



**The World Bank**

Livestock Productivity and Resilience Support Project (P160865)

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## Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

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Appraisal Stage | Date Prepared/Updated: 22-Dec-2021 | Report No: PIDISDSA23077

**BASIC INFORMATION****A. Basic Project Data**

Country Nigeria	Project ID P160865	Project Name Livestock Productivity and Resilience Support Project	Parent Project ID (if any)
Region AFRICA WEST	Estimated Appraisal Date 20-Jan-2022	Estimated Board Date 23-Mar-2022	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Federal Ministry of Finance	Implementing Agency Federal Ministry of Agriculture and Rural Development	

Proposed Development Objective(s)

To improve productivity and commercialization of targeted livestock production systems and strengthen the resilience of livelihoods affected by farmer-herder conflicts.

**Components**

Institutional and Innovation System Strengthening  
Livestock Value Chain Enhancement  
Crisis Prevention and Conflict Mitigation  
Project Coordination and Management  
Contingency Emergency Response Component

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

Total Project Cost	500.00
Total Financing	500.00
of which IBRD/IDA	500.00
Financing Gap	0.00

**DETAILS****World Bank Group Financing**



International Development Association (IDA)	500.00
IDA Credit	500.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

## B. Introduction and Context

Country Context

1. **Nigeria is central to the World Bank Group (WBG) mission of eliminating global poverty.** A multi-ethnic and diverse federation of 36 autonomous states, Nigeria is Africa's most populated country (over 200 million people) and largest economy - nominal Gross Domestic Product (GDP) of around US\$405 billion in 2020. With an abundance of resources and a young and dynamic society, it has the potential to be a giant on the global stage. But with over 40 percent of its population (over 80 million people) in poverty, Nigeria is also among the countries with the largest number of people living below the poverty line. Economic growth, at -1.8 percent in 2020, has been below the rate of population growth since 2016, when Nigeria experienced its first recession in two decades. Fragility, conflict, and insecurity afflict many parts of the country, in particular the northeast. Insufficient capacity constrains the public sector, and on many human development indicators, Nigeria ranks amongst the lowest in the world. To realize its considerable potential, and to fulfill the government's ambition to lift 100 million Nigerians out of poverty by 2030, Nigeria has to make tangible progress on multiple fronts, at both the federal and sub-national levels.

2. **Even before the COVID-19 pandemic, low revenues, rising debt service and large public subsidies limited the fiscal space for productive investments in infrastructure and human capital.** At 8 percent of GDP in 2018-2019, Nigeria's general government revenues were very low by the standards of comparable countries. Consequently, general government expenditures were very small relative to the size of the economy (12 percent of GDP, about half the level expected for its level of development), and unable to meet the needs of its growing population. Oil revenues were volatile and reduced by sizeable deductions (including for the unbudgeted petrol subsidy), while growth in non-oil revenues (about 4 percent of GDP) was constrained by slow tax policy and administration reforms. Public debt was relatively modest as a share of GDP (20-25 percent) but had been rising due to sustained fiscal deficits. With low revenues and high domestic interest rates, the Federal Government of Nigeria (FGN) was spending a significant share of its revenues to service its debt (since 2016, FGN spends an estimated 60 percent of its revenues to pay interests on its debt). Unproductive, regressive subsidies (main ones being fuel and power) further limited fiscal space for productive investments in infrastructure and human capital. The annual power sector tariff



shortfalls requiring FGN funding reached NGN524 billion (US\$1.36 billion) in 2019, equivalent to 0.4 percent of GDP and 11 percent of FGN revenues – more than the NGN428 billion (US\$1.11 billion) provided in the federal budget for health.

**3. Given the COVID-19 crisis and natural population growth, the number of people living below the international poverty line is likely to rise by 16 million by 2022.** Before the pandemic, Nigeria's poverty reduction efforts already faced major challenges, as population growth (2.6 percent) persistently outpaced GDP growth rates and job creation remained weak. In 2018/2019, four in ten Nigerians were living below the US\$1.90 per person per day (2011 purchasing power parity) poverty line<sup>1</sup> and millions more were vulnerable to falling into poverty. In the absence of a robust response to the crisis, the poverty rate is projected to rise even faster than without the COVID-19 shock, to 44 percent by 2022. Households deriving income from informal activities (50 percent of GDP) that rely on close physical proximity and those close to conflict-prone areas are particularly vulnerable.

**4. Climate change is gathering force as a source of vulnerability.** Mean annual temperatures are projected to increase by 1.1–2.5°C by the 2060s, with greater warming in the North. Climate and disaster risk screening projects longer heat wave durations, again with the largest increases in the North. Most projections show that mean annual precipitation will increase slightly across Nigeria, but the rainy season will start later. According to vulnerability analyses, the areas that are most threatened by climate change are the Northeast and Northwest, where rising temperatures and declining rainfall has hastened desertification and loss of wetlands, and also reduced the amount of surface water, flora, and fauna. To the South, the Delta region is the most vulnerable due to the rising sea level and increased precipitation, coastal erosion, and flooding. Throughout the country, livestock already suffer from higher heat stress and new or changing pest and disease pressures. As these problems become more frequent and severe – especially as heat stress alters disease and pest patterns - they will reduce fodder quantity and quality and increase mortality. Without strategies to mitigate and adapt to climate change, the productivity of agriculture in general and livestock in particular will decline, disproportionately affecting the rural poor.

