



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Malawi	EASTERN AND SOUTHERN AFRICA	P178818	
Project Name	Second Agricultural Commercialization and Resilience Enhancement Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	2/13/2023	5/22/2023
Borrower(s)	Implementing Agency(ies)		
Republic of Malawi	Ministry of Agriculture, Ministry of Trade and Industry, Ministry of Lands		

Proposed Development Objective

To increase the commercialization of primary and value-added agricultural products and enhance the resilience of the food system

Financing (in USD Million)	Amount
Total Project Cost	250.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The Second Agricultural Commercialization and Resilience Enhancement Project (AGCOM2.0) will be a multi-sectorial, country-wide operation with costs estimated at US\$250 million over six years. AGCOM2.0 will bring together agriculture, water, lands, industry and trade, as well as other sectors. Project interventions will cover the entire country, building on the success of AGCOM(1.0) (P158434). The proposed interventions are designed to have short-term effects on sales through inclusive value chains, and medium- to long-term impacts on food system resilience through access to markets and diversification.



AGCOM2.0 will target several types of beneficiaries and narrow the gender gap in the agriculture sector. Direct beneficiaries will include small-scale farmers who join (or will join) commercial organizations, such as cooperatives, as well as farmer organizations and entrepreneurs engaged in value addition. AGCOM2.0 will effectively foster the participation of women and youth, reducing unequal access to productive assets and cash crops.

The proposed interventions are clustered in five components.

Component 1: Developing inclusive value chains

Component 1 will scale up and upgrade the inclusive value chain approach that has been successfully implemented under AGCOM(1.0), building and strengthening farmer organizations, as well as supporting productive alliances.

Building and strengthening farmer organizations: As in AGCOM(1.0), AGCOM2.0 will reach out to individual smallholder farmers and encourage them to mobilize and work collectively by forming capable organizations. The project will promote the formation of cooperatives. AGCOM2.0 will also continue to develop existing organizations that have been awarded matching grants and satisfactorily carried out productive alliance subprojects under AGCOM(1.0). The goal is to assist the organizations in becoming viable, sustainable businesses that are able to leverage more investments and reach larger markets. Drawing upon the results of the pilot carried out through AGCOM(1.0), AGCOM2.0 will continue the demarcation, adjudication and registration of customary land parcels, reaching an estimated 30,000 smallholder farmers that are members of organizations.

Supporting productive alliances: AGCOM2.0 will scale up the matching grants scheme that was established under AGCOM(1.0) to promote commercial partnerships between farmer organizations and off-takers (buyers such as agri-processors, food manufacturers, and traders). AGCOM(1.0) has supported over 200 productive alliance subprojects and benefited 40,000 smallholder farmers through calls for proposals. AGCOM(1.0) has contributed to diversifying the agricultural sector by promoting sales in 20 value chains, including dairy, soya, rice, tea, and honey. For each of the new generation of subprojects under AGCOM2.0, the farmers organizations will receive grants and follow through with planned activities to meet the off-takers' demands. The funds will serve to finance capital investments such as machinery and warehouses, technical assistance, environmental and social mitigation measures, and investments to enhance climate resilience, including the adoption of climate-smart agriculture techniques on farm and other risk-management approaches. Leveraging the lessons learned and the improved implementation capacity within the government, AGCOM2.0 will finance 500 productive alliance subprojects, reaching 100,000 farmers. To complement these efforts, AGCOM2.0 will pilot a second round of matching grants to AGCOM(1.0)-supported organizations as well as a new type of grants to small and medium-size enterprises that as off-takers seek to procure the produce of farmer organizations under productive alliances.

Component 2: Improving public infrastructure

AGCOM2.0 will scale up the last-mile infrastructure approach introduced under AGCOM(1.0) and finance the construction of medium-size to large scale irrigation schemes and the management of their catchment areas.

Last-mile infrastructure subprojects: AGCOM2.0 will scale up investments in last-mile infrastructure, building on AGCOM(1.0)'s bottom-up approach. Investments to be identified by the farmer organizations will include the



rehabilitation of feeder roads, the rehabilitation of small irrigation schemes, the availability of water, and the delivery of electricity. By the end of the project, an estimated 30 last-mile infrastructure subprojects will have been completed and 100 organizations will have benefitted.

