance with all legal and regulatory requirements.	Avoid disputes and involuntary resettlement and regulatory misconducts	Land ownership documents and up-to-date compliance certificates/permits.	Legal Counsel	Ongoing throughout lifetime of the facility.	Compliant

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02/09/2025

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05/09/2025