**5. Climate change is causing conflicts over natural resources.** Farmers and herders may be able to accommodate production patterns to a changing climate, but these new patterns have led to conflict between these groups. For instance, the traditional symbiosis in which transhumant herds fertilize harvested fields in exchange for farmers' permission to browse on the crop residues depends critically on the timing of the harvest and livestock movements, which have been disrupted as the rains and agricultural seasons change due to climate change. The rise in conflict induced by climate change and increasing population is fostering insecurity and limiting livelihood opportunities, especially in rural areas.

#### Sectoral and Institutional Context

**6. The livestock sector is vital to Nigeria's socioeconomic development.** Forty-two percent of Nigeria's population own at least one type of livestock, 30 percent of the population - mainly the poor, eke out a living directly from livestock production, while an estimated 5 million people are productively engaged in upstream segments of the livestock value chain. For the poor, livestock enables asset accumulation, serves as a store of value, and provides buffers and resilience against shocks such as crop failure, drought, and family emergencies. The sector is also important to the country's food and nutrition security as it is a major source of foods that are high in nutritional value and with micronutrients (critical to children's cognitive and physical development) that supplement Nigeria's typically low-quality basal diets. Livestock recycles nutrients, including from crop residues, and its manure replenishes soil fertility,

<sup>1</sup> US\$1.90 per person per day (2011 purchasing power parity).



particularly on the farms of poor smallholders, many of which are degraded, and its draught power is relied upon for cultivation and transporting farm produce to markets. Over the past 20 years, the expanding livestock sector has made important contributions to poverty reduction, especially in rural areas. In 2020, the sector accounted for 9 percent of agricultural GDP and 1.7 percent of national GDP.

**7. Nigerians raise a wide array of livestock, of which cattle, sheep, and goats are the most important species for the national economy and individual livelihoods.** The national herd consists mostly of large ruminants (20.7 million head of cattle), small ruminants (81.9 million goats, 46.9 million sheep), pigs (8 million), and poultry (167.8 million). Smallholders predominantly own cattle, sheep, and goats, which account for over 83 percent of Nigeria's Tropical Livestock Units (TLUs), 58 percent of meat production, and all domestic milk production and draft power, aside from underpinning the important leather sector (supplying 26 percent of non-oil exports, leather is the largest non-oil foreign exchange earner after cocoa).

**8. The greatest numbers of livestock are raised in the northern two-thirds of the country, in pastoral production systems focused on large and small ruminants.** These animals are moved across large areas of relatively marginal land to exploit seasonally available water, pasture, crop residues, fallow land, and open rangeland. A typical herd consists of 35 - 100 head of indigenous breeds, mostly raised for subsistence. Productivity and quality are low, and off-take is limited, as animals are mainly slaughtered as culls. The continued viability of this system has increasingly been weighed down by human-induced climate change and environmental degradation which are reported to have mediated declines in pasture availability and rangeland carrying capacity, reduced water availability, increased the incidence and severity of important diseases and conflict, and also now threaten to imperil the stock of animal genetic resources and biodiversity on which the system relies.

**9. In contrast, the mixed crop-livestock production system preferred by sedentary (usually small-scale) farmers represents a shift toward intensification.** In this closed system, which is most common in central and southern Nigeria, one enterprise (crop production) depends on the other (animal production). Animals supply draft power for crop production and transporting produce to markets, provide manure to restore soil nutrients for cropping, and consume crop residues in the dry season. Producers mainly keep 20–100 head of indigenous breeds. Because pastureland is limited, farmers often entrust their livestock to pastoralists, who include them in the transhumant herd. This rapidly expanding production system offers prospects for farmers to enter the market economy, although some contend that it is expanding at the expense of grazing resources hitherto used by pastoralists. Commercial systems are few, but their number is increasing, especially in the poultry, beef (feedlot), and dairy subsectors. These systems produce livestock for maximum output. They rely on improved breeds, high-quality feed, and specialized animal production technology. Their small number is symptomatic of the limited private sector investment in commercial livestock production.

**10. Gender gaps heavily influence women's roles and prospects in the livestock sector.** Nigeria's national gender policy and myriad policy documents for agriculture and livestock<sup>2</sup> commit to gender equality. Yet in practical terms, differences in the types of livestock owned by women and men, and in the resources that women and men can access, create barriers to women's participation in the livestock sector.

**11. The livestock sector's remarkable expansion has been accompanied by suboptimal performance, which has become a key concern of public policy for several reasons.** First, poor performance prevents

<sup>2</sup> For example, the Agriculture Promotion Policy and the National Livestock Transformation Plan (NLTP).



the sector from supplying products that replace costly imports. Even as the population expands and as diets change with rising affluence, Nigeria should be able to meet its domestic demand for livestock products and export them to the regional market. It has abundant land and water, a favorable climate, and large livestock numbers. Yet Nigeria remains a net importer of livestock products. Milk is imported to the tune of US\$1.3 billion per annum, and 25 percent of national beef consumption is linked to imports, partly because the dairy and beef value chains are uncompetitive. Reliance on imports places most livestock products, especially beef, out of reach for the poor, increases Nigeria's wide trade deficit, and suppresses job creation and economic growth. A key cause of the gap between demand and supply is that most species and production systems are relatively unproductive.

