

Environmental & Social Due Diligence (ESDD) for the subproject to support to address post-harvest losses for cereals in eight (8) selected Tanzania Regions to enhance food security by the National Food Reserve Agency (NFRA) which are Manyara, Njombe, Songwe, Ruvuma, Shinyanga, Katavi, Rukwa and Dodoma Regions.

Part I: GENERAL INFORMATION		
Client/Customer Name: NATIONAL FOOD RESERVE AGENCY	Client/Customer Number:	Sector: Agriculture - Agro-Stockiest
Project name (if different from Customer Name):	Size of Investment /Project Total Cost:	If group, Total Group Exposure:
Location of the Project: NATIONAL FOOD RESERVE AGENCY P.O. Box 1050, Kizota Industrial Area, Dodoma- Tanzania	Contacts: Phone: +255 (0) 26 2963953/+255 (0) 26 2963950 Email: info@nfra.go.tz Website: https://www.nfra.go.tz/	Facility Type and Approved Amount: Total Exposure: Working Capital – to procure cereals. TZS 60,000,000,000 (TZS 60 billion) equivalent to USD 22.64 Million (1USD= TZS 2,650 /=).
Branch: Kambarage Premier Branch Customer segment: Corporate	Responsible RM/I Mwakyoma	MCO/MBB/CA: Hosea
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Prepared/Updated by: Joseph ISHIMWE Date: 19 November 2024

Brief Project Description:

National Food Reserve Agency (NFRA) is a national food security platform, with a main objective of protecting the country from food scarcity to maintain a national optimal level of food reserve to address local food shortages and respond to immediate emergency food requirements hence increase food security of the country. The operations involve purchasing cereals during harvest season from regions with surplus production and store them in the national reserve storage facilities. Cereals especially maize stored in the national storage facilities distributed in accordance with the national priorities during critical shortage of food. Normally during years when the country experiences cereal surplus the Agency buy excess from the farmers and store

the cereals in their facilities. The requested loan facility will be used to buy food grains from farmers who normally have inadequate and poor storage facilities to stock their harvests.

The Agency usually procures grain in regions/areas with surplus production, most of these areas are found in Southern Highland regions that include Ruvuma, Njombe, Songwe, Iringa, Mbeya, Rukwa and Katavi and to enhance food resilience, the agency buys in small quantities in deficit region. NFRA procures grain through their buying centres, agents, tendering/importation, farmers groups/associations (including Agricultural Marketing Cooperative Societies (AMCOS) and Savings and Credit Cooperative Societies (SACCOS). During this harvest season 2024/25, the Agency plans to procure about 700,000 Metric Tons of food grain at its zones for the purpose of storage to avoid post-harvest-loss and enhancing food security of the country.

This facility and amount that NFRA request shall be channelled from the GCF proceeds and will be used exclusively for the procurement of cereals from farmers. The funds in the facility will not be used to construct new or expand existing storage facilities and/or expansion of the existing transportation fleet as there are storage facilities that are associated with the activity that the bank has found it prudent to further confirm the availability of the EIA certificates to verify that the compliance with the national laws and confirm the nature, scale, and, location of storage facilities which are considered as associated facilities with the certificates providing conditions laid out by National Environmental Management Council (NEMC) to NFRA so as to among other conditions account for compliance with national frameworks, potential E&S risks and impacts, mitigation plans, E&S organizational and management capacity, emergency preparedness, and response plan, monitoring and reporting. The certificates account for the 8 regions that NFRA wants to procure and store cereals from the GCF proceeds namely, Manyara, Katavi, Songwe, Shinyanga, Ruvuma, Dodoma, Njombe and Rukwa Regions and as per the ESIA Reports of these storage facilities, all storage facilities are in industrial areas and with baseline information incorporated in the report.