Medium-size to large scale irrigation schemes and catchment management: AGCOM2.0 will also finance the expansion or construction of medium-size to large scale irrigation schemes in the central and northern regions. Three possible irrigation schemes have been identified to provide new irrigation services to approximately 3,000 ha: (i) Bwanje Valley in Dedza district: 1,400 ha through the expansion of an existing weir as headwork; (ii) Lembani in Ntcheu district: 1,024 ha through the construction of a weir as headwork; and (iii) Mwenilondo scheme in Karonga district: 575 ha through the construction of a dam as headwork. For each scheme, the subproject will finance the infrastructure work and the management of the catchment areas with a focus on landscape conservation and restoration. In association with the schemes, farmers will be mobilized to build viable commercial organizations and connect with profitable value chains, as per the approach outlined in Component 1.

Component 3: Strengthening public service delivery and policy environment

Component 3 will include four clusters of activities: (i) research, development and innovation subprojects; (ii) the development and upgrade of digital platforms such as the cooperative register; (iii) the construction, rehabilitation and upgrade of strategic public facilities such as the agriculture residential training centers; and (iv) the preparation and implementation of strategic policy reforms such as the reform for contract farming.

Component 4: Project coordination and management

Component 4 will finance the costs of project management and cross-cutting functions, including monitoring and evaluation, finance management, procurement, environmental management, and social management. This component will cover the costs of the collection, storage, administration and processing of data, and will continue to promote the citizen engagement and social accountability mechanism established under AGCOM(1.0).

Component 5 Contingent emergency response component

In accordance with OP/BP 10.00, this zero-budget component establishes a disaster recovery contingency fund that may be triggered in the event of an eligible natural or human-induced crisis or emergency.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The proposed project will be countrywide and will build on Malawi Agricultural Commercialization Project (AGCOM—P158434) to increase the commercialization of primary and value-added agricultural products and enhance climate resilience for the food system.



Malawi has 28 districts with a wide range of physical characteristics, such as plains, hills, rivers, valleys, and forests. The exact locations of specific subprojects will be determined during implementation once successful farmer organizations have been selected. The concept has preliminarily identified Bwanje, Lembani, and Mwenilondo irrigation schemes in Dedza, Ntcheu, and Karonga districts, respectively, as possible beneficiaries. The actual schemes will be verified at appraisal. In the absence of specific and confirmed locations, it is difficult at this stage to state the exact physical features that will be affected by the project. Hence, a framework approach has been adopted to serve as the basis for the preparation and supervision of environmental and social safeguards.

Since the past decade, Malawi has been experiencing severe climate related shocks, such as cyclones, floods, droughts, erratic rains, and pest infestations, which have significantly impacted the livelihoods of the people and the agriculture sector at large.

The country's population at the moment is estimated to be 20 million, out of which 50.68% are female and 49.32% are male. There are various ethnic groups in Malawi, such as the Chewa, Yao, Tumbuka and Lomwe. About 80 to 85% of the population lives in rural areas, while the rest is urban based. Agriculture employs 64.1% of the country's workforce, which consists mainly of smallholder subsistence farmers. Subsistence food production is mostly done by women, whereas cash crops are usually cultivated by men.

D. 2. Borrower's Institutional Capacity

The Ministry of Agriculture (MoA) established a Project Implementation Unit (PIU) that has the Environmental and Social Safeguards capacity to implement AGCOM project activities. The project environmental and social risk was categorized as B and performance has been satisfactory. The AGCOM project will carry out a wide range of activities with some potential environmental and social risks. Project activities include agricultural processing, last-mile infrastructure construction (e.g. roads and small irrigation schemes), capital infrastructure construction (warehouses and processing buildings), and a Contingency Emergency Response Component, which includes the rehabilitation of bridges and feeder roads that have been washed out. Although the assessment of PIU's capacity on Environmental and Social safeguards is found to be adequate, the nature and extent of the operations of AGCOM 2.0, which will involve more than 500 different sub-projects, would make it difficult for the current ES staffing levels to cope with and manage the work, particularly with reference to the demands of preparation of E&S management plans and monitoring of their implementation in the field. This is based on observations made during AGCOM 1.0, which had only 200 sub-projects but in the quest to implement project activities timely, some ES safeguards aspects were compromised and some non-compliances were experienced. For instance, some farmer organizations commenced activities before required instruments were prepared, which the PIU did not notice timely. Additionally, there have also been instances where some farmer organizations completed their sub-projects without an environmental and social monitoring exercise by PIU due to work load reasons. It was difficult for ES specialists to visit all sub-projects especially where 90 activities are being implemented concurrently. Thus, additional ES staff will be required to sufficiently support this project.