**12. Second, cattle, sheep, and goat production are implicated in conflict, with costly impacts well beyond the livestock sector.** Conflicts between sedentary farmers and pastoralists are extending outward along the political, ethnic, and religious fault lines exposed by climate change and human-induced environmental degradation. Climate change and human activity have depleted pastures and water sources across Nigeria's far-northern Sahelian belt, forcing large numbers of herders southward into agricultural areas before the harvest, along transhumance routes that increasingly pass through agricultural land.<sup>3</sup> Whereas transhumant pastoralists traditionally had free use of flooded grassy riverbeds (fadama lands) for pasturage in the dry season, as a result of climate change, farmers now use that land to grow more off-season crops, and no process exists for herders and farmers to negotiate access. Since 2015, farmer-herder struggles over land have evolved into more widespread violence involving an array of armed groups, militias, vigilantes, and criminal gangs. This violence, particularly armed attacks on communities, has killed thousands, disrupted rural economies, and threatened national stability. Aside from the lives lost, herdsmen-farmer conflicts cost Nigeria an estimated US\$14 billion per year,<sup>4</sup> with negative impacts on livelihoods and their resilience, food security, basic services, human capital development, and poverty reduction.

**13. Third, serious public health and environmental costs are associated with the livestock sector.** Besides their impacts on livestock health, diseases like brucellosis, bovine tuberculosis, salmonellosis, and anthrax are widespread among livestock keepers and consumers in Nigeria. The public health costs of these zoonoses are huge. In 2016, the costs of brucellosis were estimated at US\$1.013 billion; bovine tuberculosis, at US\$7.86 billion; and salmonellosis, at US\$0.523 billion.<sup>5</sup> The ongoing shift of livestock production into densely populated areas and rising cases of zoonotic diseases raise the specter of new pandemics, which COVID-19 has made all too real. Another challenge in the fight against infectious disease is antimicrobial resistance (AMR) in humans, linked to inappropriate use of antibiotics in livestock. Beyond these public health concerns, livestock production has serious environmental implications. As a major user of land and water, the livestock sector is integral to the protection of these natural resources and the biodiversity they sustain. The sector accounts for almost 70 percent of the greenhouse gas (GHG) emissions from agriculture, largely through enteric fermentation in ruminants. Growing demand for livestock products will intensify resource constraints and climate change, yet the fact that the livestock sector is a major user of natural resources and producer of GHGs highlights its vital role as a source of potential solutions.

<sup>3</sup> McGuirk, E.F., and N. Nunn (2021), "Transhumant Pastoralism, Climate Change and Conflict in Africa," Working Paper. National Bureau of Economic Research, 2021 - Climatic changes.

<sup>4</sup> Includes destruction of property and community infrastructure as well as internal displacement of tens of thousands of persons (NLTP 2019).

<sup>5</sup> Food and Agriculture Organization (FAO) (2018), "The Monetary Impact of Zoonotic Diseases on Society: Evidence from Four Zoonoses." Nigeria. Africa Sustainable Livestock 2050. <https://www.fao.org/3/CA2146EN/ca2146en.pdf>.



**14. Key weaknesses in the livestock sector blunt the capacity to address longstanding productivity constraints, mitigate emerging threats to environmental and social sustainability (disease, resource degradation, climate change, conflict), and tangibly strengthen the resilience of livestock-based livelihoods.** A large body of evidence points to critical weaknesses in three areas: the livestock innovation system, the incentives for private investment in livestock value chains, and the governance of the sector.

**15. Weaknesses in the livestock innovation system have locked producers in a low-productivity equilibrium.** Weaknesses persist in the development/acquisition, diffusion, and use of technologies in all aspects of livestock production, especially in pastoral and mixed crop-livestock systems. A clear example is genetic improvement. Although improved breeds can deliver significant leaps in productivity,<sup>6</sup> profitability, disease resistance, and resilience to climate stress, more than 90 percent of livestock production in Nigeria relies on unimproved indigenous breeds. The perceived advantages of local breeds—disease resistance, tolerance to harsh climates, and the ability to thrive on poor diets—partly explains the low adoption of improved breeds, but the most binding constraint is their limited availability. Nigeria has no national policy for livestock genetic improvement and little expertise in genomic research to support the breeding, selection, and evaluation of animals with traits that increase productivity. Other inadequacies in research and extension<sup>7</sup> constrain the availability of productivity-enhancing technologies, husbandry practices, and disease control and surveillance systems. In 2019, OIE concluded that many critical competencies in Nigeria's veterinary services had deteriorated since the prior evaluation in 2007. This loss of capacity makes it difficult to stem the rising disease burden that is responsible for higher animal morbidity and mortality and emerging threats to food safety and human health. Institutional mandates that split the responsibilities for animal, human, and environmental health lead to inefficiencies and poor coordination of disease prevention and control.

**16. Incentives for private investment in livestock value chains are weak.** Limited private investment reflects institutional and policy deficiencies related to finance, property rights, marketing inefficiencies, standards and their enforcement, and livestock processing facilities. Livestock investments are regarded as risky because of disease and mortality, theft and other security issues, public sector intervention in the value chain (in vaccine manufacture and vaccination, for instance), and the high costs of business in the relatively narrow market for livestock products, with its myriad low-volume transactions.

**17. Sector governance is weak, and governance frameworks are outdated.** A vibrant livestock sector demands an updated, comprehensive policy, regulatory, and security framework that embraces economic and social objectives and incorporates standards for environmental sustainability, food safety, and health. Federal and state policies and laws on grazing reserves and livestock movement are no longer adequate in an environment of heightened population pressure and climate stress. Public policy and discourse tend to frame transhumance as a backward way of life that has become a security issue, rather than as a valid economic path for poor people in fragile, water-scarce environments. As a result, traditional institutions and local committees that were the key arbiters of herder-farmer conflicts are inactive. Nigeria was a foremost proponent of the Economic Community of West African States (ECOWAS) protocol that recognizes the economic value of cross-border transhumance and guarantees freedom of movement for pastoralists, but it has no corresponding national law or implementation framework.