		Yes/No/NA	Additional information
Exclusion	Does the activity falls under the		The activities do
List	Exclusion List? Refer annex 1 of		not fall under
	ENVIRONMENTAL & SOCIAL		exclusion list
	MANAGEMENT PROCEDURES	NO	meaning that they
	If Yes , reject the application		can be funded
	If No – Proceed to the process in		under the GCF
	Part II through to part III		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 type C category as stipulated in The Environmental Management Act (CAP. 191) in its Environmental Management (Environmental Impact Assessment and Audit) (Amendment) Regulations of 2018, as it involves the Postharvest Storage for cereal crops which falls under other activities sub-section.

SECTION 2		
SECTION 2: E&S Risk Category Identification (based on IFC	Perfo	rmance Standards 1 to 8:
Applicable Requirements	Yes /No/ NA	Management Plan (Please provide additional information for actions taken/to be taken to minimize/mitigate the impacts)
Performance standards 1: "Assessment and Management of Environmental a	nd Soc	cial Risks and impacts."
(a) E&S policy/Management System available?	Yes	NFRA is governed by the Ministry of Agriculture which has an Environmental Management Unit that oversees the Environmental Management Systems of the ministry at large and the agencies under the Ministry such as the NFRA.
(b) Is the system/procedure in place to identify, assess and manage the potential E&S risks and impacts?	Yes	NFRA is governed by the Ministry of Agriculture which has an Environmental Management Unit that assess and manage the Environmental risks associated with NFRA activities.
(c) Is E&S Officer for managing E&S issues available?	Yes	The E&S issues in NFRA operations are overseen by the Environmental Management Unit of the Ministry of Agriculture.

(d) Is the procedure in place to engage with local communities (eg. grievance mechanism, stakeholder engagement plan) to address community grievance?	Yes	NFRA being a government agency it follows the Public Service Complaints and Feedback Systems that includes the feedback channels such as suggestion boxes, toll-free phone numbers, and online platforms for lodging grievances.
(e) Does the company have the emergence response Plan?	Yes	NFRA stocking activities require the minimal of emergency response plan for cases such as theft and disasters such that the stocks 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.
Performance standards 2: "Labor and Working Conditions."		
(a) How many employees does the company have?	worke	has government byees as well as seasonal ers during the stocking of ereals.
(b) Is Human Resource (HR) Policy available? (that is consistent with the requirements of national labor laws)	Yes	NFRA is an agency under the Ministry of Agriculture and the Human Resources policy is that adopted and developed as per The Employment and Labour Relation Act (CAP. 366 R.E. 2019).
(c) Are policies and procedures for managing and monitoring the performance of third-party employee contractors in terms of labour and working conditions available?	Yes	

(d) Has the company established a grievance mechanism for workers and third-party contract workers?		NFRA being a government agency it follows the Public Service Complaints and Feedback Systems that includes the feedback channels such as suggestion boxes, toll-free phone numbers, and online platforms for lodging grievances that covers the third-party contract workers.
(e) Does the company provide its workers with a safe and healthy work environment?	Yes	NFRA workers are provided with PPE and supply of drinking water.
(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.
(g) Does the company comply with Occupational health and safety procedures?	Yes	NFRA has OSHA workplace certificates for all eight (8) associated storage facilities and they 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 and as a government agency, NFRA 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	NFRA does receive mandatory trainings on First Aid and SHE Reps from Occupational Safety and Health Authority.