With the help of hired consultants, the PIU prepares Environmental and Social Management Plans (ESMPs) for all activities countrywide. The PIU has developed sufficient expertise and capacity for managing environmental and social risks in accordance with the requirements of the Bank and national regulations and policies. This includes screening and assessment of project activities, preparation and implementation of ES instruments, and the monitoring of compliances of the farmer organizations as per the ESMP requirements. The PIU has also conducted training to farmer organizations on environmental and social risks management, and facilitated the establishment of functional and locally accessible Grievance Redress Mechanisms (GRMs). As such, from preparation stage, the PIU will lead in the



preparation of environmental and Social risk management instruments for AGCOM 2.0. Implementation capacity will be decided by appraisal and hence the A-ESRS will clarify implementation stage’s environmental and social capacity arrangements. However, based on lessons learnt from AGCOM 1.0, PIU’s environmental and social capacity will have to be enhanced.

Although the MoA and the PIU have not yet implemented an activity using the new Environmental Social Framework (ESF), given the PIU’s considerable experience with the Bank’s safeguard policy, they are not expected to have any difficulties meeting ESF requirements. Moreover, the World Bank Safeguard team already conducted training sessions with the PIU on the ESF compliance requirements, and is available to provide any assistance that might be required by the PIU.

Lastly, with regards to ES instruments for AGCOM 2.0, once they are prepared they will be cleared by the Bank, and then submitted to the Malawi Environmental Protection Agency (MEPA) for review and approval in accordance with its mandate as per the Environmental Management Act of 2017. Thereafter, the ES instruments will undergo a disclosure process to stakeholders and the general public.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

High

Environmental Risk Rating

High

The project will bring positive impacts with respect to food and income security, improved soil health, sustainable agricultural practices, and sustainably managed catchments. However, the project presents significant environmental risks, such as those related to irrigation schemes, which include salinization and waterlogging of soils, floods emanating from irrigation designs, increased incidences of water borne diseases, and decreased flow of water downstream of sourced rivers or streams, which impacts natural and social conditions or uses downstream. Both the construction and rehabilitation of the schemes and other infrastructures such as roads, warehouses and buildings, together with associated agricultural activities (e.g. opening of new fields, and use of agrichemicals), also poses risks to natural habitats and biodiversity, water and soil pollution, pests and diseases, waste management and cultural heritage. . Furthermore, during operation, environmental risks include soil erosion, siltation, hydrological flow impacts of irrigation schemes operation, and possible impacts on physical and cultural heritage. It is important to note that most of the districts in Malawi are vulnerable to climate change. This may affect the project and require management and mitigation to safeguard investments. Given these potential risks and impacts, the following Environmental and Social Standards (ESS) apply: ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS8, and ESS10. Hence, a comprehensive ES assessment will be required to determine all risks and impacts and come up with appropriate measures to avoid, reduce or mitigate the same. Although MoA and PIU have the capacity to address the risks, it must be noted that both the scope of the project and anticipated risks and impacts are broader as a national-wide operation, and hence warranting an environmental risk rating of High.

Social Risk Rating

Substantial

The project is expected to generate positive economic and social results for smallholder farmers in Malawi through their incorporation into farmer organizations and their participation in productive alliances. This is expected to lead to improved livelihoods and living standards at the individual and household levels. The screening that has been



conducted has found the main potential social risks are related to loss of land and other assets resulting from the development of new irrigation schemes. There is also potential loss of livelihoods due to the loss of land, restriction of land uses, involuntary resettlement, and the possibility of enterprises developed under Component 1 not becoming viable. The construction and rehabilitation related civil works as well as activities during the operation phase trigger occupational health and safety and labor/ working condition issues. Additionally, rising incomes at the household level may increase the number of cases of GBV; whereas expansion of the land for cultivation under Components 1 and 2 may lead to use of child labor and exploitation of women. An increase in mechanization under Component 1 may lead to the loss of job opportunities and impact the livelihoods of some community members negatively. There is also the risk of exclusion, especially for vulnerable groups such as youth, women, and people with disabilities, during the formation of farmer organizations. There are risks related to community safety inherent in construction works; and labor influx related risks, including the spread of infectious and sexually transmitted diseases, such as HIV, Covid-19 and other communicable diseases. There are also risks of occurrence of Gender-Based Violence (GBV), Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) in projects of this nature. Again, activities undertaken by the farmer organizations as part of the proposed irrigation schemes may give rise to disputes over land boundaries and land rights. The Social Specialist of the PIU has the capacity to manage the project's social risks. However, given the scale of the project and the number of potential social risks involved, the social risk rating is Substantial.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The ES team utilized the project concept note and discussions with the client during missions to conduct preliminary screening of the proposed activities of the project. As mentioned above, the activities include: (i) the construction of new irrigation schemes and the expansion of existing irrigation schemes; (ii) catchment management activities; (iii) promoting the adoption of climate-smart agriculture approaches and technologies on farm and at the level of organizations; (iv) developing digital platforms and services that foster farmer preparedness and rapid response to extreme weather events, (v) financing last-mile infrastructure and catchment management activities, including road rehabilitation, water supply, irrigation, and power supply; (vi) the rehabilitation and upgrading of strategic public facilities, such as the national agriculture exhibition center, agriculture residential training centers, a central veterinary laboratory and regional laboratories, and facilities needed for decentralized land registration in selected districts; (vii) the formation of farmer organizations; (viii) technical assistance, research, and training; (ix) land demarcation, adjudication, and registration, as well as the awarding of matching grants to farmer organizations and farm produce off-takers/farm produce buyers. In addition, the Contingency Emergency Response Component (CERC) may be triggered in the event of an eligible natural or human-induced crisis or emergency that has (or is likely to have) major adverse socio-economic impacts during the life of the project.