<sup>6</sup> In Nigeria genetically improved crossbred cattle yield over 14 times more milk than local *bunaji* breeds and have superior returns per naira invested (3.7 for the crossbreed against 2.5 for the *bunaji*).

<sup>7</sup> Including the generally low number of livestock extension agents, outdated knowledge of technologies and practices, and limited use of digital technologies. Many remote areas lack extension services, leaving farmers to improve animal health and productivity on their own.



18. **The proposed Livestock Productivity and Resilience Support Project (LPRES) will build on recent FGN strategies and policies to promote a productive, resilient livestock sector.** The project will focus on: (i) strengthening sector policy and institutional foundations for improved sector productivity and resilience to climate change - tailored to the various production systems; (ii) improving value chain performance for increased smallholder market orientation and private sector investment; and (iii) mitigating farmer-herder conflict in selected areas which is mainly driven by climate change.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve productivity and commercialization of targeted livestock production systems and strengthen the resilience of livelihoods affected by farmer-herder conflicts.

Key Results

- (i) farmers adopting improved agricultural technologies
- (ii) increase in productivity of livestock species in targeted production systems
- (iii) share of beneficiary livestock producers' stock that is marketed
- (iv) reduced incidence of resource-based farmer-herder conflicts
- (v) share of target beneficiaries with rating "Satisfied" or above on process and impact of project interventions
- (vi) direct project beneficiaries.

### D. Project Description

19. The Project will have three technical components as described below.

#### **Component 1: Institutional and Innovation System Strengthening (US\$95 million)**

20. The objective of this component is to strengthen the policy and institutional foundations for improving the performance and governance of the livestock sector in Nigeria, with due regard to climate change adaptation and mitigation. Project support will focus on: (i) strengthening the livestock policy and regulatory framework, planning, and monitoring at the federal and state levels; and (ii) improving the capacity and capability of key institutions in the livestock innovation system to deliver public goods and services essential for improving sector productivity, increasing the resilience of livelihoods anchored in the sector (including livelihoods in pastoral systems), reducing competition for natural resources, and reducing the sector's negative externalities. Project support will be provided through three synergistic subcomponents.

##### ***Subcomponent 1.1: Support to Policy Formulation, Planning, and Capacity Strengthening (US\$15 million)***

21. This subcomponent aims to strengthen the policy environment, knowledge base, and human resource capacity of the livestock sector as a springboard for enhancing livestock productivity, resilience, and value chain performance. It will finance five activities, beginning with preparation of a comprehensive Livestock Master Plan and follow-up analyses to guide the development of a sustainable, efficient livestock sector in the short to medium term. Second, Subcomponent 1.1 will finance feasibility studies of cost-efficient tools and systems (such as digital technologies) to improve the collection, analysis, and dissemination of data adapted to public and private stakeholders' needs, including data on herd population characteristics and dynamics, productivity trends, animal movements (linked to transhumance and trade), market prices, and other variables. Based on those studies, the third activity under this



subcomponent is to develop and pilot promising prototypes of data tools and systems in selected states. The fourth activity is to develop sub-sector policies related to feeding, breeding, dairy and animal health and roll out a competitive scholarship program for postgraduate studies, as well as continuing education and capacity-building programs for key stakeholders at the federal and state levels to improve livestock policy and regulation formulation.

***Subcomponent 1.2: Support to Animal Husbandry and Advisory Support Services (US\$40 million).***

22. Subcomponent 1.2 will build producers' resilience to climate change and reduce the sector's GHG emissions and other negative environmental externalities by improving the availability and adoption of superior livestock breeds, Good Animal Husbandry Practices (GAHPs), and feed resources adapted to the diversity of ruminant production systems. The first set of activities will support the development and implementation of a genetic resource management strategy, with large ruminants as a priority. This strategy will be supported through corresponding investments in building (or rehabilitating) and equipping artificial insemination (AI) and breed multiplication centers, and in strengthening the technical capacity of AI extension agents to guide breed selection and improvement and increase access to services for farmers. Second, Subcomponent 1.2 will finance the development of user-friendly, comprehensive extension training materials (including digital guides) on GAHPs.

23. The third set of activities under this subcomponent is the promotion of improved feed production techniques; improved feeding practices adapted to animal needs, with potential to reduce methane production; and improved grazing and rangeland management practices that increase soil carbon stocks and reduce erosion. Fourth, this subcomponent will finance training of state-level extension agents to use the new materials, guides, and approaches to improve service delivery.

***Subcomponent 1.3: Support to Animal Health Services Strengthening (US\$40 million)***

24. Subcomponent 1.3 will strengthen the delivery of livestock health services and improve the coordination between animal, human, and wildlife health services, as embodied in the One-Health concept. In this context, Subcomponent 1.3 will strengthen national animal health services, building on the recommendations of the 2019 OIE PVS report through several activities. First, it will improve the organization and procedures of the national Veterinary Services by establishing a sanitary mandate to delegate official tasks to private veterinary professionals for the prevention and control of regulated diseases of economic and public health importance. Second, it will finance infrastructure and equipment (including solar-powered cold chains, which contribute to climate change mitigation), inputs, training, communication/awareness, and operating costs of selected programs nationwide for disease surveillance, clinical and laboratory diagnostics, and disease control and eradication, with Peste des Petits Ruminants (PPR) as a priority.<sup>8</sup> The third activity under this subcomponent is to improve quality control for veterinary medicines and ensure their prudent use to reduce risks to public health. Fourth, Subcomponent 1.3 will finance the establishment of One-Health platforms at the subnational level to increase collaboration and encourage the development of joint programs with other sectors and disciplines (human health, environmental health).