(e) Are the diesel storage tanks fitted with secondary containment bunds?	N/A	There are no diesel storage tanks.
(d) Is the procedure to guide the storage, handling, and disposal of the solid wastes (including hazardous waste if any) emanating from its business? If Yes, provide brief details.	result produ produ waste transf	storage activities do not into significant solid waste action and the waste aced are stored in on-site collection points and ferred to the waste disposal when the capacity is full.
(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.	N/A	The nature of activities does not involve emissions and hence no discharge permit required.
(b) Does the company generate any air, liquid or solid waste emissions during construction and /or operational phases? If yes please provide details.	Yes	regional water supply companies. There are solid wastes (mainly torn storage bags) that are generated in storing of the cereals that are collected on site and transported to the disposal areas.
Performance standards 3: "Resource Efficiency and Pollution Prevention." (a) Does the company implement measures for improving efficiency in its consumption of energy, water, raw materials and other	Yes	The warehouses use electricity from TANESCO and rely on water from the
(k) Is the borrower engaged in a business or activity where workers on-site could potentially be seriously hurt or killed? 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.	Yes	and Forced Labour. 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.
(j) Is the company involved in harmful child labour or forced labour (Including supply chain for Agri-commodity clients)?	No	NFRA operations are under the Ministry of Agriculture and the Human Resources policy that is adopted as per The Employment and Labour Relation Act (CAP. 366 R.E. 2019) which under Part II Section 5 & 6 strictly entails prohibition to Child

(f) Is there response procedure in place to manage spills or accidental discharge?	N/A	There are no diesel storage tanks.
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	NFRA activities are in warehouses that are not in proximity with the local community.
(b) Are safety procedures in place to deal with hazardous material release, transport and disposal in order to avoid or to minimize exposure of local communities to those materials?	N/A	The procurement and storage of cereals does not involve with hazardous waste production.
(c) Are armed security personnel to provide security services at the facility available?	Yes	There are security personnel to guard the food reserve as the nature of the product inside is susceptible to theft.
(d) Is there a traffic management plan for managing additional traffic associated with company's activities?	N/A	The activities involve procurement and storage of cereals.
(e) Is the borrower engaged in a business or activity that has the potential to cause harm to a neighboring community? 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	No	The procurement and storage activities pose no threat to the neighbouring communities as the products once procured, they are put in storage and no interaction with the community in any means.
Performance standards 5:		
"Land Acquisition and Involuntary Resettlement".		

(a) Is there any involuntary land acquisition planned/happened for/in the proposed investments?	· ·
	Moreover, the land where NFRA is operating is legally owned by NFRA (with no previous owners) 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.
(b) Has there been any physical and /or economic displacement because of land acquisition for this project?	•
(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

(d) Did the company consider alternative design to avoid or minimize economic and physical displacement?	N/A	
(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?	No	NFRA operations involves the procurement and storage of cereals for enhancing food security in the country.
If the borrower has not or will not be acquiring land in the near future, then this is a low risk.		
If the borrower has acquired land or plans to in the near future and they have access to expropriation the risk can be high.		
Performance Standard 6: "Biodiversity Conservation and Sustainable Natural	Resou	urce Management".
(a) Does the company's activities impact on biodiversity?	No	NFRA operations involves the procurement and storage of cereals for enhancing food security in the country and has no impact on biodiversity.
(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.	No	NFRA activities are in warehouses that are not in a legally protected area.
(c) Are there any biodiversity impacts associated with supply chain? (eg. Agri-commodity supply chain).	No	The NFRA in its operations does not have biodiversity impacts associated with value chain.

(d) Will the borrower's activities potentially No The NFRA in its impact biodiversity and/or ecosystem operations does work with services? other intra-governmental If the borrower will be clearing land for agencies such as TFS and Ministry of Natural construction or is in or near a Provincial or Resources and Tourism National Park, Protected Area or ecologically not to purchase from sensitive area (e.g. swamp, mangrove, coral reef, cereals from National forest, etc.) then there is a possibility that there Park, Protected Area or will be impacts upon biodiversity or ecosystem ecologically sensitive services. area. If borrower activities will only take place within an Moreover, NFRA activities existing facility or on land that has previously are in warehouses that are been cleared/converted, then the risk is low. not in or near a Provincial Park, National or Protected Area or ecologically sensitive area. 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 No area of the borrower's activities? Is it likely that Indigenous people will be No adversely impacted because of the company's operations? 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 Natural Resources and Tourism, 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 stocks cereals.
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? 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.	No	The NFRA 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 TFS and Ministry of Natural Resources and Tourism not to purchase from cereals from geographic area which is in or near to natural and/or critical habitats.
 (i) Is the primary production, certified and independently verified by a credible international, regional, or nationally recognized standard? If answer is no then high-risk. 	Yes	The NFRA primary operations are part of the Ministry of Agriculture responsibilities that follows Tanzania Bureau of Standards (TBS) standards related to food storage, handling, and quality assurance of grains and other stored commodities.
(ii) If the borrower is working in a country or with a commodity that does not yet have a credible standard, has the borrower committed to applying good international industry operating principles, management practices, and technologies?	N/A	
If answer is no then high-risk.		