The project involves the formation of new farmer organizations, supporting existing farmer organizations, technical assistance, the awarding of matching grants, and land demarcation, adjudication, and certification in Component 1. Related risks include the risk of exclusion, especially for vulnerable groups such as women, youth, and people living with disabilities, social conflicts emanating from land demarcation and adjudication activities, and the mismanagement of matching grants. Components 2, 3, and 5 involve construction activities to be implemented



countrywide, including construction of large scale dams (15.6m height), construction of weirs and expansion of existing weirs at Mwenilondo scheme in Karonga, Lembani scheme in Ntcheu and Bwanje Valley scheme in Dedza districts, respectively. This poses multiple risks related to Occupational Health and Safety, community health and safety, soil erosion, waste management, pollution (air, water and soil), biodiversity, transmission of communicable diseases (e.g. Covid-19, HIV and STIs), the downstream impacts and maintenance of hydrological flow in irrigation system operations, water related vector borne diseases if irrigation systems are not properly maintained, land acquisition, Gender Based Violence/Sexual Exploitation and Abuse-Sexual Harassment (GBV/SEA-SH), the exclusion of persons with disabilities (PWDs) and the lack of consultation with women's and youth groups concerning project design and the construction of facilities. Once the irrigation schemes become operational, potential risks include the generation, handling, and disposal of waste; possible air, water, and soil pollution from processing activities; dam safety; downstream impacts; hydrological flow; flooding due to faulty design; water and soil salinity; soil erosion; GBV/SEA; and the lack of consultation with and participation of certain community groups.

Agricultural activities bring risks, such as the pollution, community and health risks due to fertilizers and pesticides use, soil erosion resulting from the clearing of land, the introduction of invasive or environmentally unsustainable species, and so on. However, climate-smart agriculture approaches will benefit soil health, increase carbon sinks, and help control runoff. Digital platforms, though small-scale, could increase digital waste production. Communicable and non-communicable disease transmission is also a health risk during the implementation of the project.

In order to mitigate potential risk of exclusion, the project will update the existing eligibility criteria for participating in farmer organizations that were used in AGCOM to ensure that gender, ethnicity, and disabilities did not lead to exclusion. As in AGCOM, AGCOM 2 will continue to promote women and youth participation by mandating a certain percentage of youth and women participation. This measure has proved to be effective in advancing the inclusion of women and youth.

To mitigate risks identified in Components 1,2,3, and 5, an Environmental and Social Management Framework (ESMF) will be developed to address all known risks and impacts associated with ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS8, and ESS10 during both construction and operation phases. In addition, the ESMF will address the risks of flooding and will include wind control/adaptive measures to guide the technical design and operation of the facility. Due to the context of the project activities, it will also consider risks and mitigation measures for aforementioned communicable diseases. The ESMF will also incorporate climate smart agriculture technologies to address some of the potential environmental risks. Following the design of AGCOM, subprojects will be demand-driven, and therefore, their locations will be determined during implementation phase. All sub-projects will be screened, and determination made whether an Environmental and Social Impact Assessment (ESIA) or solely an ESMP will suffice as an instrument to be prepared. To avoid implementing subprojects that cause significant adverse impacts, assessments will consider alternative sites and designs for infrastructure subprojects. To mitigate labor risks, the project will prepare Labor Management Procedures (LMP), including a worker Grievance Redress Mechanism (GRM). The project's GBV and SEA/SH risks have been rated moderate. Measures to mitigate these risks will be included in the ESMPs, including an Accountability and Response Framework that will form part of the ESMF. All risks associated with dam construction, land acquisition, resettlement, and economic loss, as outlined under ESS5, will be mitigated through the preparation of a Resettlement Policy Framework (RPF), considering that the site locations and affected people will only be known during project implementation. The Stakeholder Engagement Plan (SEP) will also be developed and will include the Grievance Redress Mechanism (GRM). An Environmental and Social Commitment Plan



(ESCP) will be agreed on with the borrower and will set out the substantive measures and actions required for the project to meet environmental and social requirements over a specified period of time prior to project appraisal.