**Component 2: Livestock Value Chain Enhancement (US\$275 million)**

<sup>8</sup> Nigeria participates in the global PPR eradication program, and under the Regional Sahel Pastoralism Support Project, Phase 2 (PRAPS-2) will receive support to develop national strategic plans for PPR eradication and Contagious Bovine Pleuropneumonia (CBPP) control, harmonized with plans developed by other PRAPS-2 countries.



25. The objective of support under this component is to enhance and modernize the value chain for livestock products, promote a stronger commercial/market orientation among small and medium producers, and encourage increased private investment in priority segments of the value chain, while mainstreaming climate change adaptation and mitigation measures. Project support will be provided under four subcomponents.

***Subcomponent 2.1: Support to Market Linkages and Market Development (US\$ 160.00 million)***

26. Subcomponent 2.1 will support and strengthen collective action by small-scale producers to “create volume,” add value, reduce transaction costs, and increase their bargaining power in identified commodity markets. Concurrently it will raise producers’ awareness of modern, climate-smart production technologies to increase efficiency while reducing emissions and mitigating the negative ecosystem effects of livestock production. To achieve those objectives, this subcomponent will finance: (i) the organization of livestock producers/herders into viable groups (cooperatives, associations, organizations, and the like) or the strengthening of existing groups; (ii) training and advisory services; and (iii) common assets for value addition (milking equipment, cooling centers, transport, services, and so on) that also serve to increase resilience and mitigate climate change.

27. This subcomponent will also finance complementary activities to support market linkages and development, including an online market information system capable of reaching widely dispersed producer populations with information on buyer preferences, commodity prices, livestock supply and demand at the national and regional level, and other market variables. In tandem, it will support climate-smart upgrading/establishment of livestock markets with perimeter fencing, simple administrative buildings, water sources, weighbridges (to sell animals by actual weight rather than the more common visual estimates of size and weight), paddocks, loading ramps, and veterinary clinics, all with the aim of improving animal welfare and marketing efficiency. Livestock markets will be equipped with biogas and/or manure composting facilities as a climate mitigation measure to reduce GHG emissions.

28. Subcomponent 2.1 will also provide support to rehabilitate/upgrade a network of strategically located abattoirs that will be operated under improved food safety and public health regulations. Special care will be taken to ensure that abattoir rehabilitation/upgrading is climate smart. The project will provide capacity building on slaughter processes, including aspects of health and hygiene, sanitary and phytosanitary regulations, and adherence to food safety standards. State Veterinary Departments will ensure compliance with animal and public health regulations through regular pre- and post-mortem inspections. The abattoirs will also be used for traceability and disease surveillance to promote improved animal and human health.

29. Finally, Subcomponent 2.1 will support the provision of business development services to enable value chain actors (producers, producer organizations, small aggregators, and others) to develop their entrepreneurial capacity, develop business plans that build climate resilience into their operations, and improve their access to finance and markets.

***Subcomponent 2.2: Support to Increased Access to Finance (US\$70.0 million)***

30. This subcomponent will address critical challenges in providing credit to livestock value chains, particularly loan duration and realistic risk-adjusted pricing. Accordingly, Subcomponent 2.2 will finance three main activities as identified below.

31. **Credit line (US\$50.0 million).** The credit line will enable viable and bankable firms across the livestock value chain to boost the value chain’s productivity, enhance its resilience, reduce its emissions



footprint, and upgrade its performance through access to long-term debt. This type of financing will facilitate long-term investments, particularly in fixed assets, advanced technology, or equipment that can also serve as security for the financing. The Development Bank of Nigeria (DBN) will be the implementing partner for managing and disbursing the line of credit to participating financial institutions (PFIs) for on-lending to end-borrowers. Eligible end-borrowers will be medium-sized agribusiness companies and producers, primarily in the beef, dairy, and poultry value chains—in other words, value chain actors such as off-takers, processors, transporters, and input suppliers.

32. **Risk-sharing facility (US\$15.0 million).** To moderate perceptions that lending to the livestock sector is highly risky, this activity will finance a sustainable risk-sharing facility that provides first-loss coverage to PFIs that extend loans to commercially viable firms across the livestock value chain. The IMPACT credit guarantee fund, a subsidiary of DBN, will administer and issue partial credit guarantees to banks and financial intermediaries that will support the livestock value chain.

33. **Technical assistance for commercial banks and other non-bank financial institutions and lenders (US\$5.0 million).** Both the credit line and risk-sharing facility will be complemented by technical assistance for implementing partners and PFIs to: (i) dimension the underlying credit risks of financing this value chain; (ii) structure and price the financial products; (iii) develop the capacity to implement the credit line and risk-sharing facility effectively; and (iv) acquire an understanding of climate risks, resilience planning, and climate-smart livestock production systems.

***Subcomponent 2.3: Support to Selected Livestock Service Centers (LSCs) (US\$45million)***

34. In line with the NLTP, this subcomponent will provide support to create Livestock Service Centers (LSCs) in selected areas to promote commercialization, reduce open grazing, and attract private investment in the livestock sector. Conceived as pilots and modelled along the lines of agri-parks, the LSCs will be a community of businesses with a common interest in livestock and livestock products, situated in gazetted grazing reserves or other such land with unencumbered titles provided by the relevant states. The LSCs will complement the technical activities of federal and state entities and promote better integration of their services at the local level, supporting the broader territorial development needs of local livestock communities.