(iii)	(For Agri supply chain) Is the borrower	No	The NFRA in its
	purchasing primary agro- commodity		operations does promote
	production from a geographic area which		sustainable Agri Supply
	is in or near to natural and/or critical		chain of the production
	habitats		lines through inter linkage
			with other intra-
If ans	wers is yes then high-risk.		governmental agencies
			such as Tanzania Forestry
			Services (TFS) agency
			and Ministry of Natural
			Resources and Tourism
			not to purchase from
			cereals from geographic
			area which is in or near to
			natural and/or critical
			habitats.

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 type C category as stipulated in The Environmental Management Act (CAP. 191) in its Environmental Management (Environmental Impact Assessment and Audit) (Amendment) Regulations of 2018, as it involves the Post-harvest Storage for cereal crops, and
- 2. However, Based on International Financial 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 facilities is category B.

Conclusively, the environmental and social impacts resulting from NFRA operations are generally site-specific, largely reversible, and readily mitigatable as they exclusively involve procurement and storage of cereals. 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 and storage of cereals will entail no deterrent impacts provided that recommended mitigation measures are adequately and timely put in place which makes the activities Medium (Category B).

3.3 Complete the following:

3.3 Complete the following.		
	Yes/N	Additional
EIA certificate from NEMC available? (Attach a copy-with its general and specific conditions.	o/NA Yes	Information/Status/Remarks NFRA has EIA certificates for the eight associated storage facilities they operate in which they now require funds to procure cereals and store them in.
OSHA certificate available? (Attach with conditions if any).	Yes	NFRA has OSHA certificates for the eight associated storage facilities they operate in which they now require funds to procure cereals and store them in.
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 NEMC and the reports are available for the eight associated storage facilities.
Does a project have a free prior informed consent from surrounding community? (Submit proof –such as a register contain the names and addresses	Yes	This is a mandatory step before being issues with the EIA certificate.

of persons attended meetings etc.)		
If <u>NO</u> EIA Conducted does the project has <u>formal dispensation</u> from NEMC? If yes add a copy of the letter to the file.		
Other Permits (if any, please specify)	N/A	

Conclusion:

The environmental and social impacts resulting from NFRA operations are generally site-specific, largely reversible, and readily mitigatable as they exclusively involve procurement and storage of cereals. 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 and storage of cereals will entail no deterrent impacts provided that recommended mitigation measures are adequately and timely put in place.

Therefore, this assessment underscores the importance of continuous engagement, adaptive management systems, and proactive risk mitigation to ensure sustainable project outcomes as NFRA operations that involves the post-harvest storing of cereal crops which combats post-harvest losses. The project has been assessed against IFC Performance Standards (PS) 1-4, focusing on Assessment and Management of Environmental and Social Risks and Impacts (PS 1), Labor 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 some requirements, there are specific areas requiring additional attention to fully comply with the standards as per the Action plan below.

But because there are warehouses and storage facilities that are associated with the activity the bank has found it prudent to further confirm the availability of the EIA certificates to verify that the compliance with the national laws and confirm the nature, scale, and, location of storage facilities which are considered as associated facilities (GCF proceeds will not be used to construct new or expand existing storage facilities and/or expansion of the existing transportation fleet) with the certificates providing conditions laid out by NEMC to NFRA so as to among other conditions account for E&S management plan for mitigating potential E&S risks identified. The certificates account for the 8 regions that NFRA wants to procure and store cereals from the GCF proceeds namely, Manyara, Katavi, Songwe, Shinyanga, Ruvuma, Dodoma, Njombe and Rukwa Regions and as per the ESIA Reports of these storage facilities, all storage facilities are in industrial areas and with baseline information incorporated in the report.