The implementation methodology and design of AGCOM2.0 (P178818) will ensure that the following will be carried out in accordance with terms of reference acceptable to the Bank and will incorporate the requirements of the relevant ESSs: consultancies, studies, training and capacity building, knowledge and skills assessment, extension activities, research activities, and other technical assistance activities, including environmental and social assessments, and related environmental and social instruments. It will also ensure that all outputs from technical assistance activities and instruments will be consistent with the ESSs.

Areas where “Use of Borrower Framework” is being considered:

None

ESS10 Stakeholder Engagement and Information Disclosure

The design of the project entails a variety of stakeholders. Most of the stakeholders in the AGCOM 2.0 played pivotal roles in the implementation of AGCOM 1.0. For example, the Environmental Affairs Department (EAD) supported the PIU in formulating safeguards instruments, such as screening forms, and participated in safeguards assessments of business plans submitted by producer organizations. The Malawi Agricultural and Industrial Investment Corporation (MAIIC) worked with selected financial institutions, such as the FDH Bank, to implement AGCOM’s Partial Credit Guarantee (PCG). Their engagement in AGCOM will be useful in shaping the design and implementation of AGCOM 2.0.

Preliminarily, the key stakeholders in AGCOM 2.0 can be identified as: i) beneficiary producer organizations and local communities; ii) farm produce off-takers/buyers who enter into agreement with producer organizations to form a productive alliance; iii) the Export Development Fund; iv) policy makers; v) district councils, especially the District Agriculture Office, the Environmental District Office, the District Labor Office, and the District Social Welfare Office; vi) umbrella farmer organizations, such as the Farmers Union of Malawi (FUM), the National Association of Smallholder Farmers (NASFAM), and the Civil Society Agriculture Network (CISANET); vii) financial institutions; viii) the Malawi Bureau of Standards (MBS); ix) the Malawi Investment and Trade Centre (MITC); x) people affected by the project; xi) Innovation Challenge; xii) the Malawi Agricultural and Industrial Investment Corporation (MAIIC); xiii) governmental ministries, such as the Ministry of Agriculture, the Ministry of Lands, the Ministry of Youth, the Ministry of Trade and Industry, the Ministry of Gender, the Directorate for Occupational Health and Safety (OHS), and the Malawi Environmental Protection Authority (MEPA)/Environmental Affairs Department; (xiv) the Commodity Exchange; (xv) the Department of Irrigation; and (xvi) universities and research institutions. A complete list of stakeholders will be confirmed during the ESRS Appraisal Stage.

The Stakeholder Engagement Plan (SEP) will include a complete list of stakeholders, with detailed stakeholder identification and analysis. The SEP will provide guidance on conducting consultations, receiving feedback, and engaging stakeholders. It will include methods of engagement, including virtual and face-to-face meetings, questionnaires, surveys, and so on. In order to have meaningful engagement with the members of the local community and other stakeholders, consultations will observe all social and cultural norms. To inform program design, special consultative meetings targeting women and youth-oriented cooperatives will be held. Organizations



working with people with disabilities will likewise be consulted to identify ways these groups can benefit from the project.