35. Subcomponent 2.3 will finance: (i) the detailed design and supervision of works, including verification that they are climate-smart; (ii) the development of the sites and construction of the essential infrastructure, based on the masterplan of the LSCs; (iii) the provision of selected climate-smart goods and services to catalyze intensification and increase the livestock product production, handling, processing, and marketing; and (iv) tailor-made technical assistance to bring the LSCs to full operational capacity.

***Component 3: Crisis Prevention and Conflict Mitigation (US\$100 million)***

36. Component 3 will address the proximate causes of herder-farmer conflict: the declining quantity and quality of resources (water and rangeland), constrained access to resources, and declining social cohesion. In line with the NLTP, support will be channeled through two subcomponents, presented below.

***Subcomponent 3.1: Support to Natural Resources Management and Pasture Improvement (US\$70 million)***

37. Subcomponent 3.1 will finance investments to improve the quantity and quality of water and rangeland—resources that are critical for productive pastoral systems with increased climate resilience



and carbon sequestration. It will provide support to assess the current status of water and feed (including forage and fodder) using remote sensing technologies and tools such as the FAO feed balance methodology. The resulting information will be disseminated to guide decisions on improved feed and water management, utilization, and access. Subcomponent 3.1 will also finance the establishment and implementation of an inclusive, community-driven process for climate-smart, sustainable rangeland/landscape management. Support will also be available for constructing and rehabilitating stock routes and water points, with the goal of improving this network and including areas that offer new rangeland/pasture. Committees will be established and supported to manage these investments sustainably. Subcomponent 3.1 will also finance the development of cultivated pasture, including facilities for irrigation in water-scarce environments.

***Subcomponent 3.2: Support to Conflict Mitigation (US\$30 million)***

38. This subcomponent provides support to increase capacity for conflict prevention and resolution, focusing initially on herder-farmer conflicts. Through activities at the local, national, and transnational level, this subcomponent seeks to: (i) mitigate the resource-based drivers of conflict; (ii) increase local capacity for conflict resolution; and (iii) facilitate policy dialogue to address the underlying drivers of conflict.

39. **Local level.** Subcomponent 3.2 will finance the establishment and support of local committees for conflict resolution and prevention and facilitate investments to alleviate pressure points. Local committees will build on existing formal and informal institutions and mechanisms of conflict resolution and receive training in conflict dialogue and resolution. In partnership with community committees, the LPRES Project will support community dialogue and activities to promote social cohesion between herders and farmers, anticipate and resolve potential conflicts, and strengthen peacebuilding. Small-scale investments prioritized through this dialogue will be financed under this subcomponent in consultation with communities, local authorities, and representatives of both farmer and pastoral communities.

40. **National level.** The project will support the creation of early warning systems using remote sensing and spatial analysis to forecast forage conditions and water availability, enabling pastoralists and the government to take preemptive action to prevent conflicts. This information will be disseminated through local committees to allow timely community responses. Under this subcomponent, the project will also support dialogue on gazetted grazing reserves and transhumance corridors to strengthen their management and statutory protections against encroachment.

41. **Transnational level.** The project will finance the organization of a high-level dialogue on transboundary agreements on animal movement. The objective is to ensure a coherent spatial approach and agreement between Nigerian states and between Nigeria and neighboring countries, including high-level dialogue with ECOWAS to establish consistent and coherent rules on transhumance.

***Component 4: Project Coordination and Management (US\$30 million)***

42. This component aims to ensure that programmed project activities are implemented in a timely and appropriate manner, with adequate support to overall project management, M&E, and communication. It will finance the creation and operation of a National Coordination Office in FMARD as well as State Coordination Offices (SCOs) to lead project implementation at the state level.

***Component 5: Contingency Emergency Response Component (US\$0.00 million)***



43. Given Nigeria's vulnerability to shocks, the proposed project includes a Contingency Emergency Response Component (CERC) with a zero-dollar allocation. The CERC provides a mechanism within the project to finance a response to a natural disaster, disease, or other eligible emergency, should one occur. If a crisis develops, FGN may request WBG to reallocate project funds to cover some of the costs of emergency response and recovery.

## E. Implementation

### Institutional and Implementation Arrangements

57. Project implementation will be the joint responsibility of FMARD and the State Ministry of Agriculture and Rural Development (SMARD) in each of the participating states, with a division of labor that is consistent with the provisos of the federal governance system regarding the jurisdictions and mandates of these ministries. Beyond its responsibility for overall oversight and coordination of the LPRES Project, FMARD will lead the execution of project activities with national import, such as strengthening the national livestock policy, regulatory, and incentive frameworks; preparing a livestock census and Livestock Master Plan; establishing livestock data and market information systems; and conducting disease surveillance. Participating states will be responsible for implementing state-specific activities such as those related to extension, vaccination, breeding, and so forth. DBN will be responsible for the implementation of subcomponent 2.2. At both the federal and state levels, day-to-day responsibility for implementing project activities will lie with the relevant technical departments in the ministries.

58. FMARD will establish a dedicated National Coordination Office (NCO) under the Department of Animal Husbandry Services (DAHS) at the federal level. The NCO will ensure day-to-day coordination of the project and will be headed by a National Project Coordinator (NPC). The NCO will also be staffed with a Procurement Specialist, Financial Management Specialist, Environmental and Social Safeguards Specialists, Monitoring and Evaluation Specialist, Gender Specialist, Communication Specialist, as well as other technical experts in line with the technical breadth of the project. The NCO will be responsible for: (i) developing and coordinating with the states the approach for targeting project beneficiaries; (ii) developing the consolidated national Annual Work Plan and Budget (AWPB) and Procurement Plan; (iii) managing project funds, including disbursements, and accounting, and preparing Interim Financial Reports (IFRs) and Financial Statements for Auditing; and (iv) managing the M&E system.

59. Project coordination and implementation at the state level will be the responsibility of SCOs, which will be headed by State Project Coordinators and staffed with specialists in animal health, animal husbandry, natural resource management, value chain development, M&E, procurement, environmental and social safeguards, and financial management. Each SCO will: (i) develop the state AWPB and Procurement Plan; (iii) manage project funds, including disbursements and accounting, and preparing IFRs and Financial Statements for Auditing; (iv) manage the state M&E system; and (v) manage human resources, particularly contracted staff.

60. A National Steering Committee (NSC) at the federal level will ensure overall project supervision, offer strategic policy guidance to the project, and be responsible for approving the project AWPB. The NSC will be chaired by the Minister FMARD. At the state level, a State Technical Committee (STC) will offer oversight, policy, and strategic orientation to the project.

**F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

At this point in time, the exact locations of specific project activities is not known. While LPRES is a national project, only a few states that meet specific commitment and implementation readiness criteria will eventually participate in the project. The process of selecting these states is ongoing and identification of project locations awaits the finalization of this process.

**G. Environmental and Social Safeguards Specialists on the Team**

Olukayode O. Taiwo, Social Specialist

Michael Gboyega Ilesanmi, Social Specialist

Lucky Erhaze, Environmental Specialist

Cindy Ijeoma Ikeaka, Social Specialist

Yetunde Fatogun, Social Specialist

Oluwatosin Babafunso Oso, Social Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered due to concerns relating (i) potential environmental pollution and community health and safety issues related to civil works from construction and rehabilitation of critical and essential infrastructure, adverse impacts during rehabilitation and construction would include dust and noise emissions, generation of construction wastes, disturbance of traffic; and (ii) limited facilities for the disposal of veterinary wastes. Given the fact that specific project locations are not yet determined at the time of this appraisal and will be determined during the implementation, to satisfy the requirement of OP/BP4.01, the Environmental and Social Management Framework (ESMF) previously prepared was updated to address OHS and labor management requirements for the civil works expected in the Project. The updated ESMF will be disclosed before appraisal. The ESMF will be used to develop detailed site-specific Environmental Management Plans (EMPs) that will be consulted



		upon and disclosed prior to the commencement of project.
Performance Standards for Private Sector Activities OP/BP 4.03	No	The policy is not triggered
Natural Habitats OP/BP 4.04	No	The policy is not triggered because the project will not finance any activities that significantly convert or degrade any protected areas or natural habitats as the screening procedures in the ESMF will exclude all subprojects with these impacts.
Forests OP/BP 4.36	No	The policy is not triggered because the project will not finance activities involving significant conversion or degradation of critical forest areas. No action is required under this policy.
Pest Management OP 4.09	Yes	Pest Management (OP/BP4.09) was also triggered as there will be increased use of livestock drugs, vaccines and other chemicals which may be toxic to non-target organisms and hazardous to humans and the environment. Antibiotic resistance from poor management of livestock drugs and inappropriate disposal of animal waste; multi-drug resistant microbes of zoonotic diseases can be transmitted through food and environment. Use of hazardous laboratory chemicals in animal health services laboratories must be controlled to avoid mishandling and residue challenges. Since the project triggered the Pest Management Policy (OP/BP4.09, an Integrated Pest Management Plan (IPMP)/ waste management plan(WMP) was prepared as separate document, consulted upon and disclosed in-country and in the Info Shop prior in accordance with Bank requirements.
Physical Cultural Resources OP/BP 4.11	Yes	The project involves construction of essential infrastructure as part of creation of Livestock Service Centers (LSCs) in selected areas and may involve earthworks in areas of cultural significance and heritage that could impact and/or lead to the discovery of ancient antiques and other physical resources. Specific procedures (such as chance finds procedures) are included in the ESMF and will be included in subsequent ESAs/ESMPs as required.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project location
Involuntary Resettlement OP/BP 4.12	Yes	OP 4.12 on Involuntary Resettlement is triggered because project interventions may result in land acquisition, temporary loss of livelihood and/or



limited physical resettlement. The location of specific interventions related to components 2 and 3 will not be known in detail prior to appraisal and a Resettlement Policy Framework is therefore the most appropriate social safeguard instrument. The RPF outlines the resettlement process in terms of procedures for preparing and approving Resettlement Action Plans (RAPs); likely categories of affected people, eligibility criteria and categories, compensations rates, methods of valuing affected assets, community participation and information dissemination, Grievance Redress Mechanism and effective monitoring and evaluation. As soon as the details with regard to sub-projects become known during implementation, the Borrower will prepare site-specific RAPs acceptable to the World Bank. Specific attention will also be given to the development of a grievance redress mechanism at the community level that will be accessible to all stakeholders as well as arrangements for monitoring the implementation of the RAP. The RPF was originally disclosed in country and on the Bank's external website in 2018. The document has been updated and consulted upon and will be redislosed in country and on the Bank's external website.