Moreover, NFRA currently has in place mitigation measures such that NFRA is governed by the Ministry of Agriculture which has an Environmental Management Unit that oversees the Environmental Management Systems, it is governed in its operations by The Employment and Labour Relation Act (CAP. 366 R.E. 2019) which enhances the labour and working conditions, in terms of resource efficiency and pollution prevention NFRA does use electricity from TANESCO and rely on water from the regional water supply companies and has minimal waste production as the waste in the storage facilities are mainly torn carrying bags, moreover, the procurement and storage activities pose no threat to the neighbouring communities as the products once procured, they are put in storage and no interaction with the community in any means as the associated eight (8) storage facilities are strategically located in areas that are designated for industrial purposes.

Recommendations:

working conditions.

- 1. Strengthen Environmental and Social Management Systems (PS 1) NFRA should adopt the ESAP attached herewith this report to address potential risks and ensure compliance with IFC guidelines and to align the grievance redress mechanism to all stakeholders which includes CRDB Bank Plc GRM and GCF IRM.
- 2. Enhance Labor Practices (PS 2)
 NFRA should continually conduct regular training for employees and third-party service providers on health and safety protocols and ensure fair labor practices, including proper documentation of employment contracts and provision of adequate
- 3. Promote Resource Efficiency and Pollution Prevention (PS 3) Implement measures to reduce electricity and water consumption during project operations and to adopt pollution control technologies and waste management systems to minimize environmental impacts.
- 4. Safeguard Community Health and Safety (PS 4)
 Conduct risk assessments for potential community safety concerns, such as traffic management in transporting the cereal to the associated facilities and collaborate with local authorities (Local Government Authorities, Fire and Rescue Force and others) surrounding the associated facilities to develop emergency response plans and promote community awareness programs.

The adoption of these recommendations will enable NFRA to achieve alignment with IFC Performance Standards, mitigate risks, and ensure long-term environmental and social sustainability in its operations. Moreover, these recommendations will broaden the NFRA's Environmental and Social performance at a national scale with whom it its operations does enhance the food security concern in Tanzania.

Action Plan

S/No	Action	Objective	Deliverable	Responsibility	Timeline
1	NFRA to address all grievances raised by all stakeholders and report all grievances recorded to CRDB Bank Plc.	To align NFRA Grievance Redressal Mechanism with the CRDB Bank Plc GRM and GCF IRM.		NFRA	Ongoing throughout lifetime of the facility.
2	NFRA to report any incidents at the workplace and implement safety procedures.	To track and report on rates of injury, occupational diseases, lost days, and number of work-related facilities.	Incident reports.	NFRA	Ongoing throughout lifetime of the facility.
3	NFRA to continually train the workforce on health and safety procedures.	To equip the workforce with essential health and safety knowledge.	Training with OSHA on First Aid.	NFRA	Ongoing throughout lifetime of the facility.
4	NFRA to manage all wastes resulting from the storage activities.	Pollution control and waste management approach to minimize environmental impacts that could result from scattering of solid wastes.		NFRA	Ongoing throughout lifetime of the facility.
5	NFRA to have an Emergency Response Plan.	To have a proactive plan to deal with emergency situations.	Alignment with the local government authorities, Fire and Rescue Force and the Police Force in the vicinity of the associated facilities.	NFRA	Ongoing throughout lifetime of the facility.
6	NFRA to maintain all relevant permits.	To observe national and international laws and regulations.	Up-to-date compliance certificates/permits.	NFRA	Ongoing throughout lifetime of the facility.

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28/11/2024