The SEP for this project will adapt the Grievance Redress Mechanism (GRM) that is currently operational under AGCOM 1.0. Similarly, the GRM will maintain the current representatives of project-affected parties and local communities as members of the grievance redress committees in the farmer organizations and replicate the same selection process in new organizations. The GRM will continue to have a grievance log that is updated regularly and closely monitored by the Project Implementation Unit (PIU) and the supervising consultant. Furthermore, the GRM will provide an appeal mechanism and anonymous reporting. Disclosure of information about the GRMs will be made to stakeholders, including local communities. To maintain privacy, avoid the risk of stigmatization, and address the issue of mental distress, psychological harm, and potential reprisal, the GRM will take a survivor-centered approach to GBV/SEA-SH related cases. Collaboration with entities mandated to handle GBV, SEA and SH cases will be done accordingly. The SEP will also include the Infection, Prevention, and Control (IPC) measures prescribed in the Ministry of Health guidelines regarding the prevention of the spread of COVID-19 and other communicable diseases. Lessons learnt during implementation of the GRM under AGCOM will be incorporated into the GRM under AGCOM 2.0.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Standalone Labor Management Procedures (LMP) will be prepared during the preparation of the project. The project will involve the implementation of subprojects in which construction works will take place in multiple communities, under Component 1, and in project areas, under Components 2, 3, and 5. These subprojects will require skilled and unskilled laborers engaged in various types of construction-related works. The LMP will ensure that mitigation measures are put in place that are in line with and speak to project activities. These include child labor in agriculture, setting up small businesses at construction sites, women’s participation, community workers’ rights, and risks related to migrant workers with respect to the spread of communicable diseases. Key Occupational Health and Safety (OHS) issues will be addressed as they relate to risks associated with construction, dust emissions, and noise pollution, as well as arrangements for managing GBV/SEA/SH risks. A Grievance Redress Mechanism (GRM) for the workers will be included in the LMP. The LMP will also ensure that project workers are managed in accordance with national laws and ESS2. Provisions with regard to Environment and Health and Safety (EHS) measures will be incorporated into the civil work contracts in line with ESS 2. Contractors will be required to ensure that all workers sign the standard Code of Conduct (CoC).

ESS3 Resource Efficiency and Pollution Prevention and Management

Air, water, and soil pollution are potential risks, along with dust emissions, pesticides, fertilizers, and chemicals. Other sources of pollution include oil spills and fumes from vehicles and machines, land clearing work that stirs up dust, soil erosion resulting in water pollution, cement residue washing into water sources, and improper waste management, including digital waste. AGCOM 2 will ensure that all these potential pollution and waste management risks are properly mitigated through the preparation of an ESMP for the sub-projects during the implementation phase. Pest management plan (PMP) will be included in the ESMF/ESMP to consider handling and management of risks from use



of agro-chemicals, pesticides and fertilizers. In addition, management of pesticides, agro-chemicals and fertilizers will consider guidance from World Bank's EHS guidelines .

Construction and operation activities will ensure that resources such as water and energy are used efficiently. To conserve potable water for drinking and household use, the project will encourage the use of rain or river water for construction whenever possible. For existing irrigation schemes, the project will use the irrigation water to meet construction water needs. As boreholes are the most common water source on most rural farms, the project will utilize nearby boreholes to meet the water needs for construction when possible. An assessment will be conducted on abstraction of water from available sources and cumulative impacts of water abstraction, to avoid depletion. To mitigate potential conflict with local users and congestion at water points, consultations with water source users will be held during the ESRS Appraisal Stage and a plan will be drawn prior to extracting the water.

Construction materials will be assessed with respect to their environmental impact and social sustainability. Materials that leave a significant environmental footprint will not be used in the project. The extraction of resources, such as sand and stone, will be done in accordance with national legislation and good international and industry practices. Solid wastes generated by project activities will be managed through measures to be included in the ESMF and later in the ESMPs through characterization and provision of management options.

ESS4 Community Health and Safety

The project involves various construction activities with the potential to pose community health and safety risks. Learning from AGCOM, which did not fully cover risks in initial assessments because the broad activities had not been clarified during project preparation, AGCOM 2.0 has done its due diligence and included detailed dam construction and rehabilitation risk assessments, and has proposed mitigation measures commensurate with the scope of its activities. Some construction work will be carried out in public places, close to schools and homes, exposing people to construction-related risks. The construction and operation of feeder roads, the construction of buildings, and the construction of irrigation infrastructure, including large scale new dams of 15.6 m height, construction of new weirs and expansion of existing weirs necessarily entail exposure to health and safety risks. The client will have to conduct a proper assessment to understand the down stream risks involved especially for weir construction and weir expansion activities for appropriate guidance on necessary approach to mitigation of risks. For existing dams, evaluations of their performance, safety, structural integrity, operations, and maintenance procedures will be conducted to provide detailed guidance on the risks and mitigation measures that need to be considered during preparation of the risk management plans. Measures to maintain environmental flows will be included in the ESMF. In order to safeguard the community, a dam safety plan will be prepared involving qualified dam engineers as stipulated in the guidelines set out in ESS 4 Annex 1 and the Good International Industry Practices . In the case of large dams (i.e. height of over 15 metre or 3 million cubes impoundment volume), a Panel of Expert Engineers will be established to review designs, and associated management plans including CSQAP, IP, O&MP and EPP for such large-scale dams. Detailed measures to mitigate community health and safety risks, including an emergency response plan and an operation and maintenance plan, will be prepared for the construction of new weir at Lembani scheme and expanding of an existing weir at Bwanje scheme and responsibility will depend on results of a risk assessment.

Infrastructure design and safety: the project will ensure safety for workers and communities during the design, construction, and operation of infrastructure by taking into consideration: (i) the views of the communities, sourced



through consultations prior to and during construction; and (ii) the needs and challenges faced by various project beneficiaries, such as persons with disabilities, the elderly, women, and children, during the construction and operation of infrastructure, especially activities involving close proximity to and necessary interaction with the public. These challenges will be addressed through: (i) community safety awareness campaigns conducted via public meetings, radio programs, and through the use of Information Education and Communication (IEC) materials, such as brochures and posters in the local language and posted within the community; (ii) involving governmental agencies and experts, such as occupation health and safety officers, to assess risks and plan mitigation measures; and (iii) the use of project-relevant signage to identify and warn people of potential risks. The ESMPs will also include Emergency Response Plans in accordance with ESS4. The content and scope of the plans will be described in the ESIA and ESMPs, and will be commensurate with the identified risks.

Security: No armed security personnel will be hired for the project. Local leaders and communities will be engaged to ensure and promote security of project materials and investments in all sites. However, the contractors may use security companies to guard construction materials and equipment during the construction phase. Contractors will be responsible for the management of security personnel while ensuring safety of communities as set out under ESS 4 requirements. Principle of proportionality, GIIP and applicable laws will guide borrower in relation to hiring, rules of conduct, training, equipping and monitoring such workers. Necessary measures will be covered in the relevant ESMPs.

Road and traffic safety related to construction: in areas close to marketplaces, schools, and other public places, construction activities can create circumstances that lead to accidents. The project will take effective measures to ensure the safety of nearby communities and people transiting roads where construction is underway. Contractors will be required to submit and implement Traffic/Road Safety Management Plans that cover how they will deal with the full range of potential risks. The traffic management plan will form part of the ESMP and will be disclosed to the public.

Labor risks may occur during the implementation of the project: the risk profile for social impacts associated with labor within the community include disease transmission and the spread of HIV; the potential for Gender Based Violence/Sexual Exploitation and Abuse, and Sexual Harassment (GBV/SEA-SH); and violence against or exploitation of children. The project will prepare mitigation measures that are adequate and commensurate with the GBV/SEA risk rating of the project. The GBV/SEA/SH prevention and response measures will be included in the ESMF, as well as the ESMPs of the specific sub-projects. Since GBV/SEA/SH risk can be site specific, each subproject will conduct its own risk assessment during the ESIA/ESMP preparation, and the GBV/SEA/SH prevention and response plan in the ESMF will be expounded to correspond to site specific GBV risks. As the project does not intend to hire security personnel during implementation, the contractors will assume full responsibility for the behavior of their personnel and damages caused by their actions. Thus, bids and contracts for any of such sub-contracts' services will have to reflect all these required ES safeguards, national regulations and the Bank's ESF.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 will be applied to activities under Components 2, 3, and possibly 5. Building on AGCOM's bottom-up approach, AGCOM 2 will scale up investments in last-mile infrastructure (LMI). This includes road rehabilitation, water supply, the rehabilitation of small irrigation schemes, and the supply of electricity. A major shortcoming of AGCOM was its



failure to foresee the need for land acquisition during last-mile infrastructure activities. Preparing the necessary Resettlement Action Plans (RAPs) and sourcing funds from the government for compensation caused lengthy delays. Having learnt from that experience, AGCOM 2 has undertaken a detailed assessment of last-mile infrastructure activities and associated risks, and will provide proportionate mitigation measures.

AGCOM 2 will also finance the construction of medium-size to large-scale irrigation schemes in the central and northern regions. The Ministry of Agriculture has preliminarily identified three possible irrigation schemes that would expand irrigation services to 3,000 ha in the central and northern regions. There is likely to be land acquisition, land use restrictions, and involuntary resettlement at the proposed sites. To take advantage of these irrigation schemes, farmers will be mobilized to create viable commercial organizations that connect with profitable value chains (as per the approach outlined in Component 1). In this context, voluntary land donation procedures will be outlined in the Resettlement Policy Framework (RPF) to guide these commercial organizations in acquiring sufficient land from its members for viable production. The RPF, which will be developed before the appraisal stage, will include individual Resettlement Action Plans (RAPs) for the new irrigation sites and other LMI sites. For existing irrigation schemes, land acquisition and displacements will not apply, as the land has already been acquired. Successful farmer organizations are expected to own the land where construction work will take place. Similarly, under Component 3, upgrading and improvement of public infrastructure will generally not involve the acquisition of land, because the improvements will be made on existing public land. Impacts from the loss of other assets, such as trees, crops, and structures from Components 2 and 3, will be guided by the RPF.

CERC (Component 5) activities under AGCOM involved a lot of small-scale construction activities, such as road, bridge, and irrigation scheme rehabilitation. It is anticipated that a similar scenario will unfold under AGCOM 2.0. The road rehabilitation work under AGCOM involved land acquisition: hence, the new RPF will ensure the inclusion of land acquisition guidelines for road rehabilitation activities.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

The project will contribute positively to the conservation of biodiversity in agricultural settings by supporting catchment management through landscape conservation, restoration and Climate-Smart Agriculture (CSA) activities. The activities will include terracing, gullies reclamation and tree regeneration. Agroforestry is one method of putting into practice components of CSA that promote tree species in agriculture and also increase carbon sinks. These approaches need to be enhanced and scaled up for sustainable management of healthy soils.

Construction work carried out for subprojects, such as construction of new large scale new dam, construction of a weir and expansion of weir, infrastructure subprojects, and feeder road expansion, involves risks to natural habitats and biodiversity. All subprojects will be screened using the ESMF for risks to biodiversity and ecosystem services. Any sub-projects located in areas where adverse impacts on natural and critical habitats are possible are to be screened out. Where adverse impacts are not expected, an ESIA or an ESMP will be prepared that clearly stipulates how the project will ensure the protection and conservation of natural habitats.

New dam construction may alter the hydrology and impact environmental flows and downstream activities. A hydrological assessment study will be undertaken, if one is not available or the existing one is outdated, to ensure



that risks are identified and that measures to maintain environmental flows and prevent downstream impacts are adhered to.

A risk mitigation hierarchy will be applied in accordance with the ESF. When necessary, and depending on the findings of the ESIA, a Biodiversity Management Plan will be included in the ESMP.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

There are no peoples present in Malawi that meet all the characteristics of ESS7.

ESS8 Cultural Heritage

Construction activities will include excavations that may involve possible impacts on and findings of physical assets that have religious, cultural, historical, social, or economic value. These types of impact will be managed in accordance with the provisions of cultural heritage standard ESS8. Project ESIA's and ESMPs will cover impacts on both tangible items and intangible issues related to cultural heritage, as well as identify the appropriate mitigation measures to be taken, including the adoption and implementation of the Chance Find Procedures to be applied in possible cases of archeological future finds during project implementation. A standardized chance-find procedures will be presented in the ESMF for the project, and sub-projects ESMPs will include a commitment to follow the Project chance-find procedures. These Chance find procedures will form part of the contractual obligation of the contractors in the project.

ESS9 Financial Intermediaries

Not relevant for the project as no FI are involved.

B.3 Other Relevant Project Risks

The exposure of the country to climatic shocks is high, and the project will be implemented in some districts that experience climate vulnerabilities. Extreme temperatures, extreme precipitation with flooding, drought, storm surge, and strong winds are among the extreme weather events that can affect the project locations. The physical integrity of the water irrigation schemes can be affected by the climate vulnerabilities and those new structures can pose a risk to workers and communities, especially the large dams. However, the possible impacts on physical infrastructure and assets are assessed as moderate. Risks are mitigated by sound designs, capacity building, and the adoption of resilience-enhancing technologies and practices.

The climate and disaster risks are rated as moderate.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	TBD
OP 7.60 Projects in Disputed Areas	No

Public Disclosure



III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

Not Applicable

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

The client will prepare the following prior to appraisal of the project

- Environmental and Social Commitment Plan (ESCP);
- Environmental and Social Management Frameworks (ESMF)
- Stakeholder Engagement Plan (SEP).
- Labor Management Procedures (LMP)
- Resettlement Policy Framework (RPF)

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The client must ensure that the PIU and all contractors undertaking work during the project have the adequate environmental and social safeguard capacity to comply with all relevant requirements.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

30-Dec-2022

IV. CONTACT POINTS

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Public Disclosure



Borrower/Client/Recipient

Borrower: Republic of Malawi

Implementing Agency(ies)

Implementing Agency: Ministry of Agriculture

Implementing Agency: Ministry of Trade and Industry

Implementing Agency: Ministry of Lands

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Francisco Javier Obrique Arqueros, Efrem Zephnath Chilima, Tesfaye Bekalu Wondem
Practice Manager (ENR/Social)	Iain G. Shuker Recommended on 27-Jul-2022 at 17:02:46 GMT-04:00
Safeguards Advisor ESSA	Ning Yang (SAESSA) Cleared on 01-Aug-2022 at 16:54:16 GMT-04:00

Public Disclosure