

Environmental and Social Review Summary

Chobe Agrivision Company Ltd.

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed in advance of the MIGA Board consideration of the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by the MIGA Board of Directors. Board dates are estimates only.

Any documentation which is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country:	Zambia
Sector:	Agribusiness
Project Enterprise:	Chobe Agrivision Company Ltd
Environmental Category:	B
Date ESRS Disclosed:	April 15 th , 2011
Status:	Due Diligence

A. Project Description

MIGA entered into a Master Contract (MC) in May 2010 with Chayton Atlas Investments of Mauritius (“Chayton Atlas”), to support planned agribusiness investments into existing farming operations in Zambia and Botswana. Chayton Atlas has made an equity investment in Chobe Agrivision Company Ltd (“Chobe”) to acquire two adjacent farms in the Mkushi farm block in the Central Province of Zambia. Capital expenditures are planned for operations and improvements, including the expansion of irrigation systems. This represents the first Investment Project to be underwritten under the MC.

The two existing farms, Whispering Hope and Parklands, have a combined land area of 2504 hectares (Ha) of which 666 Ha is cleared and 210 Ha is irrigated. Irrigation water is sourced from the Munshiwemba River via Masebe Dam. The dam is owned by the Munshiwemba River Investment Company (MRIC), a joint venture between the two acquired farms, and two other separately owned adjacent farms. The project intends to leverage the joint water rights to increase the cultivated land under irrigation from 210 Ha to 580 Ha for the production of maize, soya and wheat, mainly for export. Soya production is expected to reach 1,347 tonnes per year, wheat, 2,940 tonnes per year and maize production is expected to be reduced to 3,946 tonnes per year due to reduced allocation. A contract farming business was also acquired that provides machinery and equipment services to the two acquired farms and third parties.

B. Environmental and Social Categorization

This project is categorized B under MIGA's Policy on Social and Environmental Sustainability, because the potential social and environmental impacts are limited, few in

number, site-specific, largely reversible and readily addressed through mitigation measures. The expected risks and impacts are related to liquid and solid wastes, soil compaction and erosion due to the use of heavy machinery; crop storage; agro chemical storage and use; bio-diversity loss from land use conversion; and social issues related to workers health and safety and community health and safety related to increased traffic and the use of security guards. Water user rights will also be assessed as the farm intends to expand its crops under irrigation.

C. Applicable Standards

While all Performance Standards are applicable, based on our current information it is expected that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

- Performance Standard 1: Social and Environmental Assessment and Management System
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Pollution Prevention and Abatement
- Performance Standard 4: Community Health, Safety and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management

The project is not expected to have any impact on indigenous peoples, therefore PS7 is not triggered. PS8: Cultural Heritage is not triggered except for the need to implement “chance finds” procedures.

In addition, the following World Bank Group Environmental, Health and Safety (EHS) Guidelines are applicable to this project:

- World Bank Group General EHS Guidelines
- World Bank Group Industry Sector EHS Guidelines for Annual Crop Production

D. Key Documents and Scope of MIGA Review

A MIGA Social and Environmental (S&E) specialist visited the project site on February 8th, 2011 and met with project staff and management. In addition to the site visit, the Definitive Application for a MIGA Guarantee and other communication with the project and sponsor, MIGA has reviewed the following documents:

- Environmental Impact Statement and Environmental and Social Management and Monitoring plan, April 2011
- Workplace Health and Safety Policy Statement, February 2011
- Environmental Policy Statement, March 2011
- Chayton Atlas Agricultural Company: response to Questionnaire Prepared for World Bank, February 2011

- Chobe Agrivision Ltd Recruitment Policy and Procedure, April 2011
- Water Analysis March 2011
- Purchase Agreement between Cropit Farming Limited, Haleparke Limited and Chobe Agrivision Ltd, October 2010
- Conservation Activity Manual, including: Nutrient Management Plan; Woodland Management Plan; Irrigation Water Management Plan and Pest Management Plan, March 2011
- Traffic Management Plan, March 2011
- Occupational Health and Safety Procedures, March 2011
- Emergency Preparedness and Response Plan, March 2011