Safety of Dams OP/BP 4.37	No	The project will not finance construction or rehabilitation of any dams as defined under this policy. No action is required under this policy
Projects on International Waterways OP/BP 7.50	No	The policy is not triggered because the project does not impact or relate to any known international waterways as defined under the policy.
Projects in Disputed Areas OP/BP 7.60	No	The policy is not triggered because the project is not located in any known disputed areas as defined under the policy.

## KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

103. The LPRES Project is not expected to have a major adverse environmental impact and is assigned environment assessment category "B" per World Bank safeguard policy requirements. The project triggers four safeguard policies: Environmental Assessment (OP/BP4.01), Pest Management (OP/BP4.09), Physical Cultural Resources (OP/BP 4.11),



and Involuntary Resettlement (OP/BP4.12). Environmental and occupational health and safety issues are expected mainly to be associated with: (i) increased use of livestock drugs, vaccines, and other chemicals which may be toxic to non-targeted organisms, hazardous to humans and the environment, and increase AMR through poor management of livestock drugs and inappropriate disposal of animal waste; (ii) potential pollution and community health and safety issues related to civil works from construction and rehabilitation of critical and essential infrastructure (including the generation of dust, noise, and construction waste); and (iii) limited facilities for the disposal of veterinary wastes. To satisfy the requirements of OP/BP 4.09, an Integrated Pest Management Plan (IPMP)/Waste Management Plan (WMP) has been prepared, consulted upon, and disclosed in-country and through the WBG operational portal prior to appraisal. Because specific project locations are not yet determined, to satisfy the requirement of OP/BP 4.01, an Environmental and Social Management Framework (ESMF) to guide implementors in assessing and avoiding or mitigating potential negative project impacts and risks has been prepared, consulted upon, and disclosed in-country and through the WBG operational portal. The ESMF will be used to develop detailed site-specific Environmental Management Plans (EMPs) that will be consulted upon and disclosed prior to execution of specific project activities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Many of the activities that would be financed by this project require changes in behaviors and currently held beliefs regarding animal health and productivity. As a result, a social communication strategy would also be financed for each component in order to provide information and training to producers and other actors in the livestock industry. The materials and format will be adapted to ensure that they are culturally relevant and appropriate for the beneficiaries and promote the inclusion of women, youth and vulnerable groups.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.  
No alternatives have been considered.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The borrower's implementing agency i.e. the Federal Ministry of Agriculture and Rural Development (FMARD) has a record of success in mitigating adverse social and environmental impacts in the implementation of a range of World Bank assisted projects such as National FADAMA Development Projects (1-3), Commercial Agriculture Development Project, West-Africa Agriculture Productivity project, and the First and Second Livestock Development projects implemented in the country. There is also adequate legal and institutional frameworks in-country to ensure compliance with World Bank safeguards policies triggered by the project.

Capacity for implementing World Bank-supported agricultural project activities at the federal level is largely adequate, however, there is a risk that some states might lack implementation and enforcement capacities to sufficiently mitigate the potential adverse environmental and social impacts that might result from the implementation of the proposed project. To this end, as part of appraisal, the Task team will carry out an assessment of the Project Implementation Entities' capacity on social and environmental safeguards, building upon existing experience with Bank-supported programs and capacity building needs will be established based on this assessment.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders are the Federal Ministry of Agriculture and Rural Development, State Ministries of Agriculture of the participating states, NGOs, donor partners, and other relevant institutions and participating communities.

Relevant stakeholders have been informed of the project; however public consultation will be an on-going activity



taking place throughout the entire project process. Community participation and consultation are an integral element in the selection of community infrastructure and services to be supported under the project.

**B. Disclosure Requirements****Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank  13-Nov-2018	Date of submission for disclosure  19-Nov-2018	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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**"In country" Disclosure****Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank  20-Nov-2018	Date of submission for disclosure  19-Nov-2018
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**"In country" Disclosure****Pest Management Plan**

Was the document disclosed prior to appraisal?  Yes	Date of receipt by the Bank  13-Nov-2018	Date of submission for disclosure  19-Nov-2018
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**"In country" Disclosure**

Nigeria

13-Nov-2018

**Comments**

The Safeguards documents were originally disclosed in country and on the Bank's external website in 2018. However, in the light of the revised scope of the project, the documents have been updated and resent to the RSA for review and clearance. The updated instruments will be redislosed in country and on the Bank's external website in January 2022



If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP 4.09 - Pest Management**

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

**CONTACT POINT****World Bank**

Abel Lufafa

Lead Agriculture Economist

Maurizio Guadagni

Senior Agriculture Specialist

**Borrower/Client/Recipient**

Federal Ministry of Finance

Abdulfatah Abdulsalam

Deputy Director

fatahsalam@yahoo.com



Aishatu Shehu Omar  
Director  
ishaj2k2006@yahoo.com

**Implementing Agencies**

Federal Ministry of Agriculture and Rural Development  
Winnie Lai-solarin  
Acting Director  
winlaw995@gmail.com

Hakeem Ibilade  
Assistant Director  
hakeembolly@gmail.com

**FOR MORE INFORMATION CONTACT**

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  
Web: <http://www.worldbank.org/projects>

**APPROVAL**

Task Team Leader(s):	Abel Lufafa Maurizio Guadagni
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**Approved By**

Safeguards Advisor:		
Practice Manager/Manager:	Chakib Jenane	19-Jan-2022
Country Director:	Kathleen Anne Whimp	19-Jan-2022