E. Key Issues and Mitigation

PS1: Social and Environmental Assessment and Management Systems

An Environmental Impact Statement (EIS), and Environmental and Social Management and Monitoring plan (ESMMP) was completed in April 2011. The Environmental Council of Zambia (ECZ) does not require an EIS, however, it does require an Environmental Project Brief (EPB) from which the ECZ will determine if all social and environmental impacts have been identified and adequate mitigation measures are in place. The EPB has been submitted, however, the letter of approval is still outstanding. A set of key indicators to monitor and evaluate potential adverse social and environmental project impacts have been developed. Annual monitoring reports will be submitted to MIGA. An Environmental Policy Statement has been developed as well as a Workplace Health and Safety Policy Statement. Chobe has also developed the following manuals as part of the ESMMP:

- Conservation Activity Manual, including: Nutrient Management Plan; Woodland Management Plan; Irrigation Water Management Plan and Pest Management Plan
- Traffic Management Plan
- Human Resources Manual
- Occupational Health and Safety Procedures
- Emergency Preparedness and Response Plan

The on-site farm managers are familiar with the provisions of the ESMMP, committed to its implementation and will receive clear guidance and training as necessary from Chobe senior management.

PS2: Labor and Working Conditions

Potential impacts on labor and working conditions have been identified and mitigation measures are planned which are expected to comply with PS 2. During operations the farm will directly employ approximately 50 people, including 5 or 6 international staff. It is anticipated that wages and benefits will be above the national minimum and no lower than sector or countrywide commercial standards. A human resources manual consistent with the national law and PS2 will be developed and submitted to MIGA. The farm will be operated according to international best practice in terms of safety, working conditions and other relevant aspects. An Emergency Preparedness and Response (EPR) Plan has

been developed and implemented for life and fire safety, and hazardous spills or accidents. Occupational Health and Safety (OHS) guidelines have been developed to include all operations on the farm.

PS3: Pollution Prevention and Abatement

Potential pollution impacts have been identified and mitigation measures are planned which are expected to comply with PS3 and EHS general guidelines and sector specific guidelines for annual crop production.

Construction activities are currently ongoing and involve the completion of an existing reservoir, increasing the size of the wall of a second already existing reservoir and new houses for workers. Appropriate EHS procedures are being followed, as heavy earth moving machinery is being used.

The ESMMP includes measures to mitigate potential pollution of soil, surface water and ground water through liquid waste, pesticides, fertilizer usage and irrigation. The designated vehicle washing area is being moved from a location adjacent the river to a more suitable site with an adequate collection, separation and drainage system. Used oil is currently stored within the main farm grounds and spillages occur often. A new used oil store is planned that will be adequately bunded to reduce risk of leakages or spills. The fields have adequate drainage and run off is directed away from water courses. Sewage is collected in septic tanks that soak away from the farm and staff accommodations use pit latrines which will be improved in line with international best practice.

The current solid waste management arrangements are inadequate and a more suitable location will be found away from farm buildings and houses. Fertiliser sacks will be burned and chemical containers will be carefully washed and incinerated where this does not present risks to people or the environment and in line with EHS and Food and Agriculture Organisation guidelines. Consumables such as used oil filters and used protective clothing will also be incinerated with the remains transferred to a designated refuse pit. A designated area will be used as a storage area for scrap parts.

An integrated pest management plan is being developed. Only World Health Organisation approved chemicals will be used. The current chemical storage facility is inadequate and improvements are required in order to ensure chemicals are stored in a secure location, are not sitting directly on the ground and the store has secondary confinement in case of spillage. Staff will be trained before each spraying season and will be provided appropriate protective clothing. On testing bore holes on the farm, it was found that there are traces of the chemical insecticides dieldrin and aldrin. New bore holes are being drilled; water filters are being installed and ultra violet lights are being used where necessary. The use of zero tillage cultivation techniques, integrated pest management, crop rotation systems and the use of pest-resistant crop varieties, should reduce the need to use excessive amounts of agrochemicals and hence reduce the risk of potential pollution.

Diesel fuel is stored in a tank located in a designated fuel store room, and a bund will be constructed to ensure that the storage area has secondary confinement in case of spillage. A backup generator is housed in a separate facility with appropriate ventilation in place and access is restricted to dedicated personnel. Emissions from farm machinery will be managed in line with the EHS Guidelines. The EPR plan provides details of how to respond to an accident, spillage and emergency situation.

PS4: Community Health, Safety & Security

Potential impacts on community health, safety and security have been identified and mitigation measures are planned which are expected to comply with PS4. The site is located within the Mkushi farming block and away from any towns or villages. There are approximately 136 houses on the farms and all are used as staff accommodation. Staff workers' families also live in the housing. The Traffic Management Plan guides staff on safety and security when operating machinery in order to avoid accidents on site. Fencing will be erected around the perimeter of the property, and unarmed security guards will be stationed at the main entrances. Signage will be placed around the dams to advise of deep water and that no swimming is allowed. If staff or families are sick, the company offers transportation to the local hospital. A limited supply of first aid is available on the farm and there is a designated first aid provider on site. In the future, community development activities will be developed in consultation with the impacted communities and could include the establishment of a community welfare centre which will be run by trained midwives educating employees regarding alcohol abuse, HIV/AIDS and other initiatives. In addition to this a day-care centre will be established in the foreseeable future and investigations are being explored with the Education and Health ministries in determining the sustainability of these initiatives on the farms.

Performance Standard 5: Land Acquisition and Involuntary Resettlement

Potential impacts on land acquisition and involuntary resettlement have been identified and mitigation measures are planned which are expected to comply with PS5. The farms were acquired through willing buyer and seller negotiations within a voluntary land market. As all the dwellings located on the farm property are housing of staff, no involuntary resettlement will take place. One group of workers will be relocated to a more suitable location on the farm, as the housing conditions were inadequate. The houses will be newly constructed and of much improved standard including improved pit latrines and showers.

Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management

Potential impacts on biodiversity conservation and sustainable natural resource management have been identified and mitigation measures are planned which are expected to comply with PS6. As a result of the swivel irrigation expansion, 180 hectares of Miombo woodland is being removed. However, no critical habitat and no endangered species are found anywhere on the farm and the remaining 1,500 Ha of woodland throughout the farm are not expected to be impacted by the project. Tree planting will take place throughout the farm where appropriate and details can be found in the Conservation Activity Manual.

Soil erosion should be minimized with the use of the zero tillage cultivation technique which involves maintaining ground cover, no ploughing and the use of direct drilling and targeted fertilizer applications. As the ground is continuously covered, the loss of soil during rain fall and irrigation is minimized.

Water management will be improved through the use of a series of reservoirs. Two are currently being improved through increasing of the heights of their walls to enable increased amounts of water to be stored. The reservoir improvement works are being managed in line with international best practices for EHS and OHS.

F. Environmental Permitting Process and Community Engagement

An EIS was not required by ECZ. An EPB has been submitted to the ECZ for information and an approval letter is still outstanding. Public consultation and community engagement has taken place in order to discuss the details of the project and the impacts on the local community through the EIS process. A meeting was held on 3 April 2011 with 60 people from the farm and community present. Broad community support was expressed for the project. The community also raised concerns regarding the following:

- inward migration of labour which brings diseases such as HIV/AIDS
- access to health and education facilities
- alcohol abuse

Chobe has plans for a variety of community development activities to address the concerns raised by the communities. A grievance mechanism is in place for community members to discuss issues with management. This is done via a formal process whereby a grievance application form can be completed and items are dealt with at the monthly executive meetings.

G. Availability of Documentation

The following documentation is available electronically as PDF attachments to this ESRS at www.MIGA.org, local administrative offices and Chobe farm offices.

[Environmental Impact Statement \(including Environmental and Social Management and Monitoring plan – ESMMP\), April, 2011](#)

[Environmental Impact Statement Annexes